



# CITY OF WARR ACRES, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2016

**THE CITY OF WARR ACRES,  
OKLAHOMA**

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

**AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2016**

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016**

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**CITY OF WARR ACRES, OKLAHOMA**  
**ANNUAL FINANCIAL STATEMENTS**  
**As of and for the Year Ended December 31, 2016**

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**CITY OF WARR ACRES, OKLAHOMA  
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As of and for the Year Ended December 31, 2016**

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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, 2016, 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 modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in modified cash basis financial position 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.

***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 financial statements and general fund account schedules– modified cash basis, 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 financial statements and general fund account schedules – modified cash basis, 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 statements and schedules 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, has 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 May 24, 2017, 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 the 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.



May 24, 2017

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2016**

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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, 2016**

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The management of the City of Warr Acres (the “City”) 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, 2016. 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 increased by \$275,775 and the assets of the City exceed its liabilities at December 31, 2016, by \$9,861,670 (net position). Of this amount, \$5,128,071 (unrestricted net position) is available to meet the government’s ongoing needs.
- At December 31, 2016, the City’s governmental funds reported combined ending fund balances on a modified cash basis of \$9,861,670.
- At December 31, 2016, the unassigned fund balance of the General Fund on a modified cash basis was \$579,309 or 8% 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, 2016**

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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 and fund financial 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, 2016**

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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 reports *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, 2016**

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**THE CITY AS A WHOLE**

For the year ended December 31, 2016, net position on a modified cash basis for the governmental activities increased \$275,775 or 2.9%.

**The City of Warr Acres' Net position (Modified Cash Basis)  
December 31, 2016**

	<b>Governmental Activities</b>	
	2016	2015 Restated
Beginning net position	\$ 9,585,895	\$ 9,666,016
Increase (Decrease)	275,775	(80,121)
<b>Ending net position</b>	<b>\$ 9,861,670</b>	<b>\$ 9,585,895</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>
	2016	2015 Restated	
Assets:			
Current and other assets	\$ 9,995,961	\$ 9,716,810	3%
<b>Total assets</b>	<b>9,995,961</b>	<b>9,716,810</b>	<b>3%</b>
Liabilities:			
Other liabilities	134,291	130,915	3%
<b>Total liabilities</b>	<b>134,291</b>	<b>130,915</b>	<b>3%</b>
Net position:			
Restricted	4,733,599	3,950,094	20%
Unrestricted	5,128,071	5,635,801	-9%
<b>Total net position</b>	<b>\$ 9,861,670</b>	<b>\$ 9,585,895</b>	<b>3%</b>

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

A restatement was made in the combined amount of \$22,163 due to understated cash account balance in the WPWA and a due to General Fund as of December 31, 2016.

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2016**

**The City of Warr Acres' Revenues, Expenses and Changes in Net position (Modified Cash Basis)  
Year Ended December 31, 2016**

	<u>Governmental Funds</u>		<b>% Inc. (Dec.)</b>
	<u>2016</u>	<u>2015 Restated</u>	
<b>Revenues:</b>			
Program revenues:			
Charges for Services	\$ 2,436,445	\$ 2,514,624	-3%
Grants & Contributions	655,432	499,239	31%
General Revenues:			
Sales & Use Tax	6,258,683	6,139,255	2%
Other Taxes	637,784	702,095	-9%
Other General Revenues	616,160	373,867	65%
<b>Total Revenues</b>	<u>10,604,504</u>	<u>10,229,080</u>	4%
<b>Program Expenses:</b>			
General Government	1,844,322	1,851,136	0%
Public Safety	5,037,267	4,850,409	4%
Highways and Streets	1,192,644	1,197,823	0%
Culture and Recreation	24,276	72,148	-66%
Public Works	2,219,537	2,324,902	-5%
Economic Development	10,683	12,783	-16%
<b>Total Expenses</b>	<u>10,328,729</u>	<u>10,309,201</u>	0%
<b>Increase (Decrease) in Net Position</b>	275,775	(80,121)	444%
<b>Beginning Net Position, restated</b>	9,585,895	9,666,016	-1%
<b>Ending Net Position</b>	<u>\$ 9,861,670</u>	<u>\$ 9,585,895</u>	3%

Grants and contributions increased \$156,193 or 31% due primarily to an increase in the amount of Statewide Transportation Improvement Grant revenue received in the current year versus the prior year.

Other general revenue increased \$242,293 or 65% largely due to the insurance money received for a wrecked sanitation truck. This and the reason stated above are the primary causes for the 444% or 355,896 increase in net position.

	<u>Total Expense of Services</u>		<b>% Inc. (Dec.)</b>	<u>Net Revenue (Expense) of Services</u>		<b>% Inc. (Dec.)</b>
	<u>2016</u>	<u>2015 Restated</u>		<u>2016</u>	<u>2015 Restated</u>	
<b>Program Expenses:</b>						
General Government	\$ 1,844,322	\$ 1,851,136	0%	\$ (1,737,798)	\$ (1,748,427)	0%
Public Safety	5,037,267	4,850,409	4%	(4,665,253)	(4,547,167)	3%
Highways and Streets	1,192,644	1,197,823	0%	(615,895)	(844,041)	-27%
Culture and Recreation	24,276	72,148	-66%	(24,276)	(72,148)	-66%
Public Works	2,219,537	2,324,902	-5%	(182,947)	(57,185)	220%
Economic Development	10,683	12,783	-16%	(10,683)	(12,783)	-16%
<b>Total Expenses</b>	<u>10,328,729</u>	<u>10,309,201</u>	0%	<u>(7,236,852)</u>	<u>(7,281,751)</u>	-1%

**CITY OF WARR ACRES, OKLAHOMA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)  
As of and for the Year Ended December 31, 2016**

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

As the City completed its fiscal year end December 31, 2016, the governmental funds reported a combined fund balance of \$9,861,670.

**Other fund highlights include:**

- For the year ended December 31, 2016, the General Fund's total fund balance decreased by \$423,228.

**Budgetary Highlights**

For the year ended December 31, 2016, the General Fund reported actual budgetary basis revenues over final estimates by \$324,403 or a 5% positive variance. General Fund actual expenditures were under final appropriations by \$2,544,898 or a 26% positive variance.

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

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

- The FY 2017 budget is relatively 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, 2016**

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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, 2016**

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**Statement of Net Position (Modified Cash Basis) – December 31, 2016**

	<b><u>Governmental</u></b> <b><u>Activities</u></b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 9,395,710
Investments	503,881
Deposits with insurance pool	96,370
Total assets	<u>9,995,961</u>
<b>LIABILITIES</b>	
Due to other governments	1,134
Deposits subject to refund	133,157
Total liabilities	<u>134,291</u>
<b>NET POSITION</b>	
Restricted for:	
Capital outlay	2,657,839
Public works	724,178
Sewer line maintenance	504,970
Other	846,612
Unrestricted	5,128,071
Total net position	<u>\$ 9,861,670</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, 2016**

**Statement of Activities (Modified Cash Basis) –Year Ended December 31, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
<b>Primary government</b>					<b>Governmental Activities</b>
Governmental Activities					
General Government	\$ 1,844,322	\$ 106,524	\$ -	\$ -	\$ (1,737,798)
Public Safety	5,037,267	293,331	78,683	-	(4,665,253)
Highways and Streets	1,192,644	-	92,162	484,587	(615,895)
Culture and Recreation	24,276	-	-	-	(24,276)
Public Works	2,219,537	2,036,590	-	-	(182,947)
Economic Development	10,683	-	-	-	(10,683)
Total governmental activities	<u>10,328,729</u>	<u>2,436,445</u>	<u>170,845</u>	<u>484,587</u>	<u>(7,236,852)</u>
Total primary government	<u>\$ 10,328,729</u>	<u>\$ 2,436,445</u>	<u>\$ 170,845</u>	<u>\$ 484,587</u>	<u>\$ (7,236,852)</u>
<b>General revenues:</b>					
Taxes:					
Sales and use taxes					\$ 6,258,683
Franchise taxes and public service taxes					505,690
Hotel/motel taxes					132,094
Intergovernmental revenue not restricted to specific programs					137,735
Investment income					20,720
Miscellaneous					457,705
Total general revenues					<u>7,512,627</u>
Change in net position					275,775
Net position - beginning, restated					9,585,895
Net position - ending					<u>\$ 9,861,670</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, 2016**

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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, 2016**

**Governmental Funds Balance Sheet (Modified Cash Basis) – December 31, 2016**

	<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	\$ 4,062,742	\$ 750,804	\$ 1,987,087	\$ 1,891,700	\$ 703,377	\$ 9,395,710
Investments	-	-	303,881	-	200,000	503,881
Due from other funds	20,192	-	-	96,143	384,717	501,052
Deposits with insurance pool	96,370	-	-	-	-	96,370
Total assets	<u>\$ 4,179,304</u>	<u>\$ 750,804</u>	<u>\$ 2,290,968</u>	<u>\$ 1,987,843</u>	<u>\$ 1,288,094</u>	<u>\$ 10,497,013</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ 480,860	\$ 20,192	\$ -	\$ -	\$ -	\$ 501,052
Due to bondholders	2,400	-	-	-	-	2,400
Payable to other governments	1,134	-	-	-	-	1,134
Deposits subject to refund	126,076	-	-	-	4,681	130,757
Total liabilities	<u>610,470</u>	<u>20,192</u>	<u>-</u>	<u>-</u>	<u>4,681</u>	<u>635,343</u>
Fund balances:						
Restricted	770,701	724,178	1,989,558	49,337	1,199,825	4,733,599
Assigned	2,218,824	6,434	301,410	1,938,506	83,588	4,548,762
Unassigned	579,309	-	-	-	-	579,309
Total fund balances	<u>3,568,834</u>	<u>730,612</u>	<u>2,290,968</u>	<u>1,987,843</u>	<u>1,283,413</u>	<u>9,861,670</u>
Total liabilities and fund balances	<u>\$ 4,179,304</u>	<u>\$ 750,804</u>	<u>\$ 2,290,968</u>	<u>\$ 1,987,843</u>	<u>\$ 1,288,094</u>	<u>\$ 10,497,013</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, 2016**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Modified Cash Basis) – Year Ended December 31, 2016**

	<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	\$ 5,249,236	\$ -	\$ 782,336	\$ 16,512	\$ 848,383	\$ 6,896,467
Intergovernmental	326,210	-	484,587	-	-	810,797
Licenses and permits	53,394	-	-	-	-	53,394
Charges for services	1,115,564	939,337	-	-	111,302	2,166,203
Fines and forfeitures	175,254	-	-	-	-	175,254
Investment income	18,880	1,471	362	-	7	20,720
Miscellaneous	202,089	-	275,580	4,000	-	481,669
Total revenues	<u>7,140,627</u>	<u>940,808</u>	<u>1,542,865</u>	<u>20,512</u>	<u>959,692</u>	<u>10,604,504</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,822,246	-	-	-	-	1,822,246
Public Safety	4,119,327	-	-	-	748,070	4,867,397
Highways and streets	545,918	-	-	-	-	545,918
Sanitation	824,906	-	-	-	-	824,906
Culture and recreation	24,276	-	-	-	-	24,276
Economic development	-	-	-	10,683	-	10,683
Public Works	227,182	-	-	-	-	227,182
Sewer	-	861,781	-	-	-	861,781
Capital Outlay	-	-	1,120,620	-	23,720	1,144,340
Total Expenditures	<u>7,563,855</u>	<u>861,781</u>	<u>1,120,620</u>	<u>10,683</u>	<u>771,790</u>	<u>10,328,729</u>
Excess (deficiency) of revenues over expenditures	<u>(423,228)</u>	<u>79,027</u>	<u>422,245</u>	<u>9,829</u>	<u>187,902</u>	<u>275,775</u>
Net change in fund balances	(423,228)	79,027	422,245	9,829	187,902	275,775
Fund balance - beginning, restated	3,992,062	651,585	1,868,723	1,978,014	1,095,511	9,585,895
Fund balance - ending	<u>\$ 3,568,834</u>	<u>\$ 730,612</u>	<u>\$ 2,290,968</u>	<u>\$ 1,987,843</u>	<u>\$ 1,283,413</u>	<u>\$ 9,861,670</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, 2016, \$626,752 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, 2016:

Total Assets	\$6,113,382
Deferred Outflows	\$ 131,612
Total Liabilities	\$ 473,511
Deferred Inflows	\$ 121,439
Total Net Position	\$5,650,044
Total Revenues	\$1,729,313
Total Expenses	\$1,198,083
Increase in Net position	\$ 531,230

In addition, at June 30, 2016, the Bethany-Warr Acres Public Works Authority had paid off all notes payable. Separate financial statements for the fiscal year ended June 30, 2016, 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 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
Fund Balances:											
Restricted for:											
Economic Development	\$ -	\$ -	\$ -	\$ 49,337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 49,337
Stormwater	572,858	-	-	-	-	-	-	-	-	-	572,858
Capital Assets	-	1,989,558	668,281	-	-	-	-	-	-	-	2,657,839
Public Works	-	-	-	-	724,178	-	-	-	-	-	724,178
Sewer Line Maintenance	-	-	-	-	-	504,970	-	-	-	-	504,970
Community Center	-	-	-	-	-	-	7,880	-	-	-	7,880
E-911	-	-	-	-	-	-	-	3,111	-	-	3,111
Beautification	66,547	-	-	-	-	-	-	-	-	-	66,547
Ambulance	50,428	-	-	-	-	-	-	-	-	-	50,428
Public Safety	80,868	-	-	-	-	-	-	-	12,208	-	93,076
Debt Service	-	-	-	-	-	-	-	-	-	3,375	3,375
Sub-total Restricted	770,701	1,989,558	668,281	49,337	724,178	504,970	7,880	3,111	12,208	3,375	4,733,599
Assigned to:											
Disaster Assistance	544,511	-	-	-	-	-	-	-	-	-	544,511
Capital Assets	-	301,410	-	-	-	-	-	-	-	-	301,410
Economic Development	-	-	-	1,938,506	-	-	-	-	-	-	1,938,506
Public Works	-	-	-	-	6,434	-	-	-	-	-	6,434
Public Safety	-	-	-	-	-	-	-	-	83,588	-	83,588
To Balance FY 17 Budget	1,674,313	-	-	-	-	-	-	-	-	-	1,674,313
Sub-total Assigned	2,218,824	301,410	-	1,938,506	6,434	-	-	-	83,588	-	4,548,762
Unassigned:	579,309	-	-	-	-	-	-	-	-	-	579,309
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,568,834</b>	<b>\$ 2,290,968</b>	<b>\$ 668,281</b>	<b>\$ 1,987,843</b>	<b>\$ 730,612</b>	<b>\$ 504,970</b>	<b>\$ 7,880</b>	<b>\$ 3,111</b>	<b>\$ 95,796</b>	<b>\$ 3,375</b>	<b>\$ 9,861,670</b>

*Prior Period Adjustment*

Beginning net position was restated as of December 31, 2016:

	General Fund	Warr Acres Public Works Authority	Government-Wide Governmental Activities
Beginning net position, as previously reported	\$ 4,073,118	\$ 548,366	\$ 9,563,732
Restatement due to understated cash account balance and due to General Fund	(81,056)	103,219	22,163
Beginning net position, restated	<u>\$3,992,062</u>	<u>\$651,585</u>	<u>\$9,585,895</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, 2016, the City recognized \$20,720 of investment income. Most of the City's deposits are in demand and short-term time deposits.

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At December 31, 2016, the primary government held the following deposits and investments:

<b>Type of Deposits and Investments</b>	<b>Carrying Value</b>
Deposits:	
Petty cash	\$ 850
Demand deposits	9,394,860
Time deposits - certificates of deposit	503,881
<b>Total Deposits and Investments</b>	<b>\$ 9,899,591</b>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	9,395,710
Investments	503,881
	<b>\$ 9,899,591</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, 2016, 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, 2016, 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, 2016, 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, 2016, 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	\$ 20,192	Expenditures paid by General Fund for WAPWA
Capital Replacement Fund	General Fund	384,567	Hotel room tax
Economic Development Authority	General Fund	96,143	Hotel room tax
Community Center Deposit Fund	General Fund	150	Deposits to wrong fund
		<u>\$ 501,052</u>	

**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>
12/31/2014	\$156,097	\$156,097
12/31/2015	\$164,330	\$164,330
12/31/2016	\$170,493	\$170,493

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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>
12/31/2014	\$142,415	\$142,415
12/31/2015	\$148,977	\$148,977
12/31/2016	\$165,009	\$165,009

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. Chase bank 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.

\* For fiscal year 2016 the City elected to contribute 16.84% of covered payroll.

Actuarial Assumptions

**For Plan Year July 1, 2016 (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>
12/31/2014	\$241,116	\$241,116
12/31/2015	\$259,796	\$259,796
12/31/2016	\$251,436	\$251,436

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 Chase bank. 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 4% 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>
12/31/2014	\$30,834	\$30,834
12/31/2015	\$32,061	\$32,061
12/31/2016	\$30,368	\$30,368

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, 2016 is \$245,446.

*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, 2016, the City's involvement in federal and state award programs was 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.

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**SUPPLEMENTARY AND OTHER INFORMATION**

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**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2016**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance, Restated:</b>	\$ 3,984,829	\$ 3,984,829	3,077,062	\$ (907,767)
<b>Resources (Inflows):</b>				
Taxes	4,977,000	4,977,000	5,249,236	272,236
Intergovernmental	170,500	170,500	326,210	155,710
Charges for services	1,176,625	1,176,625	1,115,564	(61,061)
Fines and forfeitures	200,000	200,000	175,254	(24,746)
Licenses and permits	79,000	79,000	53,394	(25,606)
Investment Income	19,500	19,500	18,880	(620)
Miscellaneous	186,225	193,599	202,089	8,490
<b>Total Resources (Inflows)</b>	<u>6,808,850</u>	<u>6,816,224</u>	<u>7,140,627</u>	<u>324,403</u>
<b>Amounts available for appropriation</b>	<u>\$ 10,793,679</u>	<u>\$10,801,053</u>	<u>\$10,217,689</u>	<u>(\$583,364)</u>
<b>Charges to Appropriations (Outflows):</b>				
Managerial	17,950	17,950	11,630	6,320
City clerk/treasurer	490,368	490,368	447,769	42,599
Public safety	380,404	380,404	310,480	69,924
Police	2,086,367	2,086,367	2,023,881	62,486
Fire	1,773,205	1,773,205	1,541,279	231,926
Sanitation	964,438	964,438	824,906	139,532
Streets & Parks	634,821	634,821	545,918	88,903
General government	2,256,517	2,256,517	726,561	1,529,956
City attorney	235,000	235,000	94,825	140,175
Public works	341,748	341,748	227,182	114,566
Capital building	4,200	4,200	3,352	848
Municipal court	178,272	178,272	176,782	1,490
Animal control	72,063	72,063	66,905	5,158
Garage	270,211	270,211	167,620	102,591
Community center	32,700	32,700	24,276	8,424
<b>Total Charges to Appropriations</b>	<u>9,738,264</u>	<u>9,738,264</u>	<u>7,193,366</u>	<u>2,544,898</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$1,055,415</u>	<u>\$1,062,789</u>	<u>\$3,024,323</u>	<u>\$1,961,534</u>

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016**

**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2016**  
**(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>	\$ 475,591	\$ 475,591	\$ 651,585	\$ 175,994
<b>Resources (Inflows):</b>				
Utility Revenue	895,000	895,000	939,337	44,337
Investment Income	1,200	1,200	1,471	271
<b>Total Resources (Inflows)</b>	<u>896,200</u>	<u>896,200</u>	<u>940,808</u>	<u>44,608</u>
<b>Amounts available for appropriation</b>	<u>1,371,791</u>	<u>1,371,791</u>	<u>1,592,393</u>	<u>220,602</u>
<b>Charges to Appropriations (Outflows):</b>				
Sewer	1,073,089	1,073,089	861,781	211,308
<b>Total Charges to Appropriations</b>	<u>1,073,089</u>	<u>1,073,089</u>	<u>861,781</u>	<u>211,308</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 298,702</u>	<u>\$ 298,702</u>	<u>\$ 730,612</u>	<u>\$ 431,910</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>	\$ 1,974,594	\$ 1,974,594	\$ 1,978,014	\$ 3,420
<b>Resources (Inflows):</b>				
Taxes	14,625	14,625	16,512	1,887
Miscellaneous	-	-	4,000	4,000
<b>Total Resources (Inflows)</b>	<u>14,625</u>	<u>14,625</u>	<u>20,512</u>	<u>5,887</u>
<b>Amounts available for appropriation</b>	<u>1,989,219</u>	<u>1,989,219</u>	<u>1,998,526</u>	<u>9,307</u>
<b>Charges to Appropriations (Outflows):</b>				
Economic Development	80,000	80,000	10,683	69,317
<b>Total Charges to Appropriations</b>	<u>80,000</u>	<u>80,000</u>	<u>10,683</u>	<u>69,317</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 1,909,219</u>	<u>\$ 1,909,219</u>	<u>\$ 1,987,843</u>	<u>\$ 78,624</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.

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016**

**Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – December 31, 2016**

	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	\$ 95,796	\$ 3,111	\$ 12,411	\$ 304,970	\$ 283,714	\$ 3,375	\$ 703,377
Investments	-	-	-	200,000	-	-	200,000
Due from other funds	-	-	150	-	384,567	-	384,717
Total assets	<u>95,796</u>	<u>3,111</u>	<u>12,561</u>	<u>504,970</u>	<u>668,281</u>	<u>3,375</u>	<u>1,288,094</u>
<b>LIABILITIES AND FUND BALANCES</b>							
Liabilities:							
Deposits subject to refund	-	-	4,681	-	-	-	4,681
Total liabilities	<u>-</u>	<u>-</u>	<u>4,681</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,681</u>
Fund balances:							
Restricted	12,208	3,111	7,880	504,970	668,281	3,375	1,199,825
Assigned	83,588	-	-	-	-	-	83,588
Total fund balances	<u>95,796</u>	<u>3,111</u>	<u>7,880</u>	<u>504,970</u>	<u>668,281</u>	<u>3,375</u>	<u>1,283,413</u>
Total liabilities and fund balances	<u>\$ 95,796</u>	<u>\$ 3,111</u>	<u>\$ 12,561</u>	<u>\$ 504,970</u>	<u>\$ 668,281</u>	<u>\$ 3,375</u>	<u>\$ 1,288,094</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds (Modified Cash Basis) – Year Ended December 31, 2016**

	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	\$ 782,336	\$ -	\$ -	\$ -	\$ 66,047	\$ -	\$ 848,383
Charges for services	-	2,993	-	108,309	-	-	111,302
Investment earnings	-	-	7	-	-	-	7
Total revenues	<u>782,336</u>	<u>2,993</u>	<u>7</u>	<u>108,309</u>	<u>66,047</u>	<u>-</u>	<u>959,692</u>
<b>EXPENDITURES</b>							
Current:							
Public Safety	748,070	-	-	-	-	-	748,070
Capital Outlay	-	-	-	23,720	-	-	23,720
Total Expenditures	<u>748,070</u>	<u>-</u>	<u>-</u>	<u>23,720</u>	<u>-</u>	<u>-</u>	<u>771,790</u>
Excess (deficiency) of revenues over expenditures	<u>34,266</u>	<u>2,993</u>	<u>7</u>	<u>84,589</u>	<u>66,047</u>	<u>-</u>	<u>187,902</u>
Net change in fund balances	34,266	2,993	7	84,589	66,047	-	187,902
Fund balances - beginning	61,530	118	7,873	420,381	602,234	3,375	1,095,511
Fund balances - ending	<u>\$ 95,796</u>	<u>\$ 3,111</u>	<u>\$ 7,880</u>	<u>\$ 504,970</u>	<u>\$ 668,281</u>	<u>\$ 3,375</u>	<u>\$ 1,283,413</u>

**CITY OF WARR ACRES, OKLAHOMA  
ANNUAL FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2016**

**Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – December 31, 2016**

	<u>General Fund</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,518,231	\$ 544,511	\$ 4,062,742
Due from other funds	20,192	-	20,192
Deposits with insurance pool	96,370	-	96,370
Total assets	<u>3,634,793</u>	<u>544,511</u>	<u>4,179,304</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Due to other funds	480,860	-	480,860
Due to bondholders	2,400	-	2,400
Payable to other governments	1,134	-	1,134
Deposits subject to refund	126,076	-	126,076
Total liabilities	<u>610,470</u>	<u>-</u>	<u>610,470</u>
Fund balances:			
Restricted	770,701	-	770,701
Assigned	1,674,313	544,511	2,218,824
Unassigned	579,309	-	579,309
Total fund balances	<u>3,024,323</u>	<u>544,511</u>	<u>3,568,834</u>
Total liabilities and fund balances	<u>\$ 3,634,793</u>	<u>\$ 544,511</u>	<u>\$ 4,179,304</u>

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended December 31, 2016**

	<u>General Fund</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
<b>REVENUES</b>			
Taxes	\$ 5,249,236	\$ -	\$ 5,249,236
Intergovernmental	326,210	-	326,210
Licenses and permits	53,394	-	53,394
Charges for services	1,115,564	-	1,115,564
Fines and forfeitures	175,254	-	175,254
Investment income	18,880	-	18,880
Miscellaneous	202,089	-	202,089
Total revenues	<u>7,140,627</u>	<u>-</u>	<u>7,140,627</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,451,757	370,489	1,822,246
Public Safety	4,119,327	-	4,119,327
Highways and streets	545,918	-	545,918
Sanitation	824,906	-	824,906
Culture and recreation	24,276	-	24,276
Public Works	227,182	-	227,182
Total Expenditures	<u>7,193,366</u>	<u>370,489</u>	<u>7,563,855</u>
Excess (deficiency) of revenues over expenditures	<u>(52,739)</u>	<u>(370,489)</u>	<u>(423,228)</u>
Net change in fund balances	(52,739)	(370,489)	(423,228)
Fund balance - beginning, restated	3,077,062	915,000	3,992,062
Fund balance - ending	<u>\$ 3,024,323</u>	<u>\$ 544,511</u>	<u>\$ 3,568,834</u>

**CITY OF WARR ACRES, OKLAHOMA**  
**SINGLE AUDIT REPORTS**  
**AND SUPPLEMENTARY SCHEDULES**

**December 31, 2016**



CITY OF WARR ACRES, OKLAHOMA

December 31, 2016

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SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

**Reports related to financial statements of the reporting entity  
Required by GAO *Government Auditing Standards*:**

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 <i>Government Auditing Standards</i>	1
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**Reports related to Federal Assistance Programs Required by the Title 2 U.S. Code  
of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost  
Principles, and Audit Requirements for Federal Awards*:**

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required By the Uniform Guidance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3
Schedule of Expenditures of Federal Awards	5
Notes to the Schedule of Expenditures of Federal Awards	6
Schedule of Findings and Questioned Costs	7
Summary Schedule of Prior Audit Findings and Questioned Costs	9



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 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 24, 2017.

**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 opinion 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 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 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.

*Arlidge & Associates, P.C.*

May 24, 2017



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Warr Acres, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the City 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 December 31, 2016.

**Report on Internal Control over Compliance**

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

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

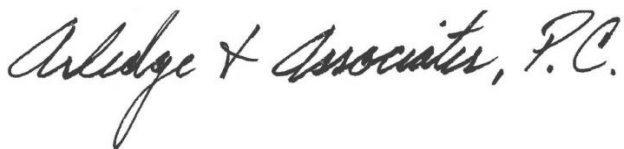
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 24, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



May 24, 2017

CITY OF WARR ACRES, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2016

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<i>Highway Safety Cluster</i>			
Passed through Oklahoma Highway Safety Office State and Community Highway Safety	20.600	PT-16-03-22-06	\$ 7,927
<i>Total Highway Safety Cluster</i>			<u>7,927</u>
Passed through Oklahoma Department of Transportation Highway Planning and Construction	20.205	OK062	484,587
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>492,514</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Federal Emergency Management Agency</b>			
Passed through Oklahoma Department of Emergency Management Public Assistance Alternative Procedures Pilot Program	97.XXX	PA-06-OK-4247-PW-00054(1)	422,769
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>422,769</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><b>\$ 915,283</b></u>

See notes to schedule of expenditures of federal awards.

CITY OF WARR ACRES, OKLAHOMA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2016

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2016. The information in this SEFA is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year ended December 31, 2016, the City did not provide any federal awards to subrecipients.

CITY OF WARR ACRES, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

**Section I--Summary of Auditor's Results**

*Financial statements*

Type of auditor's report issued on whether the financial statements were in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

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 2 CFR 200.516(a)?

yes  no

Identification of major programs:

Program

CFDA Number

Public Assistance Alternative Procedures Pilot Program

97.XXX

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes  no



CITY OF WARR ACRES, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

Year Ended December 31, 2016

**Section II--Findings Required to be Reported in Accordance with *Government Auditing Standards*:**

None to report for the December 31, 2016, period.

**Section III--Finding Required to be Reported in Accordance with the Uniform Guidance:**

None to report for the December 31, 2016, period.

CITY OF WARR ACRES, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended December 30, 2016

No matters were reportable.