

**OWASSO**  
The City Without Limits.



# Annual Financial Report

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City of Owasso, Oklahoma  
Year Ended June 30, 2015

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The City Without Limits.

**Annual  
Financial Report**  

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**City of Owasso, Oklahoma**  
**Year Ended June 30, 2015**

**City Manager**  
Warren Lehr

**Assistant City Manager**  
Sherry Bishop

**Finance Department Director**  
Linda Jones

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# INTRODUCTORY SECTION

**CITY OF OWASSO, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**CITY OF OWASSO, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

**June 30, 2015**

**City Council**

Jeri Moberly, Mayor

Lyndell Dunn, Vice Mayor

Bill Bush

Doug Bonebrake

Dr. Chris Kelley

**City Manager**

Warren Lehr

**Assistant City Manager**

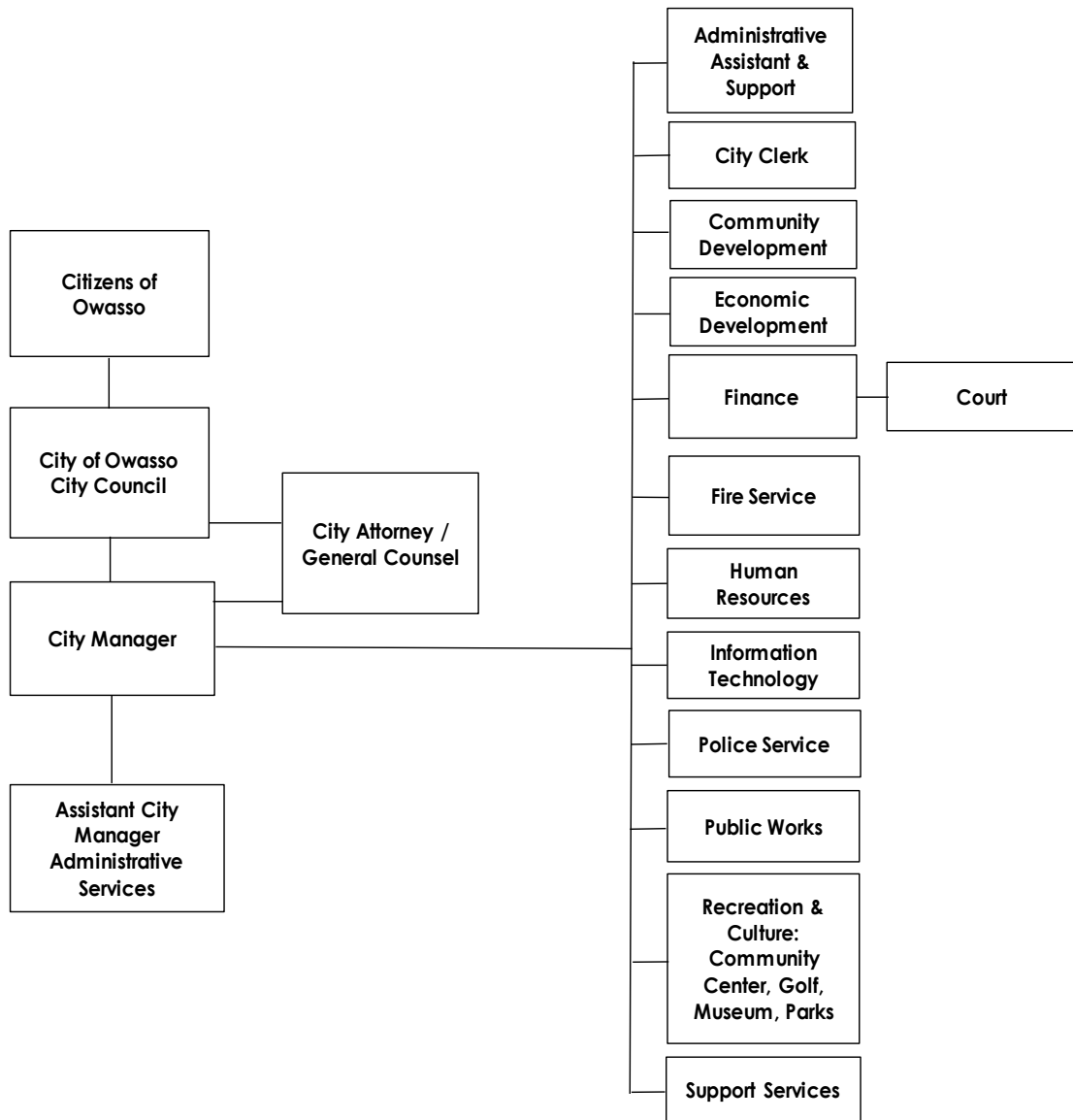
Sherry Bishop

**Director of Finance**

Linda Jones



## ORGANIZATION CHART



# FINANCIAL SECTION

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RSM US LLP

## Independent Auditor's Report

Honorable Mayor and City Council  
City of Owasso  
Owasso, Oklahoma

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Owasso, Oklahoma, (the City) as of and for the year ended June 30, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 of 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Owasso, Oklahoma, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### **Emphasis of Matters**

As discussed in Note 4.E of the financial statements, in 2015 the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition of Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The City recorded the cumulative effect of adopting GASB Statements No. 68 and 71 as an adjustment of net position as of July 1, 2014. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of debt service coverage requirements, the schedule of expenditures of federal awards and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the schedule of debt service coverage requirements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of debt service coverage requirements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying statistical section 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 January 11, 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.

*RSM US LLP*

Oklahoma City, Oklahoma  
January 11, 2016

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

Our discussion and analysis of the City of Owasso's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements, which follow this section.

**FINANCIAL AND ACTIVITY HIGHLIGHTS**

- For the fiscal year ended June 30, 2015, the City's total net position increased by \$6 million or 4.6% from the prior year. This was due primarily to increased sales and use tax revenues and contributed capital.
- During the year, the City's expenses for governmental activities totaled \$26.1 million and were funded by program revenues of \$7 million and further funded with taxes and other general revenues (net of transfers) that totaled \$23.5 million.
- In the City's business-type activities (utilities and golf course) total program expenses exceeded revenues by approximately \$2.1 million. This decrease in net position was due primarily to increased utility costs for infrastructure to address a growing population.
- At June 30, 2015, the General Fund reported a total fund balance of \$5 million which is an increase of 9.9% from the prior year.
- For budgetary reporting purposes, the General Fund reported total resources equal to 101.3% of budget, and expenditures which were \$1.4 million or 2% below budget. Expenditures fell below budget largely due to vacant positions.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Owasso (the "City") and its component units using the integrated approach as prescribed by GASB Statement No. 34. Included in this report are government-wide statements for three categories of activities--governmental, business type, and discretely presented component units. The government-wide financial statements present the complete financial picture of the City from the economic resources management focus using the accrual basis of accounting. They present governmental activities and business type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt.)

**REPORTING THE CITY AS A WHOLE**

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

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**REPORTING THE CITY AS A WHOLE--Continued**

**The Statement of Net Position and the Statement of Activities—Continued**

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

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

*Governmental activities* - Most of the City's basic services are reported here, including the police, fire, general administration, streets and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.

*Business-type activities* - The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation, and golf course activities are reported here.

*Discretely-presented component units* - These account for the activities of the City's reporting entity that do not meet the criteria for blending. The activities of the Owasso Economic Development Authority are presented here.

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

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



**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS--Continued**

**Fund Financial Statements—Continued**

*Governmental funds* - Most of the City's basic services are reported in governmental funds. Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

*Proprietary funds* - When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net position. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

*Fiduciary funds* - When the City is responsible for assets that – because of a trust arrangement or other fiduciary requirement – can be used only for trust beneficiaries or other parties. The City is responsible for ensuring that the assets to be reported in these funds are used for their intended purpose. All of the City's fiduciary activities, if any, are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance operations.

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

**NET POSITION**

The City's combined net position increased from \$130.5 million to \$136.6 million between fiscal years 2014 and 2015. Looking at the net position of governmental and business-type activities separately, governmental activities increased \$4.3 million while business-type activities increased \$1.7 million. Both FY14 and FY15 reflect negative unrestricted net assets due to implementation of GASB 68 which requires, for the first time, reflection of the City's \$12 million net pension liability in the Statement of Net Position. A comparative, condensed presentation of net position follows (reported in thousands).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014-2015</u>
Current and other assets	\$ 14,946	\$ 19,534	\$ 6,768	\$ 4,059	\$ 21,714	\$ 23,593	8.7%
Capital assets, net	94,166	93,777	71,885	71,767	166,051	165,544	-0.3%
Total assets	<u>\$ 109,112</u>	<u>\$ 113,311</u>	<u>\$ 78,653</u>	<u>\$ 75,826</u>	<u>\$ 187,765</u>	<u>\$ 189,137</u>	0.7%
Deferred outflows of resources	\$ 1,071	\$ 1,474	\$ 185	\$ 171	\$ 1,256	\$ 1,645	30.9%
Long-term debt outstanding	19,129	15,783	34,305	30,905	53,434	46,688	-6.0%
Other liabilities	1,852	1,821	3,182	1,832	5,034	3,653	-27.4%
Total liabilities	<u>\$ 20,981</u>	<u>\$ 17,604</u>	<u>\$ 37,487</u>	<u>\$ 32,737</u>	<u>\$ 58,468</u>	<u>\$ 50,341</u>	-13.9%
Deferred inflows of resources	\$ -	\$ 3,641	\$ 17	\$ 238	\$ 17	\$ 3,879	22548.6%
Net Assets							
Net investment in capital assets	94,166	93,777	38,518	41,943	132,684	135,720	2.3%
Restricted	4,396	8,464	2,942	2,318	7,338	10,782	46.9%
Unrestricted	(9,360)	(8,700)	(126)	(1,240)	(9,486)	(9,940)	1.6%
Total net assets	<u>\$ 89,202</u>	<u>\$ 93,541</u>	<u>\$ 41,334</u>	<u>\$ 43,021</u>	<u>\$ 130,536</u>	<u>\$ 136,562</u>	4.6%

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**CHANGES IN NET POSITION**

For the year ended June 30, 2015, the change in net position of the primary government was the result of the following (amounts are reported in thousands):

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>		<b>Total</b>
	<b>Activities</b>		<b>Activities</b>				<b>Percentage</b>
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014-2015</u>
<b>EXPENSES</b>							
General government	\$ 4,839	\$ 5,128	\$ -	\$ -	\$ 4,839	\$ 5,128	6.0%
Public safety	13,897	13,901	-	-	13,897	13,901	0.0%
Highways and streets	4,376	4,698	-	-	4,376	4,698	7.4%
Culture and recreation	1,159	1,129	-	-	1,159	1,129	-2.6%
Economic development	822	328	-	-	822	328	-60.1%
Stormwater	1,086	983	-	-	1,086	983	-9.5%
Water	-	-	6,729	6,382	6,729	6,382	-5.2%
Sewer	-	-	4,765	4,953	4,765	4,953	3.9%
Sanitation	-	-	1,587	1,541	1,587	1,541	-2.9%
Recycle center	-	-	217	167	217	167	-23.0%
Golf	-	-	1,208	1,143	1,208	1,143	-5.4%
<b>TOTAL EXPENSES</b>	<u>26,179</u>	<u>26,167</u>	<u>14,506</u>	<u>14,186</u>	<u>40,685</u>	<u>40,353</u>	-0.8%
<b>PROGRAM REVENUES</b>							
Charges for services	\$ 4,862	\$ 4,205	\$ 11,673	\$ 11,549	\$ 16,535	\$ 15,754	-4.7%
Operating grants and contributions	1,754	1,753	-	-	1,754	1,753	-0.1%
Capital grants and contributions	12,850	1,042	3,787	526	16,637	1,568	-90.6%
Total program revenues	<u>19,467</u>	<u>7,000</u>	<u>15,459</u>	<u>12,075</u>	<u>34,926</u>	<u>19,075</u>	-45.4%
<b>NET REVENUES (EXPENSES)</b>	<u>(6,712)</u>	<u>(19,167)</u>	<u>953</u>	<u>(2,111)</u>	<u>(5,759)</u>	<u>(21,278)</u>	269.5%
General revenues							
Sales taxes	\$ 21,254	\$ 23,840	\$ -	\$ -	\$ 21,254	\$ 23,840	12.2%
Use taxes	800	969	-	-	800	969	21.1%
Ad Valorem taxes	132	152	-	-	132	152	15.2%
Franchise and public service taxes	1,103	1,237	-	-	1,103	1,237	12.1%
Cigarette/tobacco tax	247	276	-	-	247	276	11.7%
Hotel taxes	386	412	-	-	386	412	6.7%
Alcoholic beverage tax	55	57	-	-	55	57	3.6%
E-911 taxes	216	210	-	-	216	210	-2.8%
Investment income	34	30	17	22	51	52	3.0%
Miscellaneous	130	99	-	-	130	99	-23.8%
Transfers	<u>(4,624)</u>	<u>(3,777)</u>	<u>4,624</u>	<u>3,777</u>	<u>-</u>	<u>-</u>	0.0%
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>	<u>19,733</u>	<u>23,505</u>	<u>4,641</u>	<u>3,799</u>	<u>24,373</u>	<u>27,304</u>	12.0%
<b>CHANGE IN NET ASSETS</b>	<u>\$ 13,021</u>	<u>\$ 4,338</u>	<u>\$ 5,594</u>	<u>\$ 1,688</u>	<u>\$ 18,614</u>	<u>\$ 6,026</u>	-67.6%

Note that 2014 amounts have been restated to reflect implementation of GASB 68 which changed the recognition of pension expenses from a pay-as-you go cash basis to an accrual basis on the Statement of Net Position and the Statement of Activities. The 2015 activities reflected in the table above indicate that the City's financial condition, as a whole, improved from the prior year primarily due to increased revenues due to a growing population, new retailers who draw shoppers from outside the City, and capital infrastructure contributions from County, State, and Federal sources.

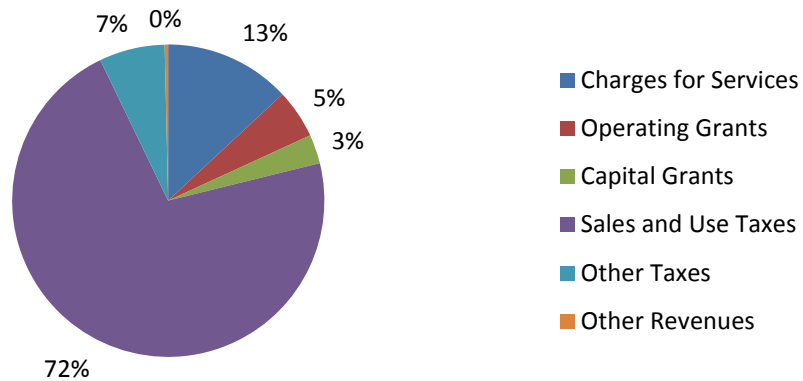
**Management's Discussion and Analysis  
City of Owasso, Oklahoma  
June 30, 2015**

**GOVERNMENTAL ACTIVITIES**

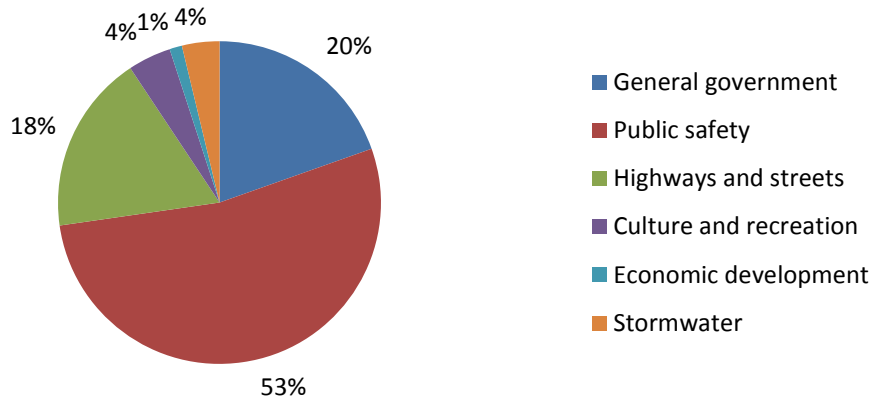
To aid in the understanding of the Statement of Activities on page 2, some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenues, Expenditures, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

For the year ended June 30, 2015, the City's governmental activities revenues were funded as follows:

**Governmental Activities Sources**



**Governmental Activities Uses**



**Management's Discussion and Analysis  
City of Owasso, Oklahoma  
June 30, 2015**

**GOVERNMENTAL ACTIVITIES--Continued**

Uses of governmental activities in 2015 were as follows:

For the year ended June 30, 2015, expenses for governmental activities totaled \$26,166,975. Governmental transfers to business-type activities equaled \$3,776,765. Of these total expenses, taxpayers and other general revenues funded \$27,281,918. Grants and other contributions that directly benefited programs funded \$2,795,256, and charges for services totaled \$4,205,404.

	<b>GOVERNMENTAL ACTIVITIES SOURCES AND USES</b>		<b>Net Revenue</b>
	<b>Charges for Services, Capital and Operating Grants</b>	<b>Total Expense of Services</b>	<b>(Expense) of Services</b>
General government	\$ 627,160	\$ 5,127,641	\$ (4,500,481)
Public safety	4,044,147	13,901,413	(9,857,266)
Highways and streets	1,182,029	4,697,789	(3,515,760)
Culture and recreation	105,490	1,129,461	(1,023,971)
Economic development	15,869	328,090	(312,221)
Stormwater	<u>1,025,965</u>	<u>982,581</u>	<u>43,384</u>
<b>TOTAL</b>	<b><u>\$ 7,000,660</u></b>	<b><u>\$ 26,166,975</u></b>	<b><u>\$ (19,166,315)</u></b>

**BUSINESS-TYPE ACTIVITIES**

Net Revenue (Expense) of Business-Type Activities for the year ended June 30, 2015 was as follows:

	<b>BUSINESS-TYPE ACTIVITIES SOURCES AND USES</b>		<b>Net Revenue</b>
	<b>Charges for Services, Capital and Operating Grants</b>	<b>Total Expense of Services</b>	<b>(Expense) of Services</b>
Water	\$ 5,748,291	\$ 6,381,729	\$ (633,438)
Wastewater	3,750,236	4,953,663	(1,203,427)
Sanitation	1,822,413	1,540,561	281,852
Recycle center	28,579	167,293	(138,714)
Golf course	<u>726,078</u>	<u>1,143,510</u>	<u>(417,432)</u>
<b>TOTAL</b>	<b><u>\$ 12,075,597</u></b>	<b><u>\$ 14,186,756</u></b>	<b><u>\$ (2,111,159)</u></b>

In reviewing the business-type activities net revenue (expense), it should be noted that total water and wastewater activities reported a combined net loss of \$1,836,865 for the year ended June 30, 2015. It is important to note that weather for FY2015 was particularly wet. Precipitation affects net revenues and expenses in the following ways:

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**BUSINESS-TYPE ACTIVITIES--Continued**

- Precipitation reduces the amount of water residents purchase from the City for lawns and gardens thereby reducing water revenue.
- Wastewater is billed based on water usage. Therefore, reduced water usage also reduces wastewater revenue.
- Excessive precipitation drains into the wastewater system increasing processing costs.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2015, the City had \$165,544,402 invested in capital assets, net of depreciation. (See table below). This represents a net decrease of \$506,678 or (0.3)% over last year.

<b>City of Owasso Capital Assets</b>						
<b>(Net of Accumulated depreciation)</b>						
	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>
Land	\$ 8,419,447	\$ 8,921,267	\$ 322,519	\$ 322,519	\$ 8,741,966	\$ 9,243,786
Buildings	8,379,851	8,129,212	1,214,354	1,211,521	9,594,205	9,340,733
Improvements	7,661,742	7,444,974	1,768,792	1,674,054	9,430,534	9,119,028
Utilities	-	-	64,882,367	66,951,623	64,882,367	66,951,623
Machinery & Equipment	3,059,596	3,264,989	1,474,020	1,583,100	4,533,616	4,848,089
Infrastructure	54,439,501	53,832,458	-	-	54,439,501	53,832,458
Construction in Progress	<u>12,205,631</u>	<u>12,184,153</u>	<u>2,223,260</u>	<u>24,532</u>	<u>14,428,891</u>	<u>12,208,685</u>
Totals	<u>\$ 94,165,768</u>	<u>\$ 93,777,053</u>	<u>\$ 71,885,312</u>	<u>\$ 71,767,349</u>	<u>\$ 166,051,080</u>	<u>\$ 165,544,402</u>

This year's more significant capital asset additions included:

- Ranch Creek Interceptor
- Various street improvements
- Various sewer system and stormwater improvements

See Note 3.E to the financial statements for more detail on the City's capital assets and changes therein.

**Management's Discussion and Analysis  
City of Owasso, Oklahoma  
June 30, 2015**

**CAPITAL ASSETS AND DEBT ADMINISTRATION--Continued**

**Long-Term Debt**

At year-end, the City had \$46,687,755 in long-term debt outstanding which represents a \$6,746,170, or (12.6%), decrease from the prior year. The City's long-term debt by type of debt is as follows:

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2014	2015	2014	2015	2014	2015	2014-2015
Accrued absences	\$ 1,020,694	\$ 1,139,169	\$ 76,099	\$ 79,186	\$ 1,096,793	\$ 1,218,355	11.08%
Net OPEB obligation	552,994	667,315	131,404	157,651	684,398	824,966	20.54%
Claims liability	1,129,900	1,161,300	-	-	1,129,900	1,161,300	2.78%
Net Pension liability	16,425,409	12,814,854	133,984	-	16,559,393	12,814,854	-22.61%
Capital Lease	-	-	-	249,422	-	249,422	100.00%
Deposits subject to refund	-	-	552,345	574,360	552,345	574,360	3.99%
Notes payable, net	-	-	22,553,577	21,591,979	22,553,577	21,591,979	-4.26%
Revenue notes payable	-	-	10,857,519	8,252,519	10,857,519	8,252,519	-23.99%
<b>TOTALS</b>	<b>\$ 19,128,997</b>	<b>\$ 15,782,638</b>	<b>\$ 34,304,928</b>	<b>\$ 30,905,117</b>	<b>\$ 53,433,925</b>	<b>\$ 46,687,755</b>	<b>-12.63%</b>

See Note 3.F. to the financial statements for more detailed information on the City's long-term debt and changes therein.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

**Revenue Outlook:**

Owasso's economic outlook is positive based on both increased tax revenues and area employment. Sales and Use tax collections for FY2015 increased by \$2,755,028, or 12.5%, totaling \$24,809,253 compared to \$22,054,225 in FY2014.

The FY2015 increase is attributable to additional retailers such as Sprouts, which draw shoppers from outside the City, general growth in residents, and an additional half-penny sales tax beginning April 1, 2015. Citizens voted the new half-penny sales tax to fund increases to streets, fire, and police. Owasso expects the increase in sales tax collections to continue in 2016 due to the addition of multiple retail facilities such as Academy Sports, as well as, the June 2015 opening of a nearby major distribution center expected to employ more than 1,200 people by December 2015 many of whom will shop and live in Owasso.

**Management's Discussion and Analysis**  
**City of Owasso, Oklahoma**  
**June 30, 2015**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES--Continued**

While the recent recession halted the double digit growth in sales tax revenues which had become the norm in Owasso, the City was fortunate to experience stability and, in most years, modest growth while many municipalities across the country realized declines in resources. With this year's double digit increase in sales and use tax, the City of Owasso is headed to pre-recession annual increases. Retail, restaurants, and hospitality have all experienced an increase this past year, and construction of a seventh hotel is scheduled to begin soon.

The City has also been awarded \$6.7 million in Tulsa County Vision 2025 sales tax funds which have been budgeted in FY16 for numerous park improvements, construction of a downtown festival marketplace, and two intersection improvements.

The City of Owasso leadership, staff, and Economic Development team have prepared a strategic plan that will take our City far into the future. The City seeks to lay the foundation for a future in which Owasso attracts both residents and jobs, encourages sustainable living practices, and provides an array of amenities to those who live and work in the area.

**Community Outlook:**

From July 2014 through June 2015, there were 238 new single family residential permits with a total construction value of \$30,357,101. The number of residential permits issued in fiscal year 2015 decreased by 3% over the past fiscal year. However, the number of residential permits exceeded the average for the past five years. There were 18 commercial permits issued in fiscal year 2015 with a total construction value of \$44,663,400. Last fiscal year 11 commercial permits were issued. Fiscal year 2015 had the second highest increase in commercial permits since 2008.

Water rates were increased for the 2015 and 2016 fiscal year budgets due to 7% annual rate increases from the City of Tulsa which provides water to the City of Owasso.

The budget for fiscal year 2015-2016 was adopted by the City of Owasso City Council on June 16, 2015 and went into effect on July 1, 2015. It included a 4.4% increase in sales tax collections from the 3 cent General Sales tax plus an estimated \$3.9 million from the new Half-Penny sales tax restricted for streets, fire, and police. Cost-of-living increases for all City employees were also incorporated into the FY16 budget. The budget further includes a \$350,000 transfer to the Owasso Public Golf Authority for the purpose of subsidizing the operation and reducing the accumulated deficit. The \$100,000 increase in the annual transfer from \$250,000 occurred in FY14. The increased transfer, along with the payoff of golf course debt, is expected to enable the City to eliminate the accumulated golf course deficit by 2026. While General fund budgetary information is included in this report, persons interested in more in-depth budgetary information can find the full budget document at [www.cityofowasso.com/304/finance](http://www.cityofowasso.com/304/finance).

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors a general overview of the City's finances and show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Director's office at 111 N. Main, P. O. Box 180, Owasso, Oklahoma 74055-0180 or phone (918)376-1500.



**STATEMENT OF NET POSITION**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,077,263	\$ 3,420,436	\$ 15,497,699	\$ 9,071
Other assets	374,281	244,871	619,152	-
Interest receivable	-	23,550	23,550	-
Accounts receivable, net of allowance	683,211	848,953	1,532,164	-
Court fine receivable, net of allowance	52,102	-	52,102	-
Other receivables	407,180	11,306	418,486	-
Internal balances	1,459,633	(1,459,633)	-	-
Due from other governments	3,782,395	-	3,782,395	-
Prepaid items	39,593	10,000	49,593	-
Inventory	-	80,446	80,446	-
Lease receivable	-	720,000	720,000	-
Pension Asset	657,615	158,668	816,283	-
Capital assets:				-
Land and construction in progress	21,105,420	347,051	21,452,471	-
Other capital assets, net of depreciation	72,671,634	71,420,298	144,091,932	-
<b>TOTAL ASSETS</b>	<b>113,310,327</b>	<b>75,825,946</b>	<b>189,136,273</b>	<b>9,071</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charges on debt refunding	-	33,831	33,831	-
Deferred charges - pension	1,474,300	137,324	1,611,624	-
<b>LIABILITIES</b>				
Accounts payable	1,042,103	409,134	1,451,237	-
Accrued payroll liabilities	651,887	123,788	775,675	-
Accrued interest payable	-	245,521	245,521	-
Retainage payable	18,119	-	18,119	-
Due to other governments	3,911	-	3,911	-
Due to bondholders	16,765	-	16,765	-
Other liabilities	87,751	1,053,791	1,141,542	-
Long-term liabilities, including pension liability:				-
Due within one year	1,284,640	4,095,721	5,380,362	-
Due in more than one year	14,497,998	26,809,396	41,307,393	-
<b>TOTAL LIABILITIES</b>	<b>17,603,174</b>	<b>32,737,351</b>	<b>50,340,525</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on debt refunding	-	14,012	14,012	-
Deferred inflows - pension	3,640,500	224,286	3,864,786	-
<b>NET POSITION</b>				
Net investment in capital assets	93,777,054	41,942,670	135,719,724	-
Restricted for:				-
Debt service	-	2,318,128	2,318,128	-
General government	89,343	-	89,343	-
Public safety	847,597	-	847,597	-
Highways and streets	7,769	-	7,769	-
Culture and recreation	621,360	-	621,360	-
Economic development	5,938	-	5,938	-
Stormwater	6,423	-	6,423	-
Capital projects	6,627,466	-	6,627,466	-
Other purposes	258,398	-	258,398	-
Unrestricted	(8,700,396)	(1,239,346)	(9,939,742)	9,071
<b>TOTAL NET POSITION</b>	<b>\$ 93,540,953</b>	<b>\$ 43,021,452</b>	<b>\$ 136,562,405</b>	<b>\$ 9,071</b>

See accompanying notes to the basic financial statements.

STATEMENT OF ACTIVITIES

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Primary Government			Economic Development Authority
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 5,127,641	\$ 627,160	\$ -	\$ -	\$ (4,500,481)	\$ -	\$ (4,500,481)	\$ -
Public safety	13,901,413	2,667,388	1,376,759	-	(9,857,266)	-	(9,857,266)	-
Highways and streets	4,697,789	138,202	370,420	673,407	(3,515,760)	-	(3,515,760)	-
Culture and recreation	1,129,461	105,490	-	-	(1,023,971)	-	(1,023,971)	-
Economic development	328,090	9,719	6,150	-	(312,221)	-	(312,221)	-
Stormwater	982,581	657,445	-	368,520	43,384	-	43,384	-
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>26,166,975</b>	<b>4,205,404</b>	<b>1,753,329</b>	<b>1,041,927</b>	<b>(19,166,315)</b>	<b>-</b>	<b>(19,166,315)</b>	<b>-</b>
Business-type activities:								
Water	6,381,729	5,221,998	-	526,293	-	(633,438)	(633,438)	-
Wastewater	4,953,663	3,750,236	-	-	-	(1,203,427)	(1,203,427)	-
Sanitation	1,540,561	1,822,413	-	-	-	281,852	281,852	-
Recycle center	167,293	28,579	-	-	-	(138,714)	(138,714)	-
Golf	1,143,510	726,078	-	-	-	(417,432)	(417,432)	-
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>14,186,756</b>	<b>11,549,304</b>	<b>-</b>	<b>526,293</b>	<b>-</b>	<b>(2,111,159)</b>	<b>(2,111,159)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 40,353,731</b>	<b>\$ 15,754,708</b>	<b>\$ 1,753,329</b>	<b>\$ 1,568,220</b>	<b>(19,166,315)</b>	<b>(2,111,159)</b>	<b>(21,277,474)</b>	<b>-</b>
Component Unit:								
Economic Development	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General Revenues:								
Taxes:								
Sales taxes					23,840,430	-	23,840,430	-
Use taxes					968,823	-	968,823	-
Ad valorem taxes					152,002	-	152,002	-
Franchise and public service taxes					1,236,870	-	1,236,870	-
Cigarette/tobacco tax					275,905	-	275,905	-
Hotel taxes					412,496	-	412,496	-
Alcoholic beverage tax					56,951	-	56,951	-
E-911 taxes					209,503	-	209,503	-
Investment income					30,138	21,911	52,049	8
Miscellaneous					98,800	-	98,800	-
Transfers-Internal activity					(3,776,765)	3,776,765	-	-
<b>Total general revenues and transfers</b>					<b>23,505,153</b>	<b>3,798,676</b>	<b>27,303,829</b>	<b>8</b>
<b>Change in net position</b>					<b>4,338,839</b>	<b>1,687,517</b>	<b>6,026,356</b>	<b>8</b>
<b>Net position-beginning of year, as restated</b>					<b>89,202,114</b>	<b>41,333,935</b>	<b>130,536,049</b>	<b>9,063</b>
<b>Net position-end of year</b>					<b>\$ 93,540,953</b>	<b>\$ 43,021,452</b>	<b>\$ 136,562,405</b>	<b>\$ 9,071</b>

See accompanying notes to the basic financial statements.

**BALANCE SHEET -- GOVERNMENTAL FUNDS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	<u>General</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,185,944	\$ 5,939,521	\$ 2,969,329	\$ 11,094,794
Other assets	65,808	181,413	90,663	337,884
Receivables:				
Accounts receivable, net of allowance	-	-	683,211	683,211
Due from other funds	1,596,418	1,020,150	-	2,616,568
Due from other governments	3,262,615	-	519,780	3,782,395
Court fines receivable, net of allowance	52,102	-	-	52,102
Other receivables	179,467	-	-	179,467
<b>TOTAL ASSETS</b>	<u>\$ 7,342,354</u>	<u>\$ 7,141,084</u>	<u>\$ 4,262,983</u>	<u>\$ 18,746,421</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 290,038	\$ 495,499	\$ 75,300	\$ 860,837
Accrued payroll liabilities	594,018	-	43,321	637,339
Due to other funds	1,264,752	-	2,794	1,267,546
Due to other governments	3,911	-	-	3,911
Due to bondholders	16,765	-	-	16,765
Retainage payable	-	18,119	-	18,119
Unearned revenue	9,005	-	-	9,005
Other liabilities	78,746	-	-	78,746
<b>TOTAL LIABILITIES</b>	<u>2,257,235</u>	<u>513,618</u>	<u>121,415</u>	<u>2,892,268</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - charges for services	41,411	-	281,778	323,189
<b>FUND BALANCE</b>				
Restricted for:				
Culture and recreation	-	-	609,204	609,204
Public safety	8,765	-	838,832	847,597
Capital projects	-	6,627,466	-	6,627,466
Other	4,161	-	254,237	258,398
Committed:				
Public safety	-	-	349,275	349,275
Culture and recreation	-	-	-	-
Stormwater management	-	-	1,195,305	1,195,305
Capital projects	-	-	612,937	612,937
Assigned:				
Homeowners' Association	7	-	-	7
FY15 re-appropriated encumbrances	640,970	-	-	640,970
Unassigned	4,389,805	-	-	4,389,805
<b>TOTAL FUND BALANCES</b>	<u>5,043,708</u>	<u>6,627,466</u>	<u>3,859,790</u>	<u>15,530,964</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 7,342,354</u>	<u>\$ 7,141,084</u>	<u>\$ 4,262,983</u>	<u>\$ 18,746,421</u>

(Continued)

See accompanying notes to the basic financial statements.

**BALANCE SHEET--GOVERNMENTAL FUNDS--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances- governmental funds	\$ 15,530,964
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$53,931,746, and net of capital assets of Internal Service Funds of \$175,597	93,601,457
Certain assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Accounts receivable	323,189
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	
Net position of the Internal Service Fund	205,983
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Accrued compensated absences, net of Internal Service Funds of \$6,605	(1,132,564)
Net OPEB obligation, net of Internal Service Funds of \$7,342	(659,973)
Other long term liability- GASB 68	<u>(14,328,103)</u>
Net position of governmental activities	<u>\$ 93,540,953</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 25,218,017	\$ -	\$ 828,106	\$ 26,046,123
Intergovernmental	990,675	-	895,568	1,886,243
Charges for services	502,464	-	2,637,404	3,139,868
Fines and forfeitures	706,421	-	10,095	716,516
Licenses and permits	237,963	-	85,561	323,524
Investment income	12,530	-	7,228	19,758
Miscellaneous	97,550	-	7,500	105,050
TOTAL REVENUES	<u>27,765,620</u>	<u>-</u>	<u>4,471,462</u>	<u>32,237,082</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,653,665	-	151,498	4,805,163
Public safety	10,938,234	-	1,607,838	12,546,072
Highway and streets	649,337	586,103	-	1,235,440
Culture and recreation	764,428	-	-	764,428
Economic development	114,838	-	213,338	328,176
Stormwater	306,694	-	155,216	461,910
Capital outlay	1,230,204	1,619,643	1,417,400	4,267,247
TOTAL EXPENDITURES	<u>18,657,400</u>	<u>2,205,746</u>	<u>3,545,290</u>	<u>24,408,436</u>
Excess (deficiency) of revenues over expenditures	9,108,221	(2,205,746)	926,172	7,828,647
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,796,612	5,259,550	-	20,056,162
Transfers out	(23,451,487)	(139,639)	(241,801)	(23,832,927)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,654,875)</u>	<u>5,119,911</u>	<u>(241,801)</u>	<u>(3,776,765)</u>
NET CHANGE IN FUND BALANCES	453,346	2,914,165	684,371	4,051,882
FUND BALANCE - BEGINNING OF YEAR	<u>4,590,362</u>	<u>3,713,301</u>	<u>3,175,419</u>	<u>11,479,082</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,043,708</u>	<u>\$ 6,627,466</u>	<u>\$ 3,859,790</u>	<u>\$ 15,530,964</u>

(Continued)

See accompanying notes to the basic financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net change in fund balances- total governmental funds \$ 4,051,882

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

Governmental funds report capital outlays as expenditures, while governmental activities report depreciation and amortization expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	3,990,850
Depreciation expense	(5,388,307)
Loss on disposal of capital assets	(26,832)
	(1,424,289)

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

Contributed assets	1,041,927
Pension revenues net of expenses	1,025,261
Deferred inflow	(212,988)
	1,854,200

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued compensated absences	(118,747)
Net other post-employment benefit obligation (asset)	(113,071)
	(231,818)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position.

Change in net position of the internal service fund	88,864
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Change in net position of governmental activities	\$ 4,338,839
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See accompanying notes to the basic financial statements.

STATEMENT OF NET POSITION--PROPRIETARY FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Owasso Public Works Authority	Owasso Public Golf Authority	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 300,983	\$ 4,994	\$ 305,977	\$ 982,469
Other assets	244,871	-	244,871	36,397
Restricted cash and cash equivalents	2,035,176	-	2,035,176	-
Accounts receivable, net of allowance	848,953	-	848,953	-
Other receivables	-	11,306	11,306	227,713
Due from other funds	1,211,747	-	1,211,747	110,611
Due from other governments	-	-	-	-
Prepaid items	10,000	-	10,000	39,593
Inventory	-	80,446	80,446	-
<b>TOTAL CURRENT ASSETS</b>	<b>4,651,730</b>	<b>96,746</b>	<b>4,748,476</b>	<b>1,396,783</b>
<b>NONCURRENT ASSETS</b>				
Restricted Assets:				
Cash and cash equivalents	1,079,283	-	1,079,283	-
Interest receivable	23,550	-	23,550	-
Lease purchase receivable from other governments	720,000	-	720,000	-
Due from other funds	1,747,003	-	1,747,003	-
Land and construction in progress	347,051	-	347,051	-
Pension asset	131,571	27,097	158,668	10,321
Other depreciable capital assets, net	70,877,646	542,652	71,420,298	175,597
<b>TOTAL NONCURRENT ASSETS</b>	<b>74,926,104</b>	<b>569,749</b>	<b>75,495,853</b>	<b>185,918</b>
<b>TOTAL ASSETS</b>	<b>\$ 79,577,834</b>	<b>\$ 666,495</b>	<b>\$ 80,244,329</b>	<b>\$ 1,582,701</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on debt refunding	\$ 33,831	\$ -	\$ 33,831	\$ -
Deferred charges - pension	\$ 113,872	\$ 23,452	\$ 137,324	\$ 8,933
<b>LIABILITIES AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 364,937	\$ 44,198	\$ 409,135	\$ 181,266
Accrued payroll liabilities	87,853	35,935	123,788	14,548
Interest payable	245,521	-	245,521	-
Contracts and retainage payable	-	-	-	-
Due to other funds	1,021,964	100,000	1,121,964	-
Other liabilities	1,001,622	52,169	1,053,791	-
Current portion of noncurrent liabilities:				
Capital lease obligation	-	53,384	53,384	-
Deposits subject to refund	124,400	-	124,400	-
Notes payable	1,922,186	-	1,922,186	-
Revenue note payable	1,925,000	-	1,925,000	-
Net OPEB obligation	27,304	6,230	33,534	1,562
Incurred but not reported claims	-	-	-	607,287
Accrued compensated absences	30,132	7,086	37,217	3,104
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,750,919</b>	<b>299,002</b>	<b>7,049,920</b>	<b>807,767</b>
<b>NONCURRENT LIABILITIES</b>				
Capital lease obligation	-	196,038	196,038	-
Deposits subject to refund	449,960	-	449,960	-
Due to other funds	-	3,296,418	3,296,418	-
Notes payable, net	19,669,793	-	19,669,793	-
Revenue note payable	6,327,519	-	6,327,519	-
Net OPEB obligation	101,061	23,056	124,117	5,780
Incurred but not reported claims	-	-	-	554,013
Accrued compensated absence	33,978	7,990	41,969	3,501
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>26,582,311</b>	<b>3,523,502</b>	<b>30,105,814</b>	<b>563,294</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 33,333,230</b>	<b>\$ 3,822,504</b>	<b>\$ 37,155,734</b>	<b>\$ 1,371,061</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred gain on debt refunding	\$ 14,012	\$ -	\$ 14,012	\$ -
Deferred inflow - pension	\$ 185,984	\$ 38,302	\$ 224,286	\$ 14,590
<b>NET POSITION</b>				
Net investment in capital assets	\$ 41,400,018	\$ 542,652	\$ 41,942,670	\$ 175,597
Restricted for:				
Debt service	2,318,128	-	2,318,128	-
Unrestricted	2,474,165	(3,713,511)	(1,239,346)	30,386
<b>TOTAL NET POSITION</b>	<b>\$ 46,192,311</b>	<b>\$ (3,170,859)</b>	<b>\$ 43,021,452</b>	<b>\$ 205,983</b>

See accompanying notes to the basic financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION--PROPRIETARY FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	Enterprise Funds			Internal Service Funds
	Owasso Public Works Authority	Owasso Public Golf Authority	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 4,948,736	\$ -	\$ 4,948,736	\$ -
Wastewater	3,750,236	-	3,750,236	-
Sanitation	1,822,413	-	1,822,413	-
Penalties/late charges	249,998	-	249,998	-
Golf	-	726,078	726,078	-
Recycle	28,579	-	28,579	-
Internal service charges for services	-	-	-	5,650,860
Other	23,264	-	23,264	3,146
TOTAL OPERATING REVENUES	10,823,226	726,078	11,549,304	5,654,006
OPERATING EXPENSES				
Utility billing	382,856	-	382,856	-
Administration	743,133	-	743,133	1,038,368
Water	3,455,067	-	3,455,067	-
Wastewater treatment plant	1,119,929	-	1,119,929	-
Wastewater collection	552,805	-	552,805	-
Refuse collections	928,749	-	928,749	-
Recycle center	112,070	-	112,070	-
Golf	-	1,034,445	1,034,445	-
Claims expense	-	-	-	4,175,390
City garage	-	-	-	350,818
Depreciation	2,936,322	109,065	3,045,387	10,946
Other	1,952,829	-	1,952,829	-
TOTAL OPERATING EXPENSES	12,183,760	1,143,510	13,327,270	5,575,522
OPERATING INCOME (LOSS)	(1,360,534)	(417,432)	(1,777,966)	78,484
NONOPERATING REVENUES (EXPENSES)				
Investment income	21,911	-	21,911	10,380
Interest expense and amortization of bond issue costs	(859,486)	-	(859,486)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(837,575)	-	(837,575)	10,380
Net income (loss) before contributions and transfers	(2,198,109)	(417,432)	(2,615,541)	88,864
Capital contributions	526,293	-	526,293	-
Transfers in- pledged as security for debt	23,151,962	-	23,151,962	-
Transfers in- unpledged	241,801	439,163	680,964	-
Transfers out	(20,056,162)	-	(20,056,162)	-
CHANGE IN NET POSITION	1,665,785	21,731	1,687,516	88,864
NET POSITION - BEGINNING	44,526,526	(3,192,590)	41,333,936	117,119
NET POSITION - ENDING	\$ 46,192,311	\$ (3,170,859)	\$ 43,021,452	\$ 205,983

See accompanying notes to the basic financial statements.



**STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Enterprise Funds			Internal Service Funds
	Owasso Public Works Authority	Owasso Public Golf Authority	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 10,842,732	\$ 715,972	\$ 11,558,704	\$ 5,650,860
Payments to suppliers	(4,848,726)	(350,525)	(5,199,251)	(5,083,953)
Payments to employees	(2,536,739)	(720,952)	(3,257,691)	(332,366)
Receipts of customer meter deposits	146,415	-	146,415	-
Customer meter deposits refunded or applied	(124,400)	-	(124,400)	-
Other receipts (payments)	(3,270,845)	(53,308)	(3,324,153)	49,549
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	208,437	(408,813)	(200,376)	284,090
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	23,393,763	439,163	23,832,926	-
Transfers to other funds	(20,056,162)	-	(20,056,162)	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	3,337,601	439,163	3,776,764	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital contributions	-	-	-	-
Proceeds from the issuance of debt	2,076,731	-	2,076,731	-
Capital lease	-	249,422	-	-
Purchases of capital assets	(3,337,043)	(279,772)	(3,616,815)	(5,400)
Principal paid on capital debt	(4,756,466)	-	(4,756,466)	-
Interest paid on capital debt	(928,980)	-	(928,980)	-
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(6,945,758)	(30,350)	(7,225,530)	(5,400)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sale of investments	150,603	-	150,603	5,678
Repayment of lease purchase receivable	165,000	-	165,000	-
Investment income received	27,308	-	27,308	10,380
NET CASH PROVIDED BY INVESTING ACTIVITIES	342,911	-	342,911	16,058
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,056,809)	-	(3,056,809)	294,748
BALANCES - BEGINNING OF YEAR	6,472,251	4,994	6,477,245	687,721
BALANCES - END OF YEAR	\$ 3,415,442	\$ 4,994	\$ 3,420,436	\$ 982,469

(Continued)

See accompanying notes to the basic financial statements.

**STATEMENT OF CASH FLOWS--PROPRIETARY FUNDS--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Enterprise Funds			Internal Service Funds
	Owasso Public Works Authority	Owasso Public Golf Authority	Total	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,360,534)	\$ (417,432)	\$ (1,777,966)	\$ 78,484
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	2,936,322	109,065	3,045,387	10,946
Loss on disposal of capital assets	2,840	13,560	16,400	807
Change in assets and liabilities:				
Accounts receivables, net	71,349	-	71,349	-
Other receivables	-	(10,106)	(10,106)	158,286
Inventory	-	(8,926)	(8,926)	-
Prepaid	(9,745)	-	(9,745)	-
Due from other funds	(1,453,050)	-	(1,453,050)	41,935
Net OPEB obligation	27,485	(1,238)	26,247	1,250
Net pension asset (liability)	(67,198)	(13,840)	(81,038)	(5,271)
Accounts payable	(55,436)	(10,347)	(65,783)	(34,512)
Accrued payroll liabilities	(13,149)	(8,041)	(21,190)	1,037
Estimated liability for claims	-	-	-	31,400
Customer meter deposits payable	22,015	-	22,015	-
Due to other funds	80,351	(66,868)	13,483	-
Other liabilities	24,648	4,812	29,460	-
Accrued compensated absences	2,539	548	3,087	(272)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 208,437</u>	<u>\$ (408,813)</u>	<u>\$ (200,376)</u>	<u>\$ 284,090</u>
NONCASH ACTIVITIES				
Contributed capital assets	<u>\$ 526,293</u>	<u>\$ -</u>	<u>\$ 526,293</u>	<u>\$ -</u>
Long-term debt refunded through issuance of new debt	<u>\$ 2,915,000</u>	<u>\$ -</u>	<u>\$ 2,915,000</u>	<u>\$ -</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and cash equivalents - current	\$ 300,983	\$ 4,994	\$ 305,977	\$ 982,469
Cash and cash equivalents - restricted current	2,035,176	-	2,035,176	-
Cash and cash equivalents - restricted noncurrent	<u>1,079,283</u>	<u>-</u>	<u>1,079,283</u>	<u>-</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 3,415,442</u>	<u>\$ 4,994</u>	<u>\$ 3,420,436</u>	<u>\$ 982,469</u>
				(Concluded)

See accompanying notes to the basic financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF OWASSO, OKLAHOMA

June 30, 2015

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June 30, 2015

**NOTE 1--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared as required by generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this note.

**1. A--Financial Reporting Entity**

The City's financial reporting entity is comprised of the following:

Primary government:	City of Owasso
Blended Component Units:	Owasso Public Works Authority Owasso Public Golf Authority
Discretely Presented Component Unit:	Owasso Economic Development Authority

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and includes all component units for which the City is financially accountable.

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

Blended Component Units: Blended component units are entities that meet the component unit criteria described above and are, in substance, part of the City's operations, even though they are legally separate entities. These component units' funds are blended into those of the City's by appropriate fund category to comprise the primary government presentation.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1. A--Financial Reporting Entity--Continued**

The component units that are blended into the primary governments' fund categories are presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>	<u>Included Funds</u>
Owasso Public Works Authority	Created January 10, 1973, to finance, develop, and operate the water, wastewater, and refuse disposal facilities. The current City Council serves as entire governing body (Trustees) of the OPWA, and management of the City has operational responsibility for the OPWA. Any issuances of debt would require a three-quarters approval of the City Council.	OPWA Enterprise Fund
Owasso Public Golf Authority	Created August 8, 1989, to acquire, construct, own, maintain, equip, operate, and conduct a golf course and incidental facilities. The current City Council serves as entire governing body (Trustees) of OPGA, and management of the City has operational responsibility for the OPGA. Any issuances of debt would require a three-quarters approval of the City Council.	OPGA Enterprise Fund

Discretely Presented Component Units: Discretely presented component units are separate legal entities whose governing body (in majority) is appointed by the Mayor or City Council, but these entities do not meet the criteria for blending. Since these component units are not as closely associated with the primary government as are blended component units, they are reported in discretely presented columns on the government-wide financial statements labeled "Component Units." The City has one component unit that is discretely presented in the City's report as described below:

Owasso Economic Development Authority (OEDA)	Created October 21, 1987, to promote and encourage development of industry and commerce on behalf of the City. The OEDA governing body is comprised of seven members: one council member of the Beneficiary, one board member of the Chamber of Commerce, and five appointed members. Any issuances of debt would require a two-thirds approval of the City Council.
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The discretely presented and the blended component units of the City do not issue separately audited financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.B--Basis of Presentation**

Government-Wide Financial Statements: The statement of net position and statement of activities display information about the City as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements: Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c) A fund that does not meet the criteria of (a) and (b) but which management has determined is of such significance to be reported as a major fund.

The funds of the financial reporting entity are described below:

GOVERNMENTAL FUNDS:

General Fund: The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.B--Basis of Presentation--Continued**

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted or committed to expenditure for certain purposes. The reporting entity includes the following special revenue funds:

<u>Funds</u>	<u>Brief Description</u>
Ambulance Service Fund	Accounts for the revenue received from ambulance subscriptions and billings. Allocated revenue is 85% of receipts for ambulance billings and 50% of receipts for ambulance subscriptions.
Emergency Siren Fund	Accounts for the per acre fees received when new subdivisions are platted as required by subdivision regulations. Funds are used for the acquisition and/or purchase of emergency sirens.
Cemetery Care Fund	Accounts for 12.5% of revenue from cemetery service fees (lot sales and interments). These funds may only be used for capital improvements to the cemetery.
Emergency 911 Fund	Accounts for the revenue received from the emergency service fee on telephone bills. Funds are used to pay monthly service charges for the 911 system. Remaining funds may be used for any other emergency communications need.
Juvenile Court Fund	Accounts for fines generated as a result of prosecution of juveniles under the "Agreement for Municipal Court Jurisdiction Concerning Juveniles." Funds are used for local programs that address problems of juvenile crime.
Hotel Tax Fund	Accounts for a 3% hotel tax to be used in economic development and promotion of tourism and a 2% hotel tax designated to fund the Owasso Strong Neighborhoods Initiative.
Stormwater Management Fund	Established by ordinance to account for revenues derived from the storm water system service charge. Funds are used for expenses attributable to storm water management services.
Half-Penny Sales Tax Fund	Accounts for half-penny sales tax revenue. Funds are restricted to Fire, Police and Streets to use for Personal Services, Materials and Supplies, Other Services & Charges, Capital Outlay, or Debt. Fire and Police each receive 35% of the revenue and Streets receives 30% of the revenue.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.B--Basis of Presentation--Continued**

Capital Project Funds: Capital Project Funds are used to account for resources restricted, committed, or assigned for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project funds:

<u>Funds</u>	<u>Brief Description</u>
Capital Improvement Fund	Accounts for the funds remaining from the one-cent capital improvements sales tax after payment of principal and interest on debt to fund capital projects. The expenditure items in this budget are based on priorities and recommendations established by the capital improvements committee and approved by the City Council.
Ambulance Capital Fund	Accounts for the fifteen percent (15%) of revenue from ambulance billings and 8.6% of revenue from ambulance subscriptions. Expenditures are for ambulance capital outlay for ambulance service.
Public Safety Capital Fund	Accounts for 41.4% of the revenue received from ambulance subscriptions. Expenditures are for capital outlay for the fire and police departments.
Capital Project Grant Fund	Accounts for grant revenue from state and federal grants. Funds are used for capital improvements as specified in grant contracts.
Park Development Fund	Accounts for revenue received from building permit charges required by ordinance as in-lieu-of payments in subdivisions that do not donate park property. Funds are used for improvements to and development of the park system.

Debt Service Fund: The debt service fund accounts for ad-valorem taxes levied by the City for use in retiring judgments and their related interest expense.

Proprietary Funds: Proprietary funds include both enterprise funds and internal service funds. Enterprise funds are used to account for business-like activities provided to the general public. Internal service funds are used to account for business-like activities provided and charged to other funds or entities within the reporting entity. Proprietary fund operating revenues and expenses, such as charges for services and costs, and depreciation on capital assets, resulting from exchange transactions associated with the principal activity of the fund. Non-operating revenues and expenses of the proprietary funds include such items as investment earnings, interest expense and subsidies. The reporting entity includes the following enterprise funds and internal service funds:



NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.B--Basis of Presentation--Continued**

Enterprise Funds:

<u>Funds</u>	<u>Brief Description</u>
Owasso Public Works Authority	Accounts for activities of the public trust in providing water, wastewater and refuse disposal services to the public.
Owasso Public Golf Authority	Accounts for activities of the public trust in providing recreational golf activities to the public.

Internal Service Funds:

<u>Funds</u>	<u>Brief Description</u>
City Garage Fund	Accounts for the financing of goods and services provided by one department to other departments of the City. The city garage bills for vehicle parts and services used by other departments.
General Liability / and Property Self-Insurance	Accounts for the funds reserved for payments of expenses of property claims and for collision repairs to city vehicles. The City carries only liability insurance on City vehicles.
Worker's Comp Self-Insurance	Accounts for the funds reserved for the payment of expenses and administration for workers' compensation benefits for all City employees. Expenditures from this fund are approved by the City Council but, by ordinance, are not subject to limitations on spending amounts as are other City purchases.
Healthcare Self-Insurance	Accounts for the funds reserved for the payment of expenses and administration for healthcare benefits for all City employees. Plan is administered by a third-party administrator.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.B--Basis of Presentation--Continued**

Major and Non-Major Funds: The funds are further classified as major or non-major as follows:

Major Funds

General Fund  
Capital Improvement Fund

Enterprise Funds:

Owasso Public  
Works Authority  
Owasso Public  
Golf Authority

Non-Major Funds

Special Revenue Funds:

Ambulance Service Fund  
Emergency Siren Fund  
Cemetery Care Fund  
Emergency 911 Fund  
Juvenile Court Fund  
Hotel Tax Fund  
Stormwater Management Fund  
Half-Penny Sales Tax Fund

Capital Project Funds:

Ambulance Capital Fund  
Public Safety Capital Fund  
Capital Projects Grants Fund  
Park Development Fund

Debt Service Fund

Internal Service Funds:

City Garage Fund  
General Liability / Property  
Self-Insurance Fund  
Workers' Comp Self-Insurance Fund  
Health Care Self-Insurance Fund

**1.C--Measurement Focus and Basis of Accounting**

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

Measurement Focus: On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item 2, below.

June 30, 2015

**1.C--Measurement Focus and Basis of Accounting--Continued**

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

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

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (defined by the City as 60 days after year end) to pay current liabilities. Sales and use taxes, franchise taxes, hotel taxes, court fines, and interest are considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured. Proceeds of general long-term debt and capital leases are reported as other financing sources.

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

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.D--Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

Cash and Cash Equivalents: Cash and cash equivalents include all demand, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less at the date of purchase. Revenue bond and promissory note trust account investments in open-ended mutual fund shares are also considered cash equivalents and are reported at the funds' current share prices.

Other Assets: Other assets consist of revenue anticipation notes, which are reported at acquisition value. Since the City's revenue anticipation notes of the Owasso Public Works Authority and Owasso Public Golf Authority do not have readily determinable market prices and management intends to hold these assets to maturity, acquisition value has been determined to be equivalent to the cost of the assets. There has been no impairment related to this asset since inception.

Receivables: Material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are reported as deferred inflows of resources at the fund level. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available at the fund level.

Material receivables in proprietary funds consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Inventories: The City has chosen to record consumable materials and supplies as expenditures in the governmental funds at the time of purchase, and year-end inventory on-hand is not material; therefore, no balances for inventory on-hand are reported on the balance sheet for such funds. However, in the Owasso Public Golf Authority, the golf pro shop and food/beverage inventory is recorded as an asset when purchased and expensed when consumed. Such inventory is valued at the lower of cost or market. The City considers all other propriety fund inventory on-hand as immaterial, and therefore, they are expensed when purchased.

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

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.D--Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance--Continued**

Capital Asset--Continued:

*Government-Wide and Proprietary Fund Statements:* In the government-wide and proprietary fund financial statements, property, plant, and equipment are accounted for as capital assets. The City's capitalization threshold is \$5,000. All interest expense paid on debt for construction in progress is capitalized. For FYE 2015, the amount of interest capitalized in Owasso Public Works Authority is \$56,094. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. General infrastructure assets (such as roads, bridges, and traffic systems) acquired prior to July 1, 2002 are reported at estimated historical cost using deflated replacement costs. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the assets or extend the assets' useful lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an operating expense in the Government Wide and proprietary fund financial statements and an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follow:

Buildings	50 years
Other improvements	10-50 years
Infrastructure	15-50 years
Equipment and vehicles	5-10 years

*Governmental Fund Financial Statements:* In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures.

Restricted Assets: Restricted assets include current assets of enterprise funds and business-type activities that are legally restricted as to their use. The primary restricted assets are related to revenue bond and promissory note trustee accounts restricted for debt service and deposits held for refund.

Unearned Revenue: Revenue received prior to being earned is recorded as unearned revenue. Currently, the City's unearned revenue consists of golf course gift certificates outstanding and sales of patron cards for which cash was received during the current fiscal year but the service/goods were not yet used for their intended purpose.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.D--Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance--Continued**

Long-Term Debt: Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied and whether the debt is reported in the government-wide or fund financial statements.

*Government-Wide Statements*: All long-term debt to be repaid from governmental activities, business-type activities, proprietary fund, and component unit resources are reported as liabilities incurred. The long-term debt consists primarily of accrued compensated absences; capital leases payable, notes payable, and revenue bonds payable.

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

Compensated Absences: After a six-month probationary period, all regular full-time and part-time employees are granted vacation benefits in amounts from 80 hours to 160 hours per year depending upon tenure with the City, with a maximum accumulation of 200 hours. After a twelve-month probationary period, police officers are granted vacation benefits in amounts from 96 hours to 216 hours per year depending upon tenure with the City, with a maximum accumulation of 500 hours. Firefighters accrue 144 vacation hours a year during the first year of employment; after a twelve-month probationary period, firefighters are granted vacation benefits in amounts from 264 hours to 384 hours per year depending upon tenure with the City, with a maximum accumulation of 504 hours. All vacation benefits accumulate pro rata on a monthly basis. Accumulated vacation leave vests, and the City is obligated to make payment even if the employee terminates.

Regular full-time and part-time employees accrue 96 hours of sick leave per year up to a maximum of 1,000 hours. Police officers accrue 111 hours of sick leave per year up to a maximum of 1,105 hours. Firefighters accrue 216 hours of sick leave per year up to a maximum of 1,440 hours. Sick leave benefits accumulate pro rata on a monthly basis. However, sick leave is not paid upon termination.

The estimated liabilities for vested benefits also include salary-related payments such as employment taxes. Compensated absences are reported as accrued in the government-wide, proprietary, fiduciary, and component unit financial statements. Governmental funds report only the matured compensated absences payable to currently terminating employees.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.D--Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance--Continued**

Deferred Outflows/Inflows of Resources: In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and as such will not be recognized as an outflow of resources (expense/expenditure) until then. Both the entity-wide and proprietary fund statements of net position include the following items that are reported as a deferred outflow of resources: deferred charges on the pension liability and deferred charges on debt refundings. A deferred charge on debt refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Both the entity-wide and proprietary fund statements of net position include the deferred gain on debt refunding and the deferred gain on pension as items that are reported as deferred inflows. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflow/inflow of resources occur in relation to pension obligations when contributions are made for future period distributions, when investment earnings come in higher or lower than anticipated, and when experience varies from actuarial assumptions.

The governmental fund balance sheet also includes unavailable revenue, which is reported as a deferred inflow of resources only under the modified accrual basis of accounting. The unavailable revenue from charges for services, such as court fines and ambulance receivable not collected within sixty days of fiscal year-end, is deferred and recognized as an inflow of resources until the period in which the amounts become available.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1.D--Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance--Continued**

Equity Classifications:

*Government-Wide and Proprietary Fund Financial Statements:* Equity is classified as net position and displayed in three components:

- a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by unspent bond proceeds and the outstanding balances of any bond, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- b) Restricted net position - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c) Unrestricted net position - All other resources that do not meet the definition of "restricted" or "net investment in capital assets."

It is the City's policy first to use restricted resources prior to the use of unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. Additionally, the City first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

*Governmental Fund Financial Statements:* Governmental fund equity is classified as fund balance. Fund balances of the government funds are classified as follows:

- a) Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- b) Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action of the highest level of decision making authority (ordinance).
- c) Assigned - Includes fund balance amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. Intent can be stipulated either through the governing body or by an official to whom the authority has been given by City council action.
- d) Unassigned - Includes the residual balance of the general fund that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.



June 30, 2015

**1.E--Internal and Interfund Balances and Activities**

In the process of aggregating the financial information for the government-wide statement of net position and statement of activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

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

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers - internal activities. The effect of interfund services between funds is not eliminated in the statement of activities.
3. Primary government and component unit activity and balances - resource flows between the primary government (the City, OPWA, and OPGA) and the discretely-presented component unit (the Owasso Economic Development Authority) are reported as if they were external transactions.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**1. F--Revenues, Expenditures, and Expenses**

Sales Tax: In January 2015, citizens of Owasso voted to increase the 3 percent sales tax to 3.5 percent effective April 1, 2015. The additional half penny is restricted by Ordinance to spending on police, fire, and street functions. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Oklahoma Tax Commission. The original 3 percent sales tax is recorded as revenue within the General Fund. The additional half-penny tax is recorded as revenue within the Half-Penny Sales Tax Fund. Upon receipt the General Fund distributes the 3 percent dedicated portion of the sales tax as follows:

- 3 cents transferred to the OPWA as required by revenue bond indentures; with
  - 1 cent used to retire principal and interest on OPWA debt and the 96<sup>th</sup> St. N./129<sup>th</sup> E. Ave. infrastructure payback agreement with any remaining sales tax transferred to Capital Improvement Fund, followed by
  - 2 cents less all other infrastructure payback agreements is transferred back to the General Fund from the OPWA for operations

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

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

Program Revenues: In the statement of activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General government	Cemetery lot sales and internments, zoning fees, other fees, licenses, and permits
Public safety	Fine and forfeiture revenue, court costs and fees, police and fire reports; operating and capital grants include U.S. Department of Justice and Federal Emergency Management Agency grants
Highways and streets	Surcharge for streets; operating and capital grants, and contributions from the U.S. Department of Housing and Urban Development, motor fuel and commercial vehicle revenues, and capital contributions from outside sources
Culture and recreation	Park development fees and community center user fees
Economic development	Surcharge for economic development
Stormwater	Stormwater system service charges

## NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

### **1. F--Revenues, Expenditures, and Expenses--Continued**

All other governmental revenues are reported as general. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Expenditures/Expenses: In the government-wide statement of activities, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay, and debt service. In proprietary fund financial statements, expenses are reported by object or activity.

### **1.G--Use of Estimates**

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

### **1.H--Pensions**

For purposes of measuring the net pension asset, net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (FPRS), Oklahoma Police Pension & Retirement System (OPPRS), and Oklahoma Municipal Retirement Fund (OMRF), and additions to/deductions from OFPRS, OPPRS and OMRF's fiduciary net position have been determined on the same basis as they are reported by OFPRS, OPPRS and OMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by these funds are reported at fair value.

### **1.I--New Accounting Pronouncements**

The City adopted the following new accounting pronouncement during the year ended June 30, 2015:

*Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* issued in June 2012, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses. GASB No. 68 also details the recognition and disclosure requirements for employers with liabilities to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. Defined benefit pensions are further classified by GASB No. 68 as single employer plans, agent employer plans and cost-sharing

June 30, 2015

**1.1--New Accounting Pronouncements--Continued**

plans, and recognition and disclosure requirements are addressed for each classification. GASB No. 71 was issued in November 2013 to address an issue regarding application of the transition provisions of GASB No. 68. Contributions to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the reporting period are required to be recognized as deferred outflows of resources. The requirements of GASB No. 71 are effective simultaneously with GASB No. 68. Adoption of GASB 68 and 71 had significant impact on the City's financial statements particularly with the statement of the net pension liability/asset in the entity-wide Statement of Net Position and with the change in requirements to reflect employer and non-employer contributions as deferred outflows rather than as expenses.

**NOTE 2--STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

**2.A--Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at market value. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, surety bonds, or certain letters of credit.

As required by 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., the City's uninsured deposits were sufficiently collateralized in accordance with these provisions for the year ended June 30, 2015.

Investments of a city (excluding public trusts) are limited by state law to the following:

- a) Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged. Agency securities are not explicitly guaranteed by the U.S. Government, however, there is an implicit guarantee on these securities.

June 30, 2015

**2.A--Deposits and Investments Laws and Regulations – Continued**

- b) Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c) With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d) County, municipal, or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e) Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f) Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

Public trusts created under O.S. Title 60, are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures.

**2.B--Debt Restrictions and Covenants**

General Long-Term Debt: As required by the Oklahoma State Constitution, the City, (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2015, no such debt was incurred by the City.

Revenue Bond and Promissory Note Debt: The various bond and note indentures relating to the revenue bond and promissory note issuances of the OPWA contain a number of restrictions or covenants that are financial related.

These include covenants, such as a required flow of funds through special accounts, required reserve account balances, and revenue bond debt service coverage requirements. The following schedule presents a brief summary of the most significant requirements and the OPWA's level of compliance thereon as of June 30, 2015.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**2.B--Debt Restrictions and Covenants – Continued**

<u>Requirement</u>	<u>Level of Compliance</u>
a. Reserve Account Requirement	
1. 199B OWRB Note Payable: Balance to be \$38,000	Balance in account at June 30, 2015 is \$38,029
2. 2001B OWRB Note Payable: Balance to be \$125,500	Balance in account at June 30, 2015 is \$125,514
3. 2001C OWRB Note Payable: Balance to be \$68,000	Balance in account at June 30, 2015 is \$68,008
4. 2006 OWRB Note Payable: Balance to be \$386,500	Balance in account at June 30, 2015 is \$386,545
5. 2010 OWRB Note Payable: Balance to be \$65,500	Balance in account at June 30, 2015 is \$65,544
6. 2012A OWRB Note Payable: Balance to be \$100,500	Balance in account at June 30, 2015 is \$104,108
7. 2013 DW OWRB Note Payable: Balance to be \$125,500	Balance in account at June 30, 2015 is \$291,535
b. Revenue Bond Coverage:	
1. Net operating revenue plus pledged sales tax must generate an amount annually equal to 125% of maximum annual debt service on the 2004 OWRB Note.	Net revenues available, including sales tax transferred, amounted to \$18,930,393. The maximum annual principal and interest on the bonds and any subordinate debt amounted to \$3,778,906. Actual coverage was 501%.
2. Net operating revenue for OPWA and OPGA plus pledged sales tax must generate an amount annually equal to 125% of annual principal and interest requirements on the 1999A, 1999B, 2001A, 2001B, 2001C, 2002A, 2006, 2009B, 2009C, 2010, 2011, 2012A, and 2013 SRF OWRB Notes and the 2007 & 2013 Utility and Sales Tax Revenue Notes.	Net revenues available, including sales tax transferred, amounted to \$18,622,026. The annual principal and interest on the bonds and any subordinate debt amounted to \$3,778,906. Actual coverage was 493%.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**2.C--Fund Equity/Net Position Restrictions**

Deficit Prohibition: Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). For the year ended June 30, 2015, the City incurred no deficit fund balances.

**NOTE 3--DETAIL NOTES--TRANSACTION CLASSES/ACCOUNTS**

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

**3.A--Deposit and Investment Risks**

*Primary Government*: The City, including its blended component units, held the following deposits and investments at June 30, 2015:

	<u>Carrying Value</u>		
<b>Deposits</b>			
Demand deposits	\$ 12,957,599		
<b>Total Deposits</b>	<u>12,957,599</u>		
	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>
<b>Investments</b>			
Money Market Mutual Funds			
Federated Government Obligations			
Tax-Managed Fund	2,540,100	AAAm	N/A
<b>Total Investments</b>	<u>2,540,100</u>		
<b>Total Deposits and Investments</b>	<u>\$ 15,497,699</u>		
<b>Reconciliation to Statement of Net Assets</b>			
Cash and cash equivalents	\$ 15,497,699		
	<u>\$ 15,497,699</u>		

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

June 30, 2015

**3.A--Deposit and Investment Risks--Continued**

The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. The investment policy also limits acceptable collateral to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by federal 12 U.S.C.A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

The bank balances of the City's deposits totaled \$12,938,004 at June 30, 2015. The difference between the carrying amount of deposits and the bank balance is due to outstanding checks and deposits. As of June 30, 2015, the City was not exposed to custodial credit risk due to uninsured and uncollateralized deposits.

*Investment Credit Risk:* The City's investment policy limits investments to those allowed in state law applicable to municipalities. These investment limitations are described in Note 2.A. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations (rating agencies) as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

As noted in the schedule of deposits and investments above, at June 30, 2015, all of the City's investments in debt securities were rated either AAAm by Standard and Poor's or Aaa-mf by Moody's Investor Service.

*Investment Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

As noted in the schedule of deposits and investments above, June 30, 2015, the fixed income security held by the City mature September 2017.

*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.

At June 30, 2015, the City had no concentration of credit risk as defined above.

*Component Units:* Total bank deposits of \$9,071 of the discretely presented component unit were insured with Federal Deposit Insurance Corporation Insurance. Total carrying value of the deposits was \$9,071.



NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.B--Accounts Receivable**

Accounts receivable outstanding at June 30, 2015 consist of the following:

	<u>Governmental Activities</u>			
	Utility Billing	Fire and Emergency Service Billings	Hotel Taxes Due	Total
Accounts receivable	\$ 77,407	\$ 1,149,697	\$ 40,031	\$ 1,267,135
Allowance for uncollectible accounts	-	(583,924)	-	(583,924)
Accounts receivables, net	<u>\$ 77,407</u>	<u>\$ 565,773</u>	<u>\$ 40,031</u>	<u>\$ 683,211</u>
	<u>Business-Type Activities</u>			
	Utility Billing	Golf Billing	Total	
Accounts receivable	\$ 1,393,443	\$ -	\$ 1,393,443	
Allowance for uncollectible accounts	(544,490)	-	(544,490)	
Accounts receivables, net	<u>\$ 848,953</u>	<u>\$ -</u>	<u>\$ 848,953</u>	

**3.C--Leasehold Receivables**

During the year ended June 30, 2007, the City, through the Owasso Public Works Authority, entered into a lease purchase agreement with the Board of Education of Independent School District No. 9 (Owasso Public Schools) to acquire land owned by the City. Under the terms of the agreement, Owasso Public Schools agrees to pay to the City annual rental payments for the use of the land, and upon receipt of the annual payment, the City will transfer title equal to 1/12<sup>th</sup> of the tracts of land to Owasso Public Schools. The agreement is dated as of December 1, 2006, and the annual payments are due each August 15, beginning August 15, 2007, and commencing through August 15, 2018.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.D--Restricted Assets**

The amounts reported as restricted assets of the business-type activities are comprised of cash and investments held by the trustee bank on behalf of the Public Trusts (Authorities) related to their required revenue bond and promissory note accounts as described in Note 2.B and deposits held for refund.

The restricted assets as of June 30, 2015 were as follows:

<u>Restricted Cash and Cash Equivalents</u>	<u>Current</u>	<u>Noncurrent</u>	<u>Accrued Interest</u>
1999B Promissory Note Accounts:			
Debt Service Account	\$ 32,316	\$ -	\$ -
Reserve Account	-	38,029	-
2001B Promissory Note Accounts:			
Debt Service Account	106,845	-	-
Reserve Account	-	125,514	-
2001C Promissory Note Accounts:			
Debt Service Account	57,859	-	-
Reserve Account	-	68,008	-
2006 Promissory Note Account			
Debt Service Account	415,629	-	-
2006 Revenue Note Trustee Accounts			
Reserve Fund	-	386,545	-
2008 Revenue Note Trustee Accounts			
Debt Service Account	99,988	-	-
2009B Revenue Note			
Debt Service Account	223,866	-	-
2009C Revenue Note Account:			
Debt Service Account	70,126	-	-
2010 Promissory Note			
Debt Service Account	55,932	-	-
Reserve Account	-	65,544	-
2011 Promissory Note Accounts:			
Debt Service Account	57,506	-	-
2012A Promissory Note Accounts:			
Debt Service Account	278,202	-	-
Reserve Account	-	104,108	-
2013 Promissory Note Accounts:			
Debt Service Account	62,547	-	-
Reserve Account	-	291,535	-
Accrued interest receivable (all accounts)	-	-	23,550
Deposits held for refund	574,360	-	-
TOTAL RESTRICTED ASSETS	<u>\$ 2,035,176</u>	<u>\$ 1,079,283</u>	<u>\$ 23,550</u>

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.E--Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Disposals/ Reductions</u>	<u>June 30, 2015</u>
<b>Governmental activities:</b>				
Non-depreciable:				
Land	\$ 8,419,447	\$ 501,820	\$ -	\$ 8,921,267
Construction in-progress	<u>12,205,631</u>	<u>2,576,668</u>	<u>(2,598,146)</u>	<u>12,184,153</u>
Total non-depreciable assets at historical cost	<u>20,625,078</u>	<u>3,078,488</u>	<u>(2,598,146)</u>	<u>21,105,420</u>
Depreciable:				
Buildings	11,241,481	70,925	-	11,312,406
Improvements	10,713,518	297,528	-	11,011,046
Machinery and equipment	10,349,554	1,074,565	(298,018)	11,126,101
Infrastructure	<u>90,225,268</u>	<u>3,119,283</u>	<u>-</u>	<u>93,344,551</u>
Total depreciable assets at historical cost	<u>122,529,821</u>	<u>4,562,301</u>	<u>(298,018)</u>	<u>126,794,104</u>
Less: accumulated depreciation:				
Buildings	(2,861,630)	(321,564)	-	(3,183,194)
Improvements	(3,051,777)	(514,295)	-	(3,566,072)
Machinery and equipment	(7,289,958)	(837,066)	265,912	(7,861,112)
Infrastructure	<u>(35,785,766)</u>	<u>(3,726,327)</u>	<u>-</u>	<u>(39,512,093)</u>
Total accumulated depreciation	<u>(48,989,131)</u>	<u>(5,399,252)</u>	<u>265,912</u>	<u>(54,122,471)</u>
Net depreciable assets	<u>73,540,690</u>	<u>(836,951)</u>	<u>(32,106)</u>	<u>72,671,634</u>
Governmental activities capital assets, net	<u>\$ 94,165,768</u>	<u>\$ 2,241,537</u>	<u>\$ (2,630,252)</u>	<u>\$ 93,777,053</u>
<b>Business-type activities:</b>				
Non-depreciable:				
Land	\$ 322,519	\$ -	\$ -	\$ 322,519
Construction-in-progress	<u>2,223,260</u>	<u>1,702,717</u>	<u>(3,901,445)</u>	<u>24,532</u>
Total non-depreciable assets at historical cost	<u>2,545,779</u>	<u>1,702,717</u>	<u>(3,901,445)</u>	<u>347,051</u>
Depreciable:				
Buildings	2,711,380	87,031	-	2,798,411
Improvements	3,580,157	-	-	3,580,157
Machinery and equipment	4,090,329	440,353	(328,649)	4,202,033
Infrastructure	<u>94,100,948</u>	<u>4,615,169</u>	<u>-</u>	<u>98,716,117</u>
Total depreciable assets at historical cost	<u>104,482,814</u>	<u>5,142,553</u>	<u>(328,649)</u>	<u>109,296,718</u>
Less: accumulated depreciation:				
Buildings	(1,497,026)	(89,864)	-	(1,586,890)
Improvements	(1,811,365)	(94,738)	-	(1,906,103)
Machinery and equipment	(2,616,309)	(314,872)	312,248	(2,618,933)
Infrastructure	<u>(29,218,581)</u>	<u>(2,545,913)</u>	<u>-</u>	<u>(31,764,494)</u>
Total accumulated depreciation	<u>(35,143,281)</u>	<u>(3,045,387)</u>	<u>312,248</u>	<u>(37,876,420)</u>
Net depreciable assets	<u>69,339,533</u>	<u>2,097,166</u>	<u>(16,401)</u>	<u>71,420,298</u>
Business-type activities capital assets, net	<u>\$ 71,885,312</u>	<u>\$ 3,799,883</u>	<u>\$ (3,917,846)</u>	<u>\$ 71,767,349</u>

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.E--Capital Assets--Continued**

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charged to governmental activities:

General government	\$	331,859
Public safety		726,251
Streets and highways		3,419,442
Culture and recreation		379,217
Economic development		3,371
Stormwater		<u>528,166</u>
Sub-total		5,388,306

In addition, depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets		<u>10,946</u>
Total Governmental Activities Depreciation Expense	\$	<u><u>5,399,252</u></u>

Depreciation expense charged to business-type activities:

Water	\$	999,533
Refuse		146,652
Wastewater		1,785,427
Recycle center		4,710
Golf course		<u>109,065</u>
Total Business-Type Activities Depreciation Expense	\$	<u><u>3,045,387</u></u>

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.F--Long Term Debt**

Business-Type Activities Long-Term Debt: As of June 30, 2015, the long-term debt payable from enterprise fund resources consisted of the following:

**Enterprise Funds**

*Notes Payable:*

1999A OWRB Note Payable, dated June 30, 1999, original amount of \$931,610 with an administration fee of 0.5%, semiannual installments of principal and administration fee, final maturity August 15, 2018.	\$	167,212
1999B OWRB Note Payable, dated June 30, 1999, original amount of \$570,000 with fixed serial interest rates, annual installments of principal and semi-annual interest, final maturity September 1, 2019.		194,400
2001A OWRB Note Payable, dated June 27, 2001, original amount of \$1,029,535 with an administration fee of 0.5%, semiannual installments of principal and administration fee, final maturity February 15, 2021.		308,860
2001B OWRB Note Payable, dated June 27, 2001, original amount of \$1,805,000 with fixed serial interest rates, annual installments of principal and semi-annual interest, final maturity September 1, 2019.		642,600
2001C OWRB Note Payable, dated June 27, 2001, original amount of \$1,005,000 with fixed serial interest rates, annual installments of principal and semi-annual interest, final maturity September 1, 2019.		348,000
2002A OWRB Note Payable, dated December 30, 2002, original amount of \$886,418 with an administration fee of 0.5%, semiannual installments of principal and administration fee, final maturity August 15, 2022.		332,407
2006 Promissory Note Payable, Afor land, dated December 14, 2006, original amount of \$1,865,000 with an interest rate of 3.925%; annual installments of principal and interest; final maturity September 1, 2018		720,000
2009B OWRB Note Payable, dated December 8, 2009, original amount of \$10,795,000 with an interest rate of 2.28% plus administration fee of 0.5%; semiannual installments of principal, interest and administration fee; final maturity September 15, 2031		8,809,913
2009C OWRB Note Payable, dated December 8, 2009, original amount of \$4,510,000 with an interest rate of 2.25% plus administration fee of 0.5%; semiannual installments of principal, interest and administration fee; final maturity March 15, 2031		3,597,781
2010 OWRB Note Payable, dated June 16, 2010, original amount of \$655,000 with fixed serial interest rates, annual installments of principal and semi-annual interest; final maturity October 1, 2019		385,000
2011 Interim Series OWRB Note Payable, dated November 17, 2011, original amount of \$3,115,000 with an interest rate of 2.11% plus administration fee of 0.5%; semiannual installments of principal, interest and administration fee; final maturity September 15, 2032.		2,403,346
2012 OWRB Note Payable, dated March 1, 2012, original amount of \$1,005,000 with fixed serial interest rates, annual installments of principal and semi-annual interest, final maturity October 1, 2016.		740,000
2013 Series CWSRF Promissory Note, dated December 2013, original amount not to exceed \$3,425,000, fixed interest rate of 1.78% plus admin. fee of 0.5% semiannual installments of principal and interest, final maturity March 15, 2026		2,942,460
Total Notes Payable	\$	<u>21,591,979</u>
Current portion	\$	1,922,186
Non-current portion		<u>19,669,793</u>
Net notes payable	\$	<u>21,591,979</u>

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.F--Long Term Debt--Continued**

Business-Type Activities Long-Term Debt, Continued:

**Enterprise Funds, Continued**

*Revenue Notes Payable:*

Series 2006 Utility System and Sales Tax Revenue Note Payable dated November 27, 2006, issued by Owasso Public Works Authority, secured by pledge of sales tax and utility system revenues, original amount of \$3,865,000 with an annual interest rate of 3.8%, annual principal payments varying from \$300,000 to \$420,000 due each July 1 with final maturity July 1, 2017, proceeds of note used to currently refund the Series 1996 Revenue Bonds	\$ 1,210,000
Series 2008 Sales Tax Revenue Note Payable dated December 1, 2008, issued by Owasso Public Works Authority, secured by pledge of sales tax revenues only, original amount of \$7,680,000 with an annual interest rate of 4.60%, semiannual principal payments varying from \$100,000 to \$585,000 due each June 1 and December 1 with final maturity December 1, 2018	3,830,000
Revenue Note Payable dated August 21, 2007, issued by Owasso Public Works Authority, original amount not to exceed \$3,500,000 with an annual interest rate of 4%, semiannual principal payments varying from \$80,000 to \$122,519 with final maturity on September 1, 2017. This note was purchased as an investment by the City of Owasso.	612,519
2013 Utility System and Sales Tax Revenue Note, dated December 2013, original amount of \$2,915,000 fixed interest rate of 1.52%, semiannual installments of principal and interest, final maturity Oct. 1, 2018. Proceeds used to refund Series 2006 Drinking Water State Revolving Fund note on March 15, 2014 call.	<u>2,600,000</u>
Total Revenue Notes Payable	<u>\$ 8,252,519</u>
Current portion	1,925,000
Noncurrent portion	<u>6,327,519</u>
Net Revenue Notes Payable	<u>\$ 8,252,519</u>

Changes in Long-Term Debt: The following is a summary of changes in long-term debt, excluding Internal Service Funds, for the year ended June 30, 2015:

	Balance July 1, 2014	Prior period adjustment	Additions	Deductions	Balance June 30, 2015	Due within One Year
<b>Governmental Activities:</b>						
Net OPEB obligation	\$ 552,994	\$ -	\$ 142,560	\$ (28,239)	\$ 667,315	\$ 141,944
Accrued compensated absences	1,020,694	-	1,098,322	(979,847)	1,139,169	535,409
Risk management claims liability	1,129,900	-	3,935,433	(3,904,033)	1,161,300	607,287
Net pension liability	-	<u>16,425,409</u>	<u>1,567,089</u>	<u>(5,177,644)</u>	<u>12,814,854</u>	-
Total Governmental Activities	<u>\$ 2,703,588</u>	<u>\$ 16,425,409</u>	<u>\$ 6,743,404</u>	<u>\$ (10,089,763)</u>	<u>\$ 15,782,638</u>	<u>\$ 1,284,640</u>
<b>Business-Type Activities:</b>						
Revenue notes payable	\$ 10,857,519	\$ -	\$ -	\$ (2,605,000)	\$ 8,252,519	\$ 1,925,000
Notes payable	22,553,577	-	1,189,868	(2,151,466)	21,591,979	1,922,186
Deposits subject to refund	552,345	-	146,415	(124,400)	574,360	124,400
Capital lease payable	-	-	249,422	-	249,422	53,384
Net pension liability	-	133,984	-	(133,984)	-	-
Net OPEB obligation	131,404	-	33,534	(7,287)	157,651	33,534
Accrued compensated absences	<u>76,099</u>	-	<u>84,767</u>	<u>(81,680)</u>	<u>79,186</u>	<u>37,217</u>
Total Business Type Activities	<u>\$ 34,170,944</u>	<u>\$ 133,984</u>	<u>\$ 1,704,006</u>	<u>\$ (5,103,817)</u>	<u>\$ 30,905,117</u>	<u>\$ 4,095,721</u>

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.F--Long Term Debt--Continued**

Debt Service Requirements to Maturity - Primary Government: The annual debt service requirements to maturity for long-term debt as of June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<b>Business-Type Activities</b>			
	<u>Revenue Note Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,925,000	\$ 259,143	\$ 1,922,186	\$ 571,004
2017	2,375,000	181,616	1,979,068	518,624
2018	2,697,519	98,442	1,645,395	469,936
2019	1,255,000	18,547	1,668,546	423,099
2020	-	-	1,496,441	375,615
2021-2025	-	-	5,913,149	1,394,576
2026-2030	-	-	4,242,563	559,443
2031-2033	-	-	2,724,631	117,787
	<u>\$ 8,252,519</u>	<u>\$ 557,748</u>	<u>\$ 21,591,979</u>	<u>\$ 4,430,084</u>

Pledged Revenues: The City has pledged proceeds from a 2% sales tax, along with revenues from water, wastewater, sanitation, and golf, to repay the 1999A, 1999B, 2001A, 2001B, 2001C, 2002A, 2006, 2009B, 2009C, 2010, 2011, 2012A, and 2013 SRF OWRB notes payable and the 2006, and 2013 sales tax revenue notes. The notes are payable through 2033 and were used to finance various OPWA projects. The total principal and interest payable for the remainder of the term of the notes is \$29,210,355. Pledged revenue received in the current year totaled \$26,839,010. Debt service payments of \$3,999,048, for the current year were 15% of pledged revenue.

The City has also pledged proceeds from a 1% sales tax to repay the 2008 sales tax revenue notes. The note is payable through 2019 and was used to finance an OPWA project. The total principal and interest payable for the remainder of the term of the note is \$4,190,180. Pledged revenue received in the current year totaled \$7,670,774. Debt service payments of \$1,196,655 for the current year were 16% of pledged revenue.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.G--Interfund Balances and Activities**

Interfund receivables and payables at June 30, 2015 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	OPGA	\$ 1,596,418	negative share of pooled cash
OPWA	OPGA	1,800,000	negative share of pooled cash
OPWA	General Fund	1,158,750	sales tax per debt indentures
Capital Improvement Fund	OPWA	1,020,150	capital improvements
Worker's Comp Self Insurance Fund	Debt Service Fund	1,573	debt service
General Liability/Property Self Insurance Fund	Debt Service Fund	1,021	debt service
City Garage	OPWA	1,814	garage billing for services
City Garage	General Fund	6,002	garage billing for services
City Garage	Ambulance Service Fund	201	garage billing for services
General Liability/Property Self Insurance Fund	General Fund	100,000	to cover judgments less than \$25,000

Interfund transfers for the year ended June 30, 2015 consist of the following:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	OPGA	\$ 439,163	Transfer to subsidize OPGA
General Fund	OPWA	23,012,324	Pledged sales tax per debt indentures
Capital Improvement Fund	OPWA	139,639	Utility relocation purchased in capital improvement fund
OPWA	General Fund	14,396,612	Pledged sales tax per debt indenture
OPWA	Capital Improvement Fund	5,259,550	Capital improvements
OPWA	General Fund	400,000	Administrative functions
Stormwater	OPWA	241,801	Debt Service



NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**3.H--Fund Balances and Net Position**

Committed Fund Balance: Fund balance classifications at June 30, 2015 include amounts committed for various purposes as detailed in the balance sheet for governmental funds. The City committed these balances through adoption of various City ordinances.

Assigned Fund Balance: Fund balance classifications at June 30, 2015 include amounts assigned to a Homeowners' Association by the City Manager and amounts assigned by vote of City Council.

Restricted Net Position: Restricted net position relates to revenue bond and promissory note trustee accounts. Balances at June 30, 2015, are as follows:

Debt service account - 1999B	\$ 32,316
Reserve account - 1999B	38,029
Debt service account - 2001B	106,845
Reserve account - 2001B	125,514
Debt service account - 2001C	57,859
Reserve account - 2001C	68,008
Debt service account - 2006	415,629
Reserve account - 2006	386,545
Debt service account - 2008	99,988
Debt service account - 2009B	223,866
Debt service account - 2009C	70,126
Debt service account - 2010	55,932
Reserve account - 2010	65,544
Debt service account - 2011	57,506
Debt service account - 2012A	278,202
Reserve account - 2012A	104,108
Debt service account - 2013 DW	62,547
Reserve account - 2013 DW	291,535
Interest receivable	23,550
Subtotal	<u>2,563,649</u>
Less: Amounts payable from restricted assets - accrued interest	<u>(245,521)</u>
Retricted for Debt Service	<u>\$ 2,318,128</u>
Reserve for meter deposits	574,360
Accrued interest	245,521
Total restricted business-type cash	<u>\$ 3,138,009</u>

June 30, 2015

**NOTE 4--OTHER NOTES**

**4.A--Employee Pension and Other Benefit Plans**

The City participates in four employee pension systems as follows:

Name of Plan/System	Type of Plan
Oklahoma Police Pension and Retirement System	Cost-Sharing Multiple Employers' Public Employee Retirement System – Defined Benefit Plan
Oklahoma Firefighters' Pension and Retirement System	Cost-Sharing Multiple Employers' Public Employee Retirement System – Defined Benefit Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer Defined Benefit Plan
Oklahoma Municipal Retirement Fund	Agent Multiple Employer Defined Contribution Plan

**Oklahoma Firefighters Pension & Retirement System (FPRS)**

Plan description - The City of Owasso, as the employer, participates in the Firefighters Pension & Retirement System—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension and Retirement System (FPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at [www.ok.gov/FPRS](http://www.ok.gov/FPRS).

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Firefighters Pension & Retirement System—Continued**

average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final

average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

FPRS Contributions - The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. FY15 contributions to the pension plan from the City were \$471,993. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$975,420, which is reflected as revenue in the entity wide statements. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$12,814,854 for its proportionate share of the FPRS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 1.2461584% percent.

For the year ended June 30, 2015, the City recognized a pension expense of \$1,150,944. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Firefighters Pension & Retirement System—Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 305,332	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,939,818
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	471,993	-
Total	<u>\$ 777,325</u>	<u>\$ 1,939,818</u>

The \$471,993 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Change in Net Pension Liability
<u>                    </u>	<u>                    </u>
2016	\$ (428,096)
2017	(428,095)
2018	(428,096)
2019	(428,095)
2020	56,859
Thereafter	21,037
Total	<u>\$ (1,634,486)</u>

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Firefighters Pension & Retirement System—Continued**

Actuarial Assumptions -The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	Half of the dollar amount of a 3% assumed increase in base pay for retirees with 20 years of service as of May 26, 1983. No annual increase for other members.
Investment rate of return:	7.5% net of pension plan investment expense

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Firefighters Pension & Retirement System—Continued**

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

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

	1% Decrease (-6.5%)	Current Discount Rate (7.5%)	1% Increase (-8.5%)
Employer's net pension liability \$	16,733,493	\$ 12,814,854	\$ 9,529,507

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS which can be located at [www.ok.gov/FPRS](http://www.ok.gov/FPRS) .

**Oklahoma Police Pension and Retirement System (OPPRS)**

Plan description - The City of Owasso, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The plan covers substantially all persons employed as full-time police officers working more than 25 hours per week or any person undergoing police training to become a permanent police officer with a police department of a participating Oklahoma employer or State agency, with ages not less than 21 nor more than 45 when accepted for membership. The System is a component unit of the State of Oklahoma. Supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations. The FY14 Comprehensive Annual Financial Report of the Plan was audited by Finley and Cook, PLLC, and the FY14 Actuarial report prepared by Buck Consultants, along with the employer allocations, Net Pension Liability, Total Deferred Outflows of Resources, Total Deferred Inflows of Resources, and Total Employer Pension Expense were also audited by Finley

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Police Pension and Retirement System—Continued**

and Cook, PLLC. Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at [www.ok.gov/OPPRS](http://www.ok.gov/OPPRS).

Benefits Provided –OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date. Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

OPPRS Contributions - The contribution requirements of the Plan are at an established rate determined by the Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% of their annual pay. *Municipalities* are required to contribute 13%, of the employees' annual pay. FY15 contributions to the pension plan from the City were \$389,478. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$273,940, which is reflected as revenue in the entity wide statements. These on-behalf payments did not meet the criteria of a special funding situation.

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Police Pension and Retirement System—Continued**

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2015, the City reported a net asset of \$302,327 for its proportionate share of the OPPRS net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2014. Based upon this information, the City's proportion was 0.897941 percent.

For the year ended June 30, 2015, the City recognized a pension expense of \$110,815. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 135,826
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,062,629
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	389,478	-
Total	\$ 389,478	\$ 1,198,455

The \$389,478 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Police Pension and Retirement System—Continued**

Year ended June 30:	Change in Net Pension Liability
2016	\$ (293,779)
2017	(293,779)
2018	(293,779)
2019	(293,779)
2020	(23,339)
Thereafter	-
Total	<u>\$ (1,198,455)</u>

Actuarial Assumptions -The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality Rates:	Active participants and nondisabled pensioners – RP-2000 Mortality Table projected to 2016 by Scale AA.
	Active employees (pre-retirement) RP-2000 Blue Collar healthy Combined table with age set back 4 years with fully generational improvement using scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully Generational improvement using scale AA.

The expected remaining service life of members was 5.83 years with 85% assumed to be married, and males assumed to be three years older than females. The future ad hoc cost-of-living increases are 1/3 to 1/2 of the increase or decrease of any adjustment to the base salary of a

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Police Pension and Retirement System—Continued**

regular police officer, based on an increase in base salary of 3%. The deferred benefits are assumed at age 50, or the date at which the participant would have achieved 20 years of service, if later.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2014, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private equity	5.96%
Commodities	3.08%

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

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

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Police Pension and Retirement System—Continued**

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

	1% Decrease (-6.5%)	Current Discount Rate (7.5%)	1% Increase (-8.5%)
Employer's net pension liability (asset)	\$ 1,798,795	\$ (302,327)	\$ (2,073,105)

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

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan**

Plan Description - Effective July 1, 1972, the City began contributing to the City of Owasso and Owasso Public Works Authority Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OMRF) an agent multiple employer-defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The City currently participated in the AA OMRF plan. Administration of the City's individual plan rests with the City Council. The overall operations of OMRF are supervised by a nine-member Board of Trustees elected by the participating municipalities. JP Morgan Chase Bank, N.A. of Oklahoma City acts as administrator and securities custodian. OMRF issues separate plan financial statements which may be obtained by contacting the Oklahoma Municipal Retirement Fund, 100 N. Broadway, Oklahoma City, Oklahoma 73102.

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

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan - Continued\_**

Eligibility Factors and Benefit Provisions –

<u>Provisions</u>	<u>OMRF Plan</u>
a. Eligible to Participate	All regular, full-time employees except police, firefighters, and other employees covered under an approved system.
b. Period Required to Vest	5 years of credited service
c. Eligibility for Distribution	<ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 5 years of service or age 62 with 30 years of service</li> <li>- Early retirement at age 55 with 5 years of service</li> <li>- Disability retirement upon disability with 5 years of service</li> <li>- Death benefit with 5 years of service</li> </ul>
d. Benefit Determination Base	Final average salary-the average of the five highest consecutive annual salaries out of the last 10 calendar years of service.
e. Benefit Determination Methods:	
- Normal Retirement	2.625% of final average salary multiplied by credited years of service.
- Early Retirement	The accrued benefit payable starting at a normal retirement age, or the accrued benefit reduced by 5% per year for commencement prior to retirement age
- Disability Retirement	Same as normal retirement
- Death Benefit	50% of employee's accrued benefit, but terminate upon spouse re-marriage.
- Prior to 5 Years Service	Return of employee contributions with accrued interest.
f. Benefit Authorization	Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title 11, Section 48- 101-102
g. Form of Benefit Payments	Normal form is a 60-month certain and life thereafter basis.

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan - Continued**

Employees Covered by Benefit Terms –

Active Employees	128
Deferred Vested Former Employees	17
Retirees or Retiree Beneficiaries	31
Disabled Participants	<u>3</u>
Total	<u>179</u>

Contribution Requirements – The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 7.09% of covered payroll. Employees are required to contribute 4.26% percent of their annual pay. FY15 contributions to the pension plan from the City were \$444,820.

Actuarial Assumptions –

<u>Date of Last Actuarial Valuation</u>	<u>January 1, 2015</u>
a. Actuarial Cost Method	Entry age normal cost method
b. Rate of Return on Investments	7.75%
c. Projected Salary Increase	Ranges between 4% and 7.42%
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	3% inflation included in projected salary increase.
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 215 Year 2: 140 Year 3: 95 Year 4: 65 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan - Continued**

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

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (3.0%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target allocation as of June 30, 2014, are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.40%	1.35%
Small/mid cap stocks Russell 2500	10%	7.50%	0.75%
Long/short equity MSCI ACWI	10%	6.10%	0.61%
International stocks MSCI EAFE	20%	5.10%	1.02%
Fixed income bonds Barclay's Capital Aggregate	30%	2.60%	0.78%
Real estate NCREIF	5%	4.80%	0.24%
Cash equivalents 3 month treasury	0%	0.00%	0.00%
	100%		
		Average Real Return	4.75%
		Inflation	3.00%
		Long-term expected return	<u>7.75%</u>

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan - Continued**

Changes in Net Pension Liability – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2014 which is also the measurement date. There were no changes in assumptions or changes in benefit terms that affected measurement of the total pension liability. The following table reports the components of changes in net pension liability:

	SCHEDULE OF CHANGES IN NET PENSION LIABILITY		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at July 1, 2013	\$ 10,940,377	\$ 10,506,375	\$ 434,002
Changes for the year:			
Service cost	534,626	-	534,626
Interest Cost	872,238	-	872,238
Differences between expected and actual experience	-	-	-
Contributions - employer (participating cities)	-	403,770	(403,770)
Contributions - State of Oklahoma (a non-employer contributing entity)	-	-	-
Contributions - employee	-	235,624	(235,624)
Net investment income	-	1,741,201	(1,741,201)
Benefit payments, including refunds	(449,007)	(449,007)	-
Administrative Expense	-	(25,772)	25,772
Other	2	2	-
Net Changes	957,859	1,905,818	(947,959)
Balances at June 30, 2014	\$ 11,898,236	\$ 12,412,193	\$ (513,957)

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

	1% Decrease (-6.75%)	Current Discount Rate (7.75%)	1% Increase (-8.75%)
Employer's net pension liability (asset)	\$ 1,306,338	\$ (513,957)	\$ (1,989,376)

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan – Continued**

Pension Liabilities, Pension Expense, and Deferred Inflows and Outflows of Resources Related to Pensions - At June 30, 2015, the City reported a net pension asset of \$513,957 for the OMRF pension. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. For the year ended June 30, 2015, the City recognized pension expense of \$182,324. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	726,513
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	444,821	-
Total	<u>\$ 444,821</u>	<u>\$ 726,513</u>

The \$444,821 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported deferred inflows of resources related to pensions will be recognized in pension expense as follows:



June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Oklahoma Municipal Retirement Fund-Defined Benefit Plan - Continued**

Year ended June 30:	Change in Net Pension Liability
2016	\$ (181,629)
2017	(181,628)
2018	(181,628)
2019	(181,628)
2020	-
Thereafter	-
Total	<u>\$ (726,513)</u>

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OMRF; which can be located at [www.okmrf.org](http://www.okmrf.org).

**City of Owasso Plan and Trust (OMRF)**

Plan Description - The City has also provided a defined contribution plan and trust known as the City of Owasso Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The plan is administered by JP Morgan Chase Bank, N.A. The defined contribution plan is available to all full-time employees. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon hire, and may make contributions to the plan.

OMRF Contributions - Based upon employee contributions, the City's contributions vary from 0%-1% of covered payroll. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 40% after two years and then 20% per year for the next three years. The employee is fully vested after 5 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to the City. The authority to establish and amend the provisions of the plan rests with the City Council.

For the year ended June 30, 2015, the following amounts related to the defined contribution plan:

Employee contributions	\$142,647
City contributions	\$76,960

June 30, 2015

**4.A--Employee Pension and Other Benefit Plans—Continued**

**Other plans available to all City employees**

Employees have the option to make additional contributions to an ICMARC administered tax-sheltered annuity program up to the exclusion allowance provided under the IRC under Code Section 457.

**4.B--Other Post-Employment Benefits**

Plan Description - The City provides medical insurance benefits to eligible retired employees until age 65. As of June 30, 2015, there were 214 active employees receiving health insurance benefits and 3 retirees receiving insurance benefits. The plan is a single-employer post-employment benefit plan that does not issue a stand-alone financial report, nor is it included in the financial report of another entity.

Funding Policy - contribution requirements are established and may be amended by the City Council.

Annual OPEB Cost - The annual OPEB cost and net obligation for 2015 is as follows:

Annual required contribution	\$ 186,912
Interest on net OPEB obligation	27,376
Adjustment to annual required contribution	<u>(38,810)</u>
Annual OPEB cost	175,478
Contribution made	<u>(34,910)</u>
Increase in net OPEB obligation	140,568
Net OPEB obligation at beginning of year	<u>684,398</u>
Net OPEB obligation at end of year	<u><u>\$ 824,966</u></u>
OPEB Obligation included in the financial statements as follows:	
Governmental Activities	\$ 667,315
Business-Type Activities	<u>157,651</u>
	<u><u>\$ 824,966</u></u>

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. For the most recent actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4% investment rate of return and an annual healthcare cost inflationary increase of 6% grading to 5% for FY 2019 and later.

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**4.B--Other Post-Employment Benefits - Continued**

Trend Information:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
2013	\$ 148,108	14%	\$ 556,547
2014	\$ 148,108	14%	\$ 684,398
2015	\$ 175,478	20%	\$ 824,967

Funded Status and Funding Progress - The funded status of the plan as of the date of the most recent actuarial valuation was as follows:

Actuarial accrued liability (AAL)	\$ 1,581,245
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,581,245</u>
Funded ration (actuarial value of plan assets/AAL)	0%
Covered payroll active plan members)	\$ 12,415,696
UAAL as a percentage of covered payroll	12.74%

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

NOTES TO BASIC FINANCIAL STATEMENTS--Continued

CITY OF OWASSO, OKLAHOMA

June 30, 2015

**4.C--Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these various risks of loss as follows:

Type of Loss	Method Managed	Risk of Loss Retained
General Liability: - Torts - Errors and omissions - Police liability - Vehicle	Self-insured effective November 2003.	Entire risk of loss retained in self-insurance fund.
Physical Property: - Theft - Damage to assets - Natural disasters	Property is fully insured by commercial carrier.	\$25,000 deductible
Workers' Compensation: - Employee injuries	Self-insured within limits of Oklahoma workers' compensation laws.	Specific retention of \$750,000 per accident or disease with employer liability of \$1,000,000 per accident or disease.
Health: - Medical - Dental - Vision	Self-insured effective July 2004	Stop loss of \$100,000 per employee per plan year. Third party administrator is AETNA.

Claims Liability Analysis: The claims liabilities related to the above noted risks of loss that are retained are determined in accordance with the requirements of Accounting Standards Codification Topic 450, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

For the risk management internal service self-insurance funds, changes in the claims liability for the City from July 1, 2013 to June 30, 2015 are as follows:

	Workers' Compensations	General Liability / Property	Healthcare	Total Internal Service
Claims liability and related payables, July 01, 2013	\$ 1,119,000	\$ -	\$ 268,500	\$ 1,387,500
Claims incurred and changes in estimates	104,702	30,375	3,434,624	3,569,701
Claims paid	<u>(400,702)</u>	<u>(30,375)</u>	<u>(3,396,224)</u>	<u>(3,827,301)</u>
Claims liability and related payables, June 30, 2014	823,000	-	306,900	1,129,900
Claims incurred and changes in estimates	128,478	111,401	3,695,554	3,935,433
Claims paid	<u>(177,478)</u>	<u>(36,401)</u>	<u>(3,690,154)</u>	<u>(3,904,033)</u>
Claims liability and related payables, June 30, 2015	<u>\$ 774,000</u>	<u>\$ 75,000</u>	<u>\$ 312,300</u>	<u>\$ 1,161,300</u>

June 30, 2015

**4.C--Risk Management--Continued**

The City has elected to retain significant retained earnings in the internal service self-insurance funds as a reserve for catastrophes.

The City maintains a stop-loss policy for plans to limit risk associated with the self-insured plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have exceeded insurance coverage for the current year or prior year.

**4.D--Commitments and Contingencies**

Commitments: The City of Owasso and OPWA Trust Authority, under the auspices of Title 62, Chapter 9 of the Oklahoma Statutes, have economic development sales tax abatement agreements (payback agreements), with six entities for rebate of all or a portion of the three-cent General fund sales tax generated on sales at the properties identified by the respective agreements. All six agreements required the construction and operation of a new business within the City limits. Five of the entities were further required to fund City infrastructure as outlined in the agreement. In return, all six became eligible for a refund of all or a portion of sales tax revenue generated at their respective places of business up to a maximum reimbursement amount as outlined in the agreements. Some of the agreements expire after a period of time, whether or not the business has reached the maximum rebate amount specified in the agreement or has been reimbursed for any of the cost of infrastructure. All obligations of the City for infrastructure improvements in relation to the agreements have been met. A breakdown of tax abatements by recipient is prohibited by State statute due to required confidentiality of sales tax collections by vendor.

The City has various construction contracts at year-end. A substantial amount of these commitments are for infrastructure and are financed through payback agreements. At June 30, 2015, the City had some significant outstanding commitments on contracts in excess of \$1,000,000. The total contract amounts were approximately \$13.2 million, and the remaining balance on those contracts totaled approximately \$6.7 million, of which \$6.6 million is related to the payback agreements, as of June 30, 2015.

Contingencies:

Grant Program Involvement: In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. 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. Any liability of reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation: The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. This statutory taxing ability is not

June 30, 2015

**4.D--Commitments and Contingencies – Continued**

available to the City's public trusts (Authorities). As of June 30, 2015, the City has established a sinking fund for judgments against it in the amount of \$227,713.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

**4.E--Prior Period Adjustment**

During the 2014-15 fiscal year the City implemented GASB Statement No. 68. This statement changes financial accounting and reporting of pensions by governments from a pay-as-you-go cash basis to an accrual basis. Adoption of this statement required the City to restate the 2014-15 beginning net position of the governmental activities and the business-type activities. This restatement resulted in a decrease in net position of \$15,353,971 in the governmental funds and a decrease in net position in the business-type funds of \$9,332 as of June 30, 2014.

**4.F--Subsequent Events**

Debt - On October 02, 2015, City Council of the City of Owasso approved Resolution 2015-19, authorizing the City Treasurer to invest \$330,000 in a Revenue Anticipation Note (RAN) issued by the OPWA. The OPWA Trustees approved the transfer of the proceeds of the RAN from the OPWA to the Half-Penny Sales Tax Fund of the City to purchase and equip new police vehicles. The RAN will pay 2.0% interest and matures November 01, 2017.

Pensions - Subsequent to the actuarial valuation date used by the plan, the Society of Actuaries issued updated mortality scales and mortality improvement scales; MP2014 and MP-15. It is expected these scales may increase the total pension liability by 4 percent to 8 percent unless the plans experience indicates otherwise. The City has not been provided the impact of these scales but believes the updated scales, if determined appropriate for the plan, will have a material impact on the City's net pension liability.

**NOTE 5--FUTURE ACCOUNTING PRONOUNCEMENTS**

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

*Fiscal Year Ended June 30, 2016*

- *Statement No. 72 Fair Value Measurement and Application* is effective for fiscal years beginning after June 15, 2015. This Statement defines fair value, provides measurement techniques and approaches, establishes a hierarchy of inputs to valuation techniques, and describes what should be reported at fair value and what should be disclosed about fair value measurements.

June 30, 2015

**NOTE 5--FUTURE ACCOUNTING PRONOUNCEMENTS- Continued**

- *Statement No. 73 Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68 is effective for fiscal years beginning after June 15, 2016. This Statement establishes requirements for defined benefit pensions and defined contribution pensions that are not within the scope of Statement 68 (generally, plans not administered through trusts) as well as for the assets accumulated for purposes of providing those pensions. It also clarifies the application of certain provisions of Statements 67 and 68.*
- *Statement No. 74 Financial Reporting for Postemployment Benefit Plans other than Pension Plans is effective for fiscal years beginning after June 15, 2016. This statement replaces Statement 43 and makes financial reporting for other postemployment benefit (OPEB) plans similar to the pension plans standards from Statement 67.*
- *Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits other than Pensions is effective for fiscal years beginning after June 15, 2017. This Statement replaces Statement 45 and makes accounting and financial reporting for other postemployment benefits (OPEB) by employers similar to the pension standards in Statement 68. The Statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expenses/expenditures by employers who provide OPEB. Although the City has not quantified the effects of Statement Nos. 74 and 75, the City believes that they could have a significant impact on its net position.*
- *Statement No. 76 The Hierarchy of GAAP for State and Local Governments is effective for fiscal periods beginning after June 15, 2015. This Statement simplifies the GAAP hierarchy to two categories of authoritative GAAP, and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment of a transaction or other event is not specified within a source of authoritative GAAP.*
- *Statement No. 77 Tax Abatement Disclosures is effective for fiscal periods beginning after December 15, 2015. This Statement defines tax abatements and provides disclosure principles that are designed to provide information to the public about the tax abatements and how they affect the government's financial position, results of operations and ability to raise resources in the future.*
- *Statement No. 79 Certain External Investment Pools and Pool Participants is effective for fiscal periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants and specifically defines under what circumstances pools may be valued at amortized cost vs. fair value. Implementation of this Statement is not anticipated to have a significant impact on the City's net position.*

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF PENSION PLAN FUNDING PROGRESS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

OMRF Agent Multiple Employer Defined Benefit Pension Plan- Schedule of Funding Progress

Required Supplementary Information- Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	(1) Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	(2) Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
1/1/2006	\$ 5,156,217	\$ 5,625,109	\$ 468,892	91.7%	\$ 3,929,968	11.9%
1/1/2007	5,998,573	6,328,244	329,671	94.8%	4,309,308	7.7%
1/1/2008	6,809,993	7,087,779	277,786	96.1%	4,462,389	6.2%
1/1/2009	6,931,144	7,862,597	931,453	88.2%	5,212,213	17.9%
1/1/2010	7,607,668	8,796,026	1,188,358	86.5%	5,229,822	22.7%
1/1/2011	8,449,766	9,539,179	1,089,413	88.6%	5,033,749	21.6%
1/1/2012	9,166,922	10,403,820	1,236,898	88.1%	5,235,723	23.6%
1/1/2013	10,022,110	10,956,894	934,784	91.5%	5,060,133	18.5%
1/1/2014	11,045,256	11,727,762	682,506	94.2%	5,381,173	12.7%
1/1/2015	11,713,762	12,318,006	604,244	95.1%	5,653,136	10.7%

(1) Actuarial accrued liability determined under the entry age normal cost method.

(2) Covered Payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.

See independent auditor's report as it relates to required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFIT OBLIGATION PROGRESS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

Other Post-Employment Benefit Obligation

Required Supplementary Information- Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	(1) Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	(2) Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
7/1/2010	\$ -	\$ 1,286,240	\$ 1,286,240	0.0%	\$ 8,870,000	14.5%
7/1/2012	\$ -	\$ 1,292,726	\$ 1,292,726	0.0%	\$ 11,108,421	11.6%
7/1/2014	\$ -	\$ 1,581,245	\$ 1,581,245	0.0%	\$ 12,415,696	12.7%

- (1) Actuarial accrued liability determined under the projected unit credit cost method.
- (2) Covered Payroll is the total annualized rate of pay as of the valuation date based on actual pay for the preceding year and not the actual covered payroll during the fiscal year.
- (3) As permitted by GASB Statement No. 45, the City obtains an actuarial valuation every two (2) years.

See independent auditor's report as it relates to required supplementary information.

**CITY OF OWASSO, OKLAHOMA**

**SCHEDULE OF T PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years\***

	<u>2015</u>
City's proportion of the net pension liability	1.246158%
City's proportionate share of the net pension liability	\$ 12,814,854
City's covered-employee payroll	\$ 3,585,381
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	357%
Plan fiduciary net position as a percentage of the total pension liability	68.12%

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

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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See independent auditor's report as it relates to required supplementary information.

**CITY OF OWASSO, OKLAHOMA**

**SCHEDULE OF CONTRIBUTIONS**

**OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

	<u>2015</u>
Statutorially required contribution	\$ 471,993
Contributions in relation to the statutorially required contribution	<u>471,993</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 3,585,381
Contributions as a percentage of covered-employee payroll	13.16%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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See independent auditor's report as it relates to required supplementary information.

**CITY OF OWASSO, OKLAHOMA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years\***

	<u><b>2015</b></u>
City's proportion of the net pension liability (asset)	0.8979%
City's proportionate share of the net pension liability (asset)	\$ (302,327)
City's covered-employee payroll	\$ 3,062,347
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.87%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	101.53%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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See independent auditor's report as it relates to required supplementary information.

**CITY OF OWASSO, OKLAHOMA**

**SCHEDULE OF CONTRIBUTIONS**

**OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

**Last 10 Fiscal Years**

	<u>2015</u>
Statutorially required contribution	\$ 350,280
Contribuions in relation to the statutorially required contribution	<u>350,280</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 3,062,347
Contribuions as a percentage of covered-employee payroll	11.44%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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See independent auditor's report as it relates to required supplementary information.



**CITY OF OWASSO, OKLAHOMA**

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)**

**OKLAHOMA MUNICIPAL RETIREMENT FUND**

**Last 10 Fiscal Years\***

	<u>2015</u>
City's proportionate share of the net pension liability (asset)	\$ (513,957)
City's covered-employee payroll	\$ 5,653,136
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(9.09%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	1.04.32%

**Notes to Schedule:**

Only the current fiscal year is presented because 10-year data is not yet available.

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See independent auditor's report as it relates to required supplementary information.

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 2,259,011	\$ 2,811,625	\$ 2,811,625	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>2,259,011</u>	<u>2,811,625</u>	<u>2,811,625</u>	<u>-</u>
<b>TAXES</b>				
Sales Tax	22,200,000	22,730,000	22,727,460	(2,540)
Use Tax	730,800	730,800	926,869	196,069
Franchise Tax	1,078,325	1,078,325	1,220,686	142,361
<b>TOTAL TAXES</b>	<u>24,009,125</u>	<u>24,539,125</u>	<u>24,875,015</u>	<u>335,890</u>
<b>INTERGOVERNMENTAL</b>				
Alcoholic beverage tax	55,500	55,500	56,686	1,186
Commercial vehicle	246,000	246,000	245,904	(96)
Gas excise tax	57,200	57,200	58,588	1,388
Cigarette/tobacco tax	243,000	243,000	263,191	20,191
Grant and other intergovernmental revenue	160,000	458,906	354,162	(104,744)
<b>TOTAL INTERGOVERNMENTAL</b>	<u>761,700</u>	<u>1,060,606</u>	<u>978,531</u>	<u>(82,075)</u>
<b>CHARGES FOR SERVICES</b>				
Surcharge for economic development	9,000	9,000	9,719	719
Surcharge for streets	138,000	138,000	138,202	202
Rents, fees, and other charges	156,260	156,260	169,543	13,283
OPWA Administrative Overhead	185,000	185,000	185,000	-
<b>TOTAL CHARGES FOR SERVICES</b>	<u>488,260</u>	<u>488,260</u>	<u>502,464</u>	<u>14,204</u>
<b>FINES AND FORFEITURES</b>	666,400	697,353	723,204	25,851
<b>BUILDINGS AND OTHER</b>				
LICENSES AND PERMITS	258,900	258,900	237,964	(20,936)
<b>INVESTMENT INCOME</b>	15,300	15,300	12,530	(2,770)
<b>MISCELLANEOUS</b>				
Reimbursements, rebate, and restitution	52,200	52,200	46,892	(5,308)
Contributions and donations	-	25,710	25,970	260
Miscellaneous	53,650	9,750	23,438	13,688
<b>TOTAL MISCELLANEOUS</b>	<u>105,850</u>	<u>87,660</u>	<u>96,300</u>	<u>8,640</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	14,330,000	14,330,000	14,628,084	298,084
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>14,330,000</u>	<u>14,330,000</u>	<u>14,628,084</u>	<u>298,084</u>
<b>Total Resources (inflows)</b>	<u>40,635,535</u>	<u>41,477,204</u>	<u>42,054,092</u>	<u>576,888</u>
<b>Amount available for appropriation</b>	<u>\$ 42,894,546</u>	<u>\$ 44,288,829</u>	<u>\$ 44,865,717</u>	<u>\$ 576,888</u>

(Continued)

See independent auditor's report as it relates to required supplementary information.

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Charges to Appropriations (Outflows):</b>				
GENERAL GOVERNMENT				
CITY MANAGER				
Personal services	\$ 732,857	\$ 742,270	\$ 742,270	\$ -
Materials and supplies	4,100	3,803	2,486	1,317
Other services and charges	22,120	22,143	15,610	6,533
Capital outlay	3,000	3,000	130	2,870
TOTAL CITY MANAGER	762,077	771,216	760,496	10,720
FINANCE				
Personal services	583,273	583,160	583,159	1
Materials and supplies	3,705	6,928	6,927	1
Other services and charges	54,895	52,488	49,863	2,625
Capital outlay	1,320	3,948	3,914	34
TOTAL FINANCE	643,193	646,524	643,863	2,661
COMMUNITY DEVELOPMENT				
Personal services	478,764	504,449	504,449	-
Materials and supplies	11,800	12,100	11,437	663
Other services and charges	45,688	45,723	42,258	3,465
Capital outlay	26,500	26,500	26,344	156
TOTAL COMMUNITY DEVELOPMENT	562,752	588,772	584,488	4,284
MUNICIPAL COURT				
Personal services	175,605	187,427	187,426	1
Materials and supplies	4,455	2,755	1,767	988
Other services and charges	60,645	57,945	53,998	3,947
Capital outlay	-	-	-	-
TOTAL MUNICIPAL COURT	240,705	248,127	243,191	4,936
ENGINEERING				
Personal services	623,160	578,504	560,466	18,038
Materials and supplies	18,400	11,350	9,148	2,202
Other services and charges	18,392	16,854	7,325	9,529
Capital outlay	35,550	36,250	24,374	11,876
TOTAL ENGINEERING	695,502	642,958	601,313	41,645
INFORMATION TECHNOLOGY				
Personal services	498,927	466,297	460,108	6,189
Materials and supplies	2,900	2,900	2,265	635
Other services and charges	140,585	128,363	124,532	3,831
Capital outlay	156,615	292,256	278,353	13,903
TOTAL INFORMATION SYSTEMS	799,027	889,816	865,258	24,558

(Continued)

See independent auditor's report as it relates to required supplementary information.

BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND--Continued

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Charges to Appropriations (Outflows):</b>				
GENERAL GOVERNMENT				
Personal services	-	-	-	-
Materials and supplies	22,000	18,388	18,388	-
Other services and charges	396,500	486,036	486,036	-
Capital outlay	-	-	-	-
TOTAL GENERAL GOVERNMENT	<u>418,500</u>	<u>504,424</u>	<u>504,424</u>	-
SUPPORT SERVICES				
Personal services	298,069	297,595	297,532	63
Materials and supplies	26,990	28,415	26,838	1,577
Other services and charges	47,156	42,330	39,699	2,631
Capital outlay	43,420	55,095	15,995	39,100
TOTAL SUPPORT SERVICES	<u>415,635</u>	<u>423,435</u>	<u>380,064</u>	<u>43,371</u>
CEMETERY				
Personal services	-	-	-	-
Materials and supplies	5,750	6,395	5,776	619
Other services and charges	8,995	4,390	1,074	3,316
Capital outlay	3,100	5,900	2,100	3,800
TOTAL CEMETERY	<u>17,845</u>	<u>16,685</u>	<u>8,950</u>	<u>7,735</u>
HUMAN RESOURCES				
Personal services	319,731	323,395	323,395	-
Materials and supplies	12,400	12,444	10,371	2,073
Other services and charges	83,050	85,761	79,063	6,698
Capital outlay	1,500	2,610	2,605	5
TOTAL HUMAN RESOURCES	<u>416,681</u>	<u>424,210</u>	<u>415,434</u>	<u>8,776</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 4,971,917</u>	<u>\$ 5,156,167</u>	<u>\$ 5,007,481</u>	<u>\$ 148,686</u>

(Continued)

See independent auditor's report as it relates to required supplementary information.

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Charges to Appropriations (Outflows):</b>				
PUBLIC SAFETY				
POLICE SERVICES				
Personal services	\$ 4,802,440	\$ 5,244,512	\$ 5,207,819	\$ 36,693
Materials and supplies	241,904	271,756	255,199	16,557
Other services and charges	211,001	252,511	252,511	-
Capital outlay	36,000	82,887	72,971	9,916
TOTAL POLICE SERVICES	5,291,345	5,851,666	5,788,500	63,166
POLICE COMMUNICATIONS				
Personal services	638,947	631,284	631,284	-
Materials and supplies	4,800	5,677	5,484	193
Other services and charges	37,750	36,625	32,647	3,978
Capital outlay	12,850	14,850	14,702	148
TOTAL POLICE COMMUNICATIONS	694,347	688,436	684,117	4,319
ANIMAL CONTROL				
Personal services	123,085	116,865	114,273	2,592
Materials and supplies	18,150	18,150	17,827	323
Other services and charges	24,000	20,067	19,542	525
Capital outlay	-	1,554	778	776
TOTAL ANIMAL CONTROL	165,235	156,636	152,420	4,216
FIRE SERVICES				
Personal services	4,530,259	4,408,317	4,272,813	135,504
Materials and supplies	163,200	187,571	187,582	(11)
Other services and charges	150,854	146,241	146,241	-
Capital outlay	10,000	513,184	513,184	-
TOTAL FIRE SERVICES	4,854,313	5,255,313	5,119,820	135,493
EMERGENCY MANAGEMENT OPERATIONS				
Personal services	56,567	60,467	60,333	134
Materials and supplies	2,000	2,000	574	1,426
Other services and charges	12,430	70,887	67,501	3,386
Capital outlay	3,000	3,600	-	3,600
TOTAL EMERGENCY MANAGEMENT OPERATIONS	73,997	136,954	128,408	8,546
TOTAL PUBLIC SAFETY	\$ 11,079,237	\$ 12,089,005	\$ 11,873,265	\$ 215,740
HIGHWAYS AND STREETS				
STREETS				
Personal services	\$ 383,125	\$ 355,148	\$ 342,292	\$ 12,856
Materials and supplies	159,070	140,975	140,656	319
Other services and charges	181,020	168,079	166,387	1,692
Capital outlay	206,300	139,224	139,192	32
TOTAL HIGHWAYS AND STREETS	\$ 929,515	\$ 803,426	\$ 788,527	\$ 14,899

(Continued)

See independent auditor's report as it relates to required supplementary information.

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Charges to Appropriations (Outflows):</b>				
CULTURE AND RECREATION				
COMMUNITY CENTER				
Personal services	\$ 146,862	\$ 151,354	\$ 150,954	\$ 400
Materials and supplies	11,100	8,692	8,676	16
Other services and charges	26,220	98,346	47,012	51,334
Capital outlay	2,400	1,555	1,555	-
TOTAL COMMUNITY CENTER	186,582	259,947	208,197	51,750
PARK MAINTENANCE				
Personal services	444,373	419,191	419,086	105
Materials and supplies	72,892	66,817	64,250	2,567
Other services and charges	80,450	70,604	65,702	4,902
Capital outlay	7,200	13,500	-	13,500
TOTAL PARK MAINTENANCE	604,915	570,112	549,038	21,074
HISTORICAL MUSEUM				
Personal services	17,983	18,633	18,564	69
Materials and supplies	650	650	190	460
Other services and charges	8,500	8,456	7,808	648
Capital outlay	2,000	1,000	-	1,000
TOTAL HISTORICAL MUSEUM	29,133	28,739	26,562	2,177
TOTAL CULTURE AND RECREATION	\$ 820,630	\$ 858,798	\$ 783,797	\$ 75,001
SEP ARRA CNG GRANT				
Personal services	\$ -	\$ -	\$ -	\$ -
Materials and supplies	-	-	-	-
Other services and charges	-	-	-	-
Capital outlay	-	-	-	-
TOTAL SEP ARRA CNG GRANT	-	-	-	-
ECONOMIC DEVELOPMENT				
Personal services	105,148	109,127	108,998	129
Materials and supplies	2,175	1,675	1,091	584
Other services and charges	14,695	12,958	4,748	8,210
Capital outlay	-	-	-	-
TOTAL ECONOMIC DEVELOPMENT	122,018	123,760	114,837	8,923
STORMWATER				
Personal services	362,087	244,119	236,889	7,230
Materials and supplies	51,310	47,519	45,099	2,420
Other services and charges	28,865	30,519	24,706	5,813
Capital outlay	63,300	60,930	57,736	3,194
TOTAL STORM WATER	505,562	383,087	364,430	18,657
OTHER FINANCING USES				
Transfers to other funds	22,550,000	23,555,160	23,166,623	388,537
TOTAL OTHER FINANCING USES	22,550,000	23,555,160	23,166,623	388,537
<b>Total Charges to Appropriations</b>	<b>\$ 40,978,879</b>	<b>\$ 42,969,403</b>	<b>\$ 42,098,960</b>	<b>\$ 870,443</b>
<b>Ending Budgetary Fund Balance</b>	<b>\$ 1,915,667</b>	<b>\$ 1,319,426</b>	<b>\$ 2,766,757</b>	<b>\$ 1,447,331</b>

(Continued)

See independent auditor's report as it relates to required supplementary information.

**BUDGETARY COMPARISON SCHEDULE -- GENERAL FUND--Continued**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

Reconciliation of the General Fund Balance Sheet to the Budgetary  
Comparison Schedule - General Fund

Fund balance - general fund	\$ 5,043,708
Receivables not recognized for budgetary basis	
Sales Tax Receivable	(3,181,026)
Taxes Receivable	(73,529)
Franchise Tax Rec	(179,460)
Court Fines Rec net of uncoll	(52,102)
CNG Rec	-
Plus receipts not recognized as revenue for GAAP	50,416
Plus GAAP expenditure accruals not recognized for budgetary basis	<u>1,158,750</u>
Fund balance - budgetary basis	<u>\$ 2,766,757</u> (Concluded)

See independent auditor's report as it relates to required supplementary information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULE

CITY OF OWASSO, OKLAHOMA

June 30, 2015

Budgetary Accounting: The annual operating budgets are prepared and presented on a budgetary basis of accounting, which differs from the modified accrual basis. Under the budgetary basis, certain revenues are recognized when received rather than when measurable and available.

Per City Ordinance, the City utilizes encumbrance accounting during the year on a limited basis for certain purchase orders and other commitments for the expenditure of funds which are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at year-end; therefore, encumbrances outstanding at year-end are not considered expenditures for budgetary purposes, as the City will provide for supplemental appropriations in the following budget year.

Budget Law: The City prepares its annual operating budget under the provisions of the Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Council.
- d. The adopted budget is filed with the Office of State Auditor and Inspector within 30 days of the start of the year.

All funds of the City with revenues and expenditures are required to have annual budgets. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All supplemental appropriations require City Council approval. The City Manager may transfer appropriations between departments without City Council approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

In accordance with Title 60 of the Oklahoma State Statutes, the OPWA, the OPGA, and the OEDA are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget, or definition of a legal level of control.

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See independent auditor's report as it relates to required supplementary information.



**OTHER  
SUPPLEMENTARY  
INFORMATION**

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**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**CITY OF OWASSO, OKLAHOMA**

For the fiscal year ended June 30, 2015

		SPECIAL REVENUE FUNDS							
		Ambulance Service Fund	Emergency 911 Fund	Cemetery Care Fund	Emergency Siren Fund	Juvenile Court Fund	Hotel Tax Fund	Stormwater Management Fund	Half-Penny Sales Tax Fund
ASSETS									
	Cash and cash equivalents	\$ 122,222	\$ 207,392	\$ 5,055	\$ 22,633	\$ 38,701	\$ 557,458	\$ 1,105,084	\$ 316,406
	Investments	3,703	6,336	155	691	1,182	17,026	33,753	9,663
	Due from other governments	-	17,046	-	-	-	-	-	502,071
	Accounts receivable, net	548,355	-	-	-	-	40,031	77,407	-
	TOTAL ASSETS	<u>\$ 674,280</u>	<u>\$ 230,774</u>	<u>\$ 5,210</u>	<u>\$ 23,324</u>	<u>\$ 39,883</u>	<u>\$ 614,515</u>	<u>\$ 1,216,244</u>	<u>\$ 828,140</u>
LIABILITIES									
	Accounts payable	\$ 30,637	\$ 9,042	\$ 78	\$ -	\$ -	\$ 184	\$ 20,939	\$ -
	Accrued payroll liabilities	35,713	2,481	-	-	-	5,127	-	-
	Due to other funds	201	-	-	-	-	-	-	-
	TOTAL LIABILITIES	<u>66,551</u>	<u>11,523</u>	<u>78</u>	<u>-</u>	<u>-</u>	<u>5,311</u>	<u>20,939</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES									
	Unavailable revenue - charges for services	281,778	-	-	-	-	-	-	-
FUND EQUITY									
	Fund Balances:								
	Restricted	-	219,251	5,132	-	39,883	609,204	-	828,140
	Committed	325,951	-	-	23,324	-	-	1,195,305	-
	TOTAL FUND BALANCE	<u>325,951</u>	<u>219,251</u>	<u>5,132</u>	<u>23,324</u>	<u>39,883</u>	<u>609,204</u>	<u>1,195,305</u>	<u>828,140</u>
	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 674,280</u>	<u>\$ 230,774</u>	<u>\$ 5,210</u>	<u>\$ 23,324</u>	<u>\$ 39,883</u>	<u>\$ 614,515</u>	<u>\$ 1,216,244</u>	<u>\$ 828,140</u>

(Continued)

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	CAPITAL PROJECTS FUNDS					TOTALS
	Ambulance Capital Fund	Public Safety Capital Fund	Park Development Fund	Capital Projects Grants Fund	Debt Service Fund	
ASSETS						
Cash and cash equivalents	\$ 195,824	\$ 217,292	\$ 178,746	\$ -	\$ 2,516	\$ 2,969,329
Investments	5,981	6,637	5,459	-	77	90,663
Due from other governments	-	-	-	-	663	519,780
Accounts receivable, net	12,300	5,118	-	-	-	683,211
TOTAL ASSETS	<u>\$ 214,105</u>	<u>\$ 229,047</u>	<u>\$ 184,205</u>	<u>\$ -</u>	<u>\$ 3,256</u>	<u>\$ 4,262,983</u>
LIABILITIES						
Accounts payable	\$ -	\$ 14,420	\$ -	\$ -	\$ -	\$ 75,300
Accrued payroll liabilities	-	-	-	-	-	43,321
Due to other funds	-	-	-	-	2,593	2,794
TOTAL LIABILITIES	-	14,420	-	-	2,593	121,415
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - charges for services	-	-	-	-	-	281,778
FUND EQUITY						
Fund Balances:						
Restricted	-	-	-	-	663	1,702,273
Committed	214,105	214,627	184,205	-	-	2,157,517
TOTAL FUND BALANCE	<u>214,105</u>	<u>214,627</u>	<u>184,205</u>	<u>-</u>	<u>663</u>	<u>3,859,790</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 214,105</u>	<u>\$ 229,047</u>	<u>\$ 184,205</u>	<u>\$ -</u>	<u>\$ 3,256</u>	<u>\$ 4,262,983</u>

(Concluded)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	SPECIAL REVENUE FUNDS							
	Ambulance Service Fund	Emergency 911 Fund	Cemetery Care Fund	Emergency Siren Fund	Juvenile Court Fund	Hotel Tax Fund	Stormwater Management Fund	Half-Penny Sales Tax Fund
REVENUES								
Intergovernmental	\$ -	\$ 209,503	\$ -	\$ -	\$ -	\$ 412,496	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	828,106
Charges for services	1,429,908	-	825	-	-	-	657,445	-
Fines and forfeitures	-	-	-	-	10,095	-	-	-
Licenses and permits	-	-	-	6,861	-	-	-	-
Investment income	413	571	15	48	89	1,230	2,874	34
Miscellaneous	1,500	-	100	-	-	4,900	-	-
TOTAL REVENUES	1,431,821	210,074	940	6,909	10,184	418,626	660,319	828,140
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	1,376,702	231,136	-	-	-	-	-	-
Economic development	-	-	-	-	-	213,338	-	-
Stormwater	-	-	-	-	-	-	155,216	-
Capital outlay	-	-	1,443	-	-	3,471	184,170	-
Debt service - principal	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,376,702	231,136	1,443	-	-	216,809	339,386	-
Revenues over (under) expenditures	55,119	(21,062)	(503)	6,909	10,184	201,817	320,933	828,140
Other Financing Sources (Uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(241,801)	-
Revenues and other sources over (under) expenditures and other uses	55,119	(21,062)	(503)	6,909	10,184	201,817	79,132	828,140
FUND BALANCE - BEGINNING OF YEAR	270,832	240,313	5,635	16,415	29,699	407,387	1,116,173	-
FUND BALANCE - END OF YEAR	\$ 325,951	\$ 219,251	\$ 5,132	\$ 23,324	\$ 39,883	\$ 609,204	\$ 1,195,305	\$ 828,140

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

	CAPITAL PROJECTS FUNDS					TOTALS
	Ambulance Capital Fund	Public Safety Capital Fund	Park Development Fund	Capital Projects Grants Fund	Debt Service Fund	
REVENUES:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 121,567	\$ 152,002	\$ 895,568
Taxes	-	-	-	-	-	828,106
Charges for services	240,615	308,611	-	-	-	2,637,404
Fines and forfeitures	-	-	-	-	-	10,095
Licenses and permits	-	-	78,700	-	-	85,561
Investment income	625	711	602	-	16	7,228
Miscellaneous	1,000	-	-	-	-	7,500
TOTAL REVENUES	<u>242,240</u>	<u>309,322</u>	<u>79,302</u>	<u>121,567</u>	<u>152,018</u>	<u>4,471,462</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	151,498	151,498
Public safety	-	-	-	-	-	1,607,838
Economic development	-	-	-	-	-	213,338
Stormwater	-	-	-	-	-	155,216
Capital outlay	466,949	457,197	182,603	121,567	-	1,417,400
Debt service - principal	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>466,949</u>	<u>457,197</u>	<u>182,603</u>	<u>121,567</u>	<u>151,498</u>	<u>3,545,290</u>
Revenues over (under) expenditures	(224,709)	(147,875)	(103,301)	-	520	926,172
Other Financing Sources (Uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(241,801)
Revenues and other sources over (under) expenditures and other uses	(224,709)	(147,875)	(103,301)	-	520	684,371
FUND BALANCE - BEGINNING OF YEAR	<u>438,814</u>	<u>362,502</u>	<u>287,506</u>	<u>-</u>	<u>143.00</u>	<u>3,175,419</u>
FUND BALANCE - END OF YEAR	<u>\$ 214,105</u>	<u>\$ 214,627</u>	<u>\$ 184,205</u>	<u>\$ -</u>	<u>\$ 663</u>	<u>\$ 3,859,790</u>

(Concluded)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**AMBULANCE SERVICE FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 58,778	\$ 67,973	\$ 67,973	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	58,778	67,973	67,973	-
CHARGES FOR SERVICES	1,381,000	1,381,000	1,366,189	(14,811)
MISCELLANEOUS	1,200	2,700	1,913	(787)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
<b>Total Resources (inflows)</b>	<u>1,382,200</u>	<u>1,383,700</u>	<u>1,368,102</u>	<u>(15,598)</u>
<b>Amount available for appropriation</b>	<u>\$ 1,440,978</u>	<u>\$ 1,451,673</u>	<u>\$ 1,436,075</u>	<u>\$ (15,598)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	1,060,063	1,060,063	1,052,833	7,230
Materials & Supplies	180,200	179,600	168,599	11,001
Other Services	162,776	164,876	155,269	9,607
Capital Outlay	-	-	-	-
Total Departmental Expenditures	1,403,039	1,404,539	1,376,701	27,838
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>\$ 1,403,039</u>	<u>\$ 1,404,539</u>	<u>\$ 1,376,701</u>	<u>\$ 27,838</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 37,939</u>	<u>\$ 47,134</u>	<u>\$ 59,374</u>	<u>\$ 12,240</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**EMERGENCY-911 FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 145,732	\$ 221,452	\$ 221,452	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>145,732</u>	<u>221,452</u>	<u>221,452</u>	<u>-</u>
CHARGES FOR SERVICES	230,800	230,800	211,316	(19,484)
MISCELLANEOUS	1,200	1,200	571	(629)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>232,000</u>	<u>232,000</u>	<u>211,887</u>	<u>(20,113)</u>
<b>Amount available for appropriation</b>	<u>\$ 377,732</u>	<u>\$ 453,452</u>	<u>\$ 433,339</u>	<u>\$ (20,113)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	150,516	150,516	121,276	29,240
Materials & Supplies	-	-	-	-
Other Services	133,000	133,000	109,860	23,140
Capital Outlay	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Departmental Expenditures	<u>333,516</u>	<u>333,516</u>	<u>231,136</u>	<u>102,380</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 333,516</u>	<u>\$ 333,516</u>	<u>\$ 231,136</u>	<u>\$ 102,380</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 44,216</u>	<u>\$ 119,936</u>	<u>\$ 202,203</u>	<u>\$ 82,267</u>

(Continued)



BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**CEMETERY CARE FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Beginning Budgetary Fund Balance</b>	\$ 4,995	\$ 5,635	\$ 5,635	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>4,995</u>	<u>5,635</u>	<u>5,635</u>	<u>-</u>
CHARGES FOR SERVICES	-	-	-	-
MISCELLANEOUS	825	825	939	114
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>825</u>	<u>825</u>	<u>939</u>	<u>114</u>
<b>Amount available for appropriation</b>	<u>\$ 5,820</u>	<u>\$ 6,460</u>	<u>\$ 6,574</u>	<u>\$ 114</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay	<u>1,500</u>	<u>1,990</u>	<u>1,443</u>	<u>547</u>
Total Departmental Expenditures	<u>1,500</u>	<u>1,990</u>	<u>1,443</u>	<u>547</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 1,500</u>	<u>\$ 1,990</u>	<u>\$ 1,443</u>	<u>\$ 547</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 4,320</u>	<u>\$ 4,470</u>	<u>\$ 5,131</u>	<u>\$ 661</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**EMERGENCY SIREN FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 15,481	\$ 16,415	\$ 16,415	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>15,481</u>	<u>16,415</u>	<u>16,415</u>	<u>-</u>
CHARGES FOR SERVICES	1,900	1,900	6,861	4,961
MISCELLANEOUS	50	50	48	(2)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>1,950</u>	<u>1,950</u>	<u>6,909</u>	<u>4,959</u>
<b>Amount available for appropriation</b>	<u>\$ 17,431</u>	<u>\$ 18,365</u>	<u>\$ 23,324</u>	<u>\$ 4,959</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	17,000	17,000	-	17,000
Capital Outlay	-	-	-	-
Total Departmental Expenditures	<u>17,000</u>	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>\$ -</u>	<u>\$ 17,000</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 431</u>	<u>\$ 1,365</u>	<u>\$ 23,324</u>	<u>\$ 21,959</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**JUVENILE COURT FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 22,170	\$ 29,698	\$ 29,698	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>22,170</u>	<u>29,698</u>	<u>29,698</u>	<u>-</u>
CHARGES FOR SERVICES	9,000	9,000	10,095	1,095
MISCELLANEOUS	100	100	89	(11)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>9,100</u>	<u>9,100</u>	<u>10,184</u>	<u>1,084</u>
<b>Amount available for appropriation</b>	<u>\$ 31,270</u>	<u>\$ 38,798</u>	<u>\$ 39,882</u>	<u>\$ 1,084</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	8,000	8,000	-	8,000
Capital Outlay	-	-	-	-
Total Departmental Expenditures	<u>8,000</u>	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 8,000</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 23,270</u>	<u>\$ 30,798</u>	<u>\$ 39,882</u>	<u>\$ 9,084</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**HOTEL TAX FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 332,505	\$ 371,417	\$ 371,417	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>332,505</u>	<u>371,417</u>	<u>371,417</u>	<u>-</u>
HOTEL TAX 3%	240,000	240,000	245,534	5,534
HOTEL TAX 2%	160,000	160,000	163,689	
LOCAL GRANTS	-	4,900	4,900	
MISCELLANEOUS	1,200	1,200	1,230	30
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>401,200</u>	<u>406,100</u>	<u>415,353</u>	<u>5,564</u>
<b>Amount available for appropriation</b>	<u>\$ 733,705</u>	<u>\$ 777,517</u>	<u>\$ 786,770</u>	<u>\$ 9,253</u>
<b>Charges to Appropriations (Outflows):</b>				
ECONOMIC DEVELOPMENT				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	120,250	120,250	64,945	55,305
Capital Outlay	-	-	-	-
Total Departmental Expenditures	<u>120,250</u>	<u>120,250</u>	<u>64,945</u>	<u>55,305</u>
STRONG NEIGHBORHOOD INITIATIVE				
Personal Services	129,004	130,229	130,228	1
Materials & Supplies	2,000	1,275	952	323
Other Services	15,400	15,400	13,642	1,758
Capital Outlay	2,600	3,850	3,471	379
OSNI GRANTS	-	7,400	3,572	3,828
Total Departmental Expenditures	<u>149,004</u>	<u>158,154</u>	<u>151,865</u>	<u>6,289</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 269,254</u>	<u>\$ 278,404</u>	<u>\$ 216,810</u>	<u>\$ 61,594</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 464,451</u>	<u>\$ 499,113</u>	<u>\$ 569,960</u>	<u>\$ 70,847</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**STORMWATER MANAGEMENT FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 788,367	\$ 1,039,779	\$ 1,039,779	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>788,367</u>	<u>1,039,779</u>	<u>1,039,779</u>	<u>-</u>
CHARGES FOR SERVICES	677,650	677,650	656,431	(21,219)
MISCELLANEOUS	5,000	5,000	2,874	(2,126)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>682,650</u>	<u>682,650</u>	<u>659,305</u>	<u>(23,345)</u>
<b>Amount available for appropriation</b>	<u>\$ 1,471,017</u>	<u>\$ 1,722,429</u>	<u>\$ 1,699,084</u>	<u>\$ (23,345)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	62,497	72,753	40,581	32,172
Materials & Supplies	10,025	10,025	9,867	158
Other Services	262,335	438,835	127,304	311,531
Capital Outlay	<u>611,600</u>	<u>681,515</u>	<u>161,634</u>	<u>519,881</u>
Total Departmental Expenditures	946,457	1,203,128	339,386	863,742
Other Uses				
Transfers Out	<u>248,734</u>	<u>248,734</u>	<u>241,801</u>	<u>6,933</u>
Total Other Uses	<u>248,734</u>	<u>248,734</u>	<u>241,801</u>	<u>6,933</u>
<b>Total Charges to Appropriations</b>	<u>\$ 1,195,191</u>	<u>\$ 1,451,862</u>	<u>\$ 581,187</u>	<u>\$ 870,675</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 275,826</u>	<u>\$ 270,567</u>	<u>\$ 1,117,897</u>	<u>\$ 847,330</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**AMBULANCE CAPITAL FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 230,302	\$ 428,045	\$ 428,045	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>230,302</u>	<u>428,045</u>	<u>428,045</u>	<u>-</u>
CHARGES FOR SERVICES	245,700	245,700	239,085	(6,615)
MISCELLANEOUS	2,500	3,500	1,625	(1,875)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>248,200</u>	<u>249,200</u>	<u>240,710</u>	<u>(8,490)</u>
<b>Amount available for appropriation</b>	<u>\$ 478,502</u>	<u>\$ 677,245</u>	<u>\$ 668,755</u>	<u>\$ (8,490)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay	<u>374,500</u>	<u>630,130</u>	<u>466,950</u>	<u>163,180</u>
Total Departmental Expenditures	<u>374,500</u>	<u>630,130</u>	<u>466,950</u>	<u>163,180</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 374,500</u>	<u>\$ 630,130</u>	<u>\$ 466,950</u>	<u>\$ 163,180</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 104,002</u>	<u>\$ 47,115</u>	<u>\$ 201,805</u>	<u>\$ 154,690</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**PUBLIC SAFETY CAPITAL FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 190,886	\$ 317,558	\$ 317,558	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>190,886</u>	<u>317,558</u>	<u>317,558</u>	<u>-</u>
CHARGES FOR SERVICES	399,400	399,400	336,610	(62,790)
MISCELLANEOUS	1,100	1,100	711	(389)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>400,500</u>	<u>400,500</u>	<u>337,321</u>	<u>(63,179)</u>
<b>Amount available for appropriation</b>	<u>\$ 591,386</u>	<u>\$ 718,058</u>	<u>\$ 654,879</u>	<u>\$ (63,179)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay - Police	194,000	194,000	150,741	43,259
Capital Outlay - Fire	<u>268,400</u>	<u>333,403</u>	<u>294,628</u>	<u>38,775</u>
Total Departmental Expenditures	462,400	527,403	445,369	82,034
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 462,400</u>	<u>\$ 527,403</u>	<u>\$ 445,369</u>	<u>\$ 82,034</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 128,986</u>	<u>\$ 190,655</u>	<u>\$ 209,510</u>	<u>\$ 18,855</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**PARK DEVELOPMENT FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ 104,130	\$ 287,506	\$ 287,506	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	<u>104,130</u>	<u>287,506</u>	<u>287,506</u>	<u>-</u>
CHARGES FOR SERVICES	90,000	90,000	78,700	(11,300)
MISCELLANEOUS	1,000	1,000	602	(398)
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Resources (inflows)</b>	<u>91,000</u>	<u>91,000</u>	<u>79,302</u>	<u>(11,698)</u>
<b>Amount available for appropriation</b>	<u>\$ 195,130</u>	<u>\$ 378,506</u>	<u>\$ 366,808</u>	<u>\$ (11,698)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay	<u>150,000</u>	<u>350,000</u>	<u>182,604</u>	<u>167,396</u>
Total Departmental Expenditures	<u>150,000</u>	<u>350,000</u>	<u>182,604</u>	<u>167,396</u>
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Charges to Appropriations</b>	<u>\$ 150,000</u>	<u>\$ 350,000</u>	<u>\$ 182,604</u>	<u>\$ 167,396</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 45,130</u>	<u>\$ 28,506</u>	<u>\$ 184,204</u>	<u>\$ 155,698</u>

(Continued)



BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**CAPITAL PROJECTS GRANT FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
GRANTS	122,010	243,217	121,567	(121,650)
MISCELLANEOUS	-	-	-	-
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
<b>Total Resources (inflows)</b>	<u>122,010</u>	<u>243,217</u>	<u>121,567</u>	<u>(121,650)</u>
<b>Amount available for appropriation</b>	<u>\$ 122,010</u>	<u>\$ 243,217</u>	<u>\$ 121,567</u>	<u>\$ (121,650)</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay	122,010	243,217	121,567	121,650
Total Departmental Expenditures	122,010	243,217	121,567	121,650
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>\$ 122,010</u>	<u>\$ 243,217</u>	<u>\$ 121,567</u>	<u>\$ 121,650</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**HALF-PENNY FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
SALES TAX	-	-	326,034	326,034
MISCELLANEOUS	-	-	34	34
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
<b>Total Resources (inflows)</b>	-	-	326,068	326,068
<b>Amount available for appropriation</b>	\$ -	\$ -	\$ 326,068	\$ 326,068
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Departmental Expenditures	-	-	-	-
Other Uses				
Transfers Out	-	-	-	-
Total Other Uses	-	-	-	-
<b>Total Charges to Appropriations</b>	\$ -	\$ -	\$ -	\$ -
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 326,068	\$ 326,068

(Continued)

BUDGETARY COMPARISON SCHEDULE -- OTHER GOVERNMENTAL FUNDS

CITY OF OWASSO, OKLAHOMA

For the fiscal year ended June 30, 2015

**CAPITAL IMPROVEMENTS FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance</b>	\$ -	\$ 2,801,084	\$ 2,801,084	\$ -
<b>Resources (Inflows):</b>				
Add: Budget C/O	-	-	-	-
	-	2,801,084	2,801,084	-
CHARGES FOR SERVICES	-	-	-	-
MISCELLANEOUS	-	-	-	-
OTHER FINANCING SOURCES				
Transfers from other funds	5,078,000	5,078,000	5,165,269	87,269
TOTAL OTHER FINANCING SOURCES	5,078,000	5,078,000	5,165,269	87,269
<b>Total Resources (inflows)</b>	<u>5,078,000</u>	<u>5,078,000</u>	<u>5,165,269</u>	<u>87,269</u>
<b>Amount available for appropriation</b>	<u>\$ 5,078,000</u>	<u>\$ 7,879,084</u>	<u>\$ 7,966,353</u>	<u>\$ 87,269</u>
<b>Charges to Appropriations (Outflows):</b>				
Personal Services	-	-	-	-
Materials & Supplies	-	-	-	-
Other Services	655,300	560,111	335,373	224,738
Capital Outlay	4,422,700	7,179,334	1,615,176	5,564,158
Total Departmental Expenditures	5,078,000	7,739,445	1,950,549	5,788,896
Other Uses				
Transfers Out	-	139,639	139,639	-
Total Other Uses	-	139,639	139,639	-
<b>Total Charges to Appropriations</b>	<u>\$ 5,078,000</u>	<u>\$ 7,879,084</u>	<u>\$ 2,090,188</u>	<u>\$ 5,788,896</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,876,165</u>	<u>\$ 5,876,165</u>

(Concluded)

**SCHEDULE OF DEBT SERVICE COVERAGE REQUIREMENTS**

**CITY OF OWASSO, OKLAHOMA**

**For the fiscal year ended June 30, 2015**

	2% Sales Tax 2004 OWRB <u>Loan Issue</u>	<u>Golf course</u>	1999A, 1999B, 2001A, 2001B, 2001C, 2002A, 2006, 2007, 2009B, 2009C, 2010, 2011 2012A and 2013 SRF OWRB Loan Issues and the 2013 <u>Utility &amp; Sales Tax Note</u>
Gross Revenue Available for Debt Service:			
Charges for services:			
Water charges	\$ 4,948,736	\$ -	\$ 4,948,736
Wastewater charges	3,750,236	-	3,750,236
Sanitation	1,822,413	-	1,822,413
Penalties	249,998	-	249,998
Golf course	-	726,078	726,078
Sales tax pledged and transferred	<u>15,341,549</u>	<u>-</u>	<u>15,341,549</u>
Total Gross Revenues Available	<u>26,112,932</u>	<u>726,078</u>	<u>26,839,010</u>
Operating Expenses:			
Administration	743,133	-	743,133
Utility billing	382,856	-	382,856
Water	3,455,067	-	3,455,067
Wastewater treatment plant and collection	1,672,734	-	1,672,734
Refuse	928,749	-	928,749
Golf course operations	<u>-</u>	<u>1,034,445</u>	<u>1,034,445</u>
Total Operating Expenses	<u>7,182,539</u>	<u>1,034,445</u>	<u>8,216,984</u>
Net Revenues Available for Debt Service	<u>\$ 18,930,393</u>	<u>\$ (308,367)</u>	<u>\$ 18,622,026</u>
Total Debt Service Requirements	<u>\$ 3,778,906</u>	<u>\$</u>	<u>3,778,906</u>
Computed Coverage	<u>501%</u>		<u>493%</u>
Coverage Requirement	<u>125%</u>		<u>125%</u>

Note 1: The above gross revenue and operating expenses only include the activities of the Authorities related to water, wastewater, refuse services, and golf course operations (golf excluded on OWRB note issue coverage - see Note 3 below), excluding depreciation and bad debt expense.

Note 2: The coverage requirements on the OWRB notes are calculated using maximum annual debt service on these notes and any subordinate debt.

Note 3: Golf course revenues of the Owasso Public Golf Authority have been included as "Gross Revenue Available" for Debt Service in the 1999A, 1999B, 2001A, 2001B, 2001C, 2002A, 2006, 2007, 2009B, 2009C, 2010, 2011, 2012A and 2013 SRF OWRB Loan issues and the 2013 Utility & Sales tax note of the

**STATISTICAL  
SECTION -  
UNAUDITED**

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# CITY OF OWASSO, OKLAHOMA

## STATISTICAL SECTION

This part of the City's Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

**S-1:** Net Position by Component

**S-2:** Changes in Net Position

**S-3:** Fund Balances of Governmental Funds

**S-4:** Changes in Fund Balance of Governmental Funds

### **Revenue Capacity**

These schedules contain information to help the reader assess all revenue sources and the government's most significant local revenue source, sales tax.

**S-5:** Sales Tax Rates

**S-6:** Tax Revenues by Source

**S-7:** Principal Sales Tax Remitters

**S-8:** Program Revenue by Function/Program

**S-9:** Principal Property Tax Remitters

### **Debt Capacity**

This schedule includes information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

**S-10:** Ratio of Outstanding Debt to Revenue

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

**S-11:** Population and Percentage Change in Population

### **Operating Information**

This schedule contains service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**S-12:** City Employees by Function

**S-13:** Water and Sewer Rates

**S-14:** Capital Asset Condition

**CITY OF OWASSO, OKLAHOMA**  
**NET POSITION BY COMPONENT**  
**(LAST TEN YEARS)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015*</u>
<b>Governmental activities</b>										
Net investment in capital assets	\$ 55,757	\$ 60,069	\$ 69,846	\$ 75,872	\$ 78,732	\$ 79,836	\$ 81,026	\$ 83,643	\$ 94,166	\$ 93,777
Restricted	1,691	1,695	1,570	2,353	2,539	3,891	3,509	3,849	4,396	8,464
Unrestricted	<u>10,767</u>	<u>7,355</u>	<u>11,956</u>	<u>10,023</u>	<u>6,380</u>	<u>5,119</u>	<u>5,215</u>	<u>5,115</u>	<u>5,994</u>	<u>(8,700)</u>
Net Position	<u>\$ 68,215</u>	<u>\$ 69,119</u>	<u>\$ 83,372</u>	<u>\$ 88,248</u>	<u>\$ 87,651</u>	<u>\$ 88,846</u>	<u>\$ 89,750</u>	<u>\$ 92,607</u>	<u>\$ 104,556</u>	<u>\$ 93,541</u>
Unrestricted as a Percent of Revenues	38.7%	41.8%	37.8%	37.4%	33.7%	23.6%	22.6%	19.5%	15.3%	-28.5%
<b>Business-type activities</b>										
Net investment in capital assets	\$ 14,547	\$ 17,755	\$ 12,815	\$ 12,030	\$ 16,470	\$ 21,843	\$ 28,771	\$ 33,394	\$ 38,518	\$ 41,943
Restricted	1,995	1,955	2,420	2,349	2,439	2,453	2,364	2,334	2,942	2,318
Unrestricted	<u>883</u>	<u>3,424</u>	<u>2,446</u>	<u>1,855</u>	<u>2,528</u>	<u>1,892</u>	<u>1,690</u>	<u>146</u>	<u>(117)</u>	<u>(1,240)</u>
Net Position	<u>\$ 17,425</u>	<u>\$ 23,134</u>	<u>\$ 17,681</u>	<u>\$ 16,234</u>	<u>\$ 21,437</u>	<u>\$ 26,188</u>	<u>\$ 32,825</u>	<u>\$ 35,874</u>	<u>\$ 41,343</u>	<u>\$ 43,021</u>
Unrestricted as a Percent of Revenues	18.2%	21.8%	55.7%	19.5%	16.0%	11.8%	8.9%	0.9%	-0.6%	-7.8%
<b>Primary Government</b>										
Net investment in capital assets	\$ 70,304	\$ 77,824	\$ 82,661	\$ 87,902	\$ 95,202	\$ 101,679	\$ 109,797	\$ 117,037	\$ 132,684	\$ 135,720
Restricted	3,686	3,650	3,990	4,702	4,978	6,344	5,873	6,183	7,338	10,782
Unrestricted	<u>11,650</u>	<u>10,779</u>	<u>14,402</u>	<u>11,878</u>	<u>8,908</u>	<u>7,011</u>	<u>6,905</u>	<u>5,261</u>	<u>5,877</u>	<u>(9,940)</u>
Net Position	<u>\$ 85,640</u>	<u>\$ 92,253</u>	<u>\$ 101,053</u>	<u>\$ 104,482</u>	<u>\$ 109,088</u>	<u>\$ 115,034</u>	<u>\$ 122,575</u>	<u>\$ 128,481</u>	<u>\$ 145,899</u>	<u>\$ 136,562</u>
Unrestricted as a Percent of Revenues	35.7%	32.4%	40.0%	32.7%	25.6%	18.6%	16.4%	12.6%	9.9%	-21.4%

**Source: Prior Fiscal Years' Financial Statements - Statement of Net Position**

The level of total unrestricted net assets is an indication of the amount of unexpended and available resources the City has at a point in time to fund emergencies, shortfalls, or other unexpected needs.

\*Implementation of GASB 68, Accounting and Financial Reporting For Pensions, resulted in the recording of a \$12.8 million net pension liability in the Governmental activities statements in FY 2015. Prior years have not been restated.



**CITY OF OWASSO, OKLAHOMA**  
**CHANGES IN NET POSITION**  
**(LAST TEN YEARS)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2006*	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 3,140	\$ 4,073	\$ 4,991	\$ 5,042	\$ 4,393	\$ 3,845	\$ 4,286	\$ 4,952	\$ 5,019	\$ 5,128
Public safety	6,791	8,039	8,902	9,983	10,930	12,207	13,078	13,503	14,690	13,901
Highways and streets	1,964	2,740	2,022	2,208	2,435	2,633	2,892	2,924	4,435	4,698
Culture and recreation	627	1,049	830	891	849	798	918	949	1,185	1,129
Economic development	171	191	168	3,227	294	236	247	324	835	328
Stormwater	866	619	485	593	650	792	701	748	1,086	983
Total governmental activities expenses	13,559	16,711	17,398	21,944	19,551	20,511	22,122	23,400	27,250	26,167
Business-type activities:										
Water	4,098	4,474	4,459	4,633	4,863	5,277	6,217	5,616	6,760	6,382
Wastewater	2,536	2,817	2,773	3,055	3,191	3,186	3,240	3,319	4,809	4,954
Sanitation	1,313	1,255	1,283	1,902	1,368	1,360	1,375	1,333	1,613	1,541
Recycle center	196	240	253	267	337	292	354	361	220	167
Golf Course(s)	1,035	1,188	1,079	1,099	875	1,180	1,163	1,051	1,229	1,143
Interest Charges - governmental activities	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	9,178	9,974	9,847	10,956	10,634	11,295	12,349	11,680	14,631	14,187
Total primary government expenses	\$ 22,737	\$ 26,685	\$ 27,245	\$ 32,900	\$ 30,185	\$ 31,806	\$ 34,471	\$ 35,080	\$ 41,881	\$ 40,354
<b>Program Revenue</b>										
Governmental activities:										
Charges for services:										
General Government	\$ 434	\$ 302	\$ 341	\$ 434	\$ 436	\$ 429	\$ 435	\$ 500	\$ 970	\$ 627
Public safety	1,562	1,737	1,967	2,134	2,345	2,573	2,573	2,496	2,962	2,667
Highways and streets	121	118	110	127	128	130	132	134	137	138
Culture and recreation	62	41	98	101	114	92	99	104	111	106
Economic development	12	38	8	8	8	8	8	8	9	10
Stormwater	305	353	403	473	521	601	623	662	674	657
Operating grants and contributions	324	299	766	696	373	1,228	1,794	2,060	1,754	1,753
Capital grants and contributions	2,422	2,386	2,163	1,241	974	1,839	1,695	1,786	12,850	10,42
Total governmental activities program revenues	5,242	5,274	5,856	5,214	4,899	6,630	7,359	7,750	19,467	7,000
Business-type activities:										
Charges for services:										
Water	3,679	3,761	3,936	4,172	4,379	4,702	5,316	5,340	5,384	5,222
Wastewater	2,369	2,417	2,733	3,121	3,277	3,304	3,166	3,468	3,720	3,750
Sanitation	948	1,090	1,282	1,517	1,611	1,649	1,713	1,752	1,789	1,823
Recycle center	45	47	61	45	52	61	55	33	35	29
Golf Course(s)	943	829	639	621	580	513	656	690	744	726
Operating grants and contributions	-	-	445	-	-	-	-	-	-	-
Capital grants and contributions	3,596	1,612	1,759	1,517	394	631	2,543	710	3,787	526
Total business-type activities program revenues	11,580	9,756	10,855	10,993	10,293	10,860	13,449	11,993	15,459	12,076
Total primary government program revenues	\$ 16,822	\$ 15,030	\$ 16,711	\$ 16,207	\$ 15,192	\$ 17,490	\$ 20,808	\$ 19,743	\$ 34,926	\$ 19,076
<b>Net (expense) revenue:</b>										
Governmental activities	(8,317)	(11,437)	(11,542)	(16,730)	(14,652)	(13,881)	(14,763)	(15,650)	(7,783)	(19,167)
Business-type activities	2,402	(218)	1,008	37	(341)	(436)	1,100	313	828	(2,111)
Total primary government net (expenses) revenue	\$ (5,915)	\$ (11,655)	\$ (10,534)	\$ (16,693)	\$ (14,993)	\$ (14,317)	\$ (13,663)	\$ (15,337)	\$ (6,955)	\$ (21,278)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Sales tax	\$ 14,075	\$ 15,592	\$ 16,795	\$ 17,422	\$ 17,205	\$ 17,603	\$ 18,470	\$ 19,321	\$ 21,254	\$ 23,841
Use tax	-	788	564	777	530	549	530	708	800	968
Franchise and public service taxes **	670	728	809	979	919	1,024	1,129	1,032	1,235	1,389
Cigarette/ tobacco tax	197	224	236	236	242	255	266	245	247	276
Hotel taxes	70	67	94	151	218	267	294	334	386	412
Alcoholic beverage tax	26	27	29	30	31	32	46	51	54	57
E-911 taxes	129	189	194	210	191	195	205	217	216	210
Investment income	286	426	375	160	82	74	48	40	34	30
Miscellaneous	266	75	116	56	145	251	173	175	130	99
Transfers-internal activity	6,871	(5,775)	6,643	1,585	(5,511)	(5,155)	(5,153)	(3,615)	(4,624)	(3,777)
Total governmental activities	22,590	12,341	25,795	21,606	14,056	15,076	15,667	18,508	19,732	23,505
Business-type activities:										
Investment income	124	148	182	101	32	31	23	22	17	22
Miscellaneous	7	4	-	-	-	-	-	-	-	-
Transfers-internal activity	(6,871)	5,775	(6,643)	(1,585)	5,511	5,155	5,153	3,615	4,624	3,777
Total business-type activities	(6,740)	5,927	(6,461)	(1,484)	5,543	5,186	5,536	3,637	4,641	3,799
Total primary government	\$ 15,850	\$ 18,268	\$ 19,334	\$ 20,122	\$ 19,599	\$ 20,262	\$ 21,203	\$ 22,145	\$ 24,373	\$ 27,304
<b>Changes in Net Position</b>										
Governmental activities	14,273	904	14,253	4,876	(596)	1,195	904	2,858	11,949	4,338
Business-type activities	(4,338)	5,709	(5,453)	(1,447)	5,202	4,751	6,636	3,950	5,469	1,688
Total primary government	\$ 9,935	\$ 6,613	\$ 8,800	\$ 3,429	\$ 4,606	\$ 5,946	\$ 7,540	\$ 6,808	\$ 17,418	\$ 6,026

*Source: Prior Fiscal Years' Financial Statements - Statement of Activities*  
*\*Sales & Use Taxes were combined in these Fiscal Year Statements*  
*\*\* Certain balances from the statements were combined for comparative purposes*

**CITY OF OWASSO, OKLAHOMA**  
**FUND BALANCE OF GOVERNMENTAL FUNDS**  
**(LAST TEN YEARS)**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2006	2007	2008	2009	2010		2011	2012	2013	2014	2015
<b>General Fund</b>						<b>General Fund</b>					
Reserved for accrued compensated absences	\$ 388	\$ 477	\$ 556	\$ 653	\$ 730	Restricted for:					
Unreserved, reported in nonmajor:						Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -
Special revenue funds	-	-	-	-	-	Public safety	-	-	-	-	9
Capital project funds	-	-	-	-	-	Capital projects	-	-	-	-	-
Unreserved:						Other	71	-	-	-	4
Designated for subsequent year budget	-	805	2,274	28	70	Committed:					
Undesignated	4,955	3,862	1,939	4,044	2,720	Public safety	-	-	-	-	-
						Culture and recreation	-	-	-	-	-
						Stormwater management	-	-	-	-	-
						Capital projects	-	-	-	-	-
						Assigned:					
						Homeowners' Associatic	-	-	-	-	-
						FY expenditures	-	129	411	412	641
						Unassigned	3,873	3,583	3,552	4,178	4,390
Total General Fund Balance	<u>5,343</u>	<u>5,144</u>	<u>4,769</u>	<u>4,725</u>	<u>3,520</u>	Total General Fund Balance:	<u>3,944</u>	<u>3,712</u>	<u>3,963</u>	<u>4,590</u>	<u>5,044</u>
<b>**Other Governmental Funds</b>						<b>Other Governmental Funds</b>					
Reserved for accrued compensated absences	-	-	-	-	-	Restricted for:					
Unreserved, reported in nonmajor:						Culture and recreation	483	641	761	408	609
Special revenue funds	1,390	1,229	1,047	1,555	1,368	Public safety	138	244	297	270	839
Capital project funds	98	174	1,735	1,365	632	Capital projects	3,191	2,615	2,784	3,713	6,628
Unreserved:						Other	8	8	6	6	254
Designated for subsequent year budget	2,415	2,415	6,442	5,993	4,736	Committed:					
Undesignated	2,810	187	-	-	-	Public safety	449	427	338	287	349
						Culture and recreation	220	270	205	-	-
						Stormwater management	1,183	1,221	1,260	1,116	1,195
						Capital projects	682	875	961	1,089	613
						Assigned:					
						Homeowners' Associatic	-	-	-	-	-
						FY expenditures	-	-	-	-	-
						Unassigned	-	-	-	-	-
Total Fund Balance	<u>6,713</u>	<u>4,005</u>	<u>9,224</u>	<u>8,913</u>	<u>6,736</u>		<u>6,354</u>	<u>6,301</u>	<u>6,612</u>	<u>6,889</u>	<u>10,487</u>
Total Governmental Fund Balance	<u>\$ 12,056</u>	<u>\$ 9,149</u>	<u>\$ 13,993</u>	<u>\$ 13,638</u>	<u>\$ 10,256</u>		<u>\$ 10,298</u>	<u>\$ 10,013</u>	<u>\$ 10,575</u>	<u>\$ 11,479</u>	<u>\$ 15,531</u>

Source: Prior Fiscal Years' Financial Statements - Balance Sheet Governmental Funds

\* GASB Statement 54 changed reporting requirements in FY 2011

\*\* Includes the Capital Improvement Fund balance

**CITY OF OWASSO, OKLAHOMA**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
(LAST TEN YEARS)  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 14,745	\$ 17,108	\$ 18,108	\$ 19,178	\$ 18,658	\$ 19,157	\$ 20,148	\$ 21,060	\$ 23,157	\$ 26,046
Intergovernmental	723	933	1,319	1,323	1,054	2,375	3,356	3,201	2,959	1,886
Charges for services	1,569	1,619	1,807	2,275	2,535	2,684	2,858	2,919	3,127	3,140
Fines and forfeitures	558	716	670	672	781	811	734	615	637	717
Licenses and permits	433	290	379	323	335	234	250	319	287	323
Investment income	268	403	354	144	75	51	41	35	30	20
Miscellaneous	255	75	116	115	146	268	173	175	137	105
<b>Total Governmental Revenue</b>	<b>\$ 18,551</b>	<b>\$ 21,144</b>	<b>\$ 22,753</b>	<b>\$ 24,030</b>	<b>\$ 23,584</b>	<b>\$ 25,580</b>	<b>\$ 27,560</b>	<b>\$ 28,324</b>	<b>\$ 30,334</b>	<b>\$ 32,237</b>
<b>Expenditures</b>										
Current:										
General government	\$ 2,813	\$ 3,484	\$ 4,458	\$ 4,093	\$ 4,218	\$ 4,023	\$ 4,212	\$ 4,342	\$ 4,603	\$ 4,805
Public safety	6,419	7,561	8,500	9,510	10,371	11,398	12,286	12,545	13,422	12,546
Highway and streets	427	479	495	567	631	584	653	698	790	1,236
Culture and recreation	505	551	624	658	589	532	629	638	701	764
Economic development	168	188	166	149	293	234	245	323	858	328
Stormwater	805	487	363	403	441	544	402	356	475	462
Capital outlay	8,471	5,526	9,946	7,514	4,911	3,068	3,948	5,224	3,961	4,267
Debt service - principal	-	-	-	-	-	-	23	21	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	3,076	-	-	-	-	-	-
<b>Total Governmental Expenditures</b>	<b>\$ 19,608</b>	<b>\$ 18,276</b>	<b>\$ 24,552</b>	<b>\$ 25,970</b>	<b>\$ 21,454</b>	<b>\$ 20,383</b>	<b>\$ 22,398</b>	<b>\$ 24,147</b>	<b>\$ 24,810</b>	<b>\$ 24,408</b>
Excess (deficiency) of revenues over expenditures	<b>\$ (1,057)</b>	<b>\$ 2,868</b>	<b>\$ (1,799)</b>	<b>\$ (1,940)</b>	<b>\$ 2,130</b>	<b>\$ 5,197</b>	<b>\$ 5,162</b>	<b>\$ 4,177</b>	<b>\$ 5,524</b>	<b>\$ 7,829</b>
<b>Other Financing Sources (Uses)</b>										
Debt issuance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65	\$ -	\$ -	\$ -
Transfers in	20,388	10,357	23,544	19,253	12,112	12,873	13,420	16,285	17,150	20,056
Transfers out	(13,517)	(16,132)	(16,901)	(17,668)	(17,623)	(18,028)	(18,932)	(19,900)	(21,770)	(23,833)
<b>Total Other Financing Sources (Uses)</b>	<b>6,871</b>	<b>(5,775)</b>	<b>6,643</b>	<b>1,585</b>	<b>(5,511)</b>	<b>(5,155)</b>	<b>(5,447)</b>	<b>(3,615)</b>	<b>(4,620)</b>	<b>(3,777)</b>
Net Change in Fund Balances	5,814	(2,907)	4,844	(355)	(3,381)	42	(285)	562	904	4,052
Fund Balance - Beginning of Year	6,242	12,056	9,149	13,993	13,637	10,256	10,298	10,013	10,575	11,479
<b>Fund Balance - End of Year</b>	<b>\$ 12,056</b>	<b>\$ 9,149</b>	<b>\$ 13,993</b>	<b>\$ 13,638</b>	<b>\$ 10,256</b>	<b>\$ 10,298</b>	<b>\$ 10,013</b>	<b>\$ 10,575</b>	<b>\$ 11,479</b>	<b>\$ 15,531</b>
Debt Service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.12%	0.1%	0.00%	0.00%

*Source: Prior Fiscal Years' Financial Statements - Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds*

**CITY OF OWASSO, OKLAHOMA  
DIRECT AND OVERLAPPING  
SALES TAX RATES - AVERAGE  
(LAST TEN YEARS)**

<b>YEAR</b>	<b>* City of Owasso</b>	<b>Tulsa County</b>	<b>Rogers County</b>	<b>State of Oklahoma</b>	<b>Total - Tulsa County</b>	<b>Total - Rogers County</b>
<b>2015***</b>	3.50%	0.917%	1.83%	4.50%	8.917%	9.83%
<b>2014**</b>	3.00%	0.917%	1.83%	4.50%	8.417%	9.33%
<b>2013</b>	3.00%	0.85%	1.75%	4.50%	8.35%	9.25%
<b>2012</b>	3.00%	0.85%	1.50%	4.50%	8.35%	9.00%
<b>2011</b>	3.00%	0.85%	1.50%	4.50%	8.35%	9.00%
<b>2010</b>	3.00%	1.02%	1.50%	4.50%	8.52%	9.00%
<b>2009</b>	3.00%	1.02%	1.50%	4.50%	8.52%	9.00%
<b>2008</b>	3.00%	1.02%	1.50%	4.50%	8.52%	9.00%
<b>2007</b>	3.00%	1.02%	1.50%	4.50%	8.52%	9.00%
<b>2006</b>	3.00%	1.02%	1.50%	4.50%	8.52%	9.00%

**Sources: Oklahoma Tax Commission**

**\* There is a 1% processing/admin fee paid to the State of Oklahoma out of the citys' revenue**

**\*\*Tulsa County increase became effective July 2014**

**\*\*\*Half-Penny increase approved by voters began April 01, 2015**

**CITY OF OWASSO, OKLAHOMA  
GOVERNMENTAL-ACTIVITIES  
TAX REVENUES BY SOURCE  
(LAST TEN YEARS)  
(accrual basis of accounting)  
(amounts expressed in thousands)**

<b>YEAR</b>	<b>Sales Tax</b>	<b>Use Tax</b>	<b>Ad Valorem (Property) Tax****</b>	<b>Franchise &amp; Public Service Tax</b>	<b>Cigarette/ Tobacco Tax</b>	<b>Hotel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>E-911 Tax</b>	<b>Total</b>
<b>2015</b>	\$ 23,841	\$ 968	\$ 152	\$ 1,237	\$ 276	\$ 412	\$ 57	\$ 210	\$ 27,153
<b>2014</b>	21,254	800	132	1,235	247	386	54	216	24,324
<b>2013</b>	19,321	708	-	1,032	245	334	51	217	21,908
<b>2012</b>	18,470	549	-	1,129	266	294	46	205	20,959
<b>2011</b>	17,603	530	-	1,024	255	267	32	195	19,906
<b>2010</b>	17,205	534	-	919	242	218	31	191	19,340
<b>2009</b>	17,422	777	-	979	236	151	30	210	19,805
<b>2008</b>	16,735	564	-	809	236	94	29	194	18,661
<b>2007</b>	15,592	788	-	728	224	67	27	189	17,615
<b>2006</b>	* 14,075	-	-	670	197	70	26	129	15,167

*Source: Prior Fiscal Years' Financial Statements - Government Wide Statement of Activities*

*\*Sales & Use Taxes were combined in these Fiscal Year Statements*

*\*\*\*\*Due to immateriality, included in miscellaneous prior to 2014*

**CITY OF OWASSO, OKLAHOMA  
PRINCIPAL SALES TAX REMITTERS  
June 30, 2015**

NAICS CODE	Sales Tax Remitter	2015			2014		
		Amount Remitted	Revenue Base	Percentage of Total Revenue Base	Amount Remitted	Revenue Base	Percentage of Total Revenue Base
44-45	Retail Trade	\$ 16,945,733	\$ 202,942,910	71%	\$ 15,417,897	\$ 184,645,473	72%
72	Accommodation/Food Services	3,623,108	43,390,515	15%	3,079,473	36,879,916	14%
22	Utilities	955,645	11,444,850	4%	802,520	9,607,784	4%
42	Wholesale Trade	693,804	8,309,030	3%	645,930	7,735,689	3%
51	Information	478,425	5,729,641	2%	408,831	4,896,180	2%
	All Other	1,123,550	13,455,689	5%	1,003,534	12,018,371	5%
		<u>\$ 23,820,265.00</u>	<u>\$ 285,272,634.73</u>	<u>100.00%</u>	<u>\$ 21,358,185.00</u>	<u>\$ 255,783,413.00</u>	<u>100.00%</u>

Sources: Oklahoma Tax Commission

\* Gross Amount Reported Prior to Pmt of 1% Retention to OTC

**CITY OF OWASSO, OKLAHOMA**  
**PROGRAM REVENUE BY FUNCTION/PROGRAM**  
**(LAST TEN YEARS)**  
**(accrual basis of accounting)**  
**(amounts expressed in thousands)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Program Revenue</b>										
Governmental activities:										
Charges for services										
General Government	\$ 434	\$ 302	\$ 341	\$ 434	\$ 436	\$ 429	\$ 435	\$ 500	\$ 970	\$ 627
Public safety	1,562	1,737	1,967	2,134	2,345	2,303	2,573	2,496	2,962	2,667
Highways and streets	121	118	110	127	128	130	132	134	137	138
Culture and recreation	62	41	98	101	114	92	99	104	111	106
Economic development	12	38	8	8	8	8	8	8	9	10
Stormwater	305	353	403	473	521	601	623	662	674	657
Operating grants and contributions	324	299	766	696	373	1,228	1,794	2,060	1,754	1,753
Capital grants and contributions	2,422	2,386	2,163	1,241	974	1,839	1,695	1,786	12,850	1,042
Total governmental activities program revenues	<u>\$ 5,242</u>	<u>\$ 5,274</u>	<u>\$ 5,856</u>	<u>\$ 5,214</u>	<u>\$ 4,899</u>	<u>\$ 6,630</u>	<u>\$ 7,359</u>	<u>\$ 7,750</u>	<u>\$ 19,467</u>	<u>\$ 7,000</u>
Business-type activities:										
Charges for services										
Water	\$ 3,679	\$ 3,761	\$ 3,936	\$ 4,172	\$ 4,379	\$ 4,702	\$ 5,316	\$ 5,340	\$ 5,384	\$ 5,222
Wastewater	2,369	2,417	2,733	3,121	3,277	3,304	3,166	3,468	3,720	3,750
Sanitation	948	1,090	1,282	1,517	1,611	1,649	1,713	1,752	1,789	1,823
Recycle center	45	47	61	45	52	61	55	33	35	29
Golf Course	943	829	639	621	580	513	656	690	744	726
Operating grants and contributions	-	-	445	-	-	-	-	-	-	-
Capital grants and contributions	3,596	1,612	1,759	1,517	394	631	2,543	710	3,787	526
Total business-type activities program revenues	<u>\$ 11,580</u>	<u>\$ 9,756</u>	<u>\$ 10,855</u>	<u>\$ 10,993</u>	<u>\$ 10,293</u>	<u>\$ 10,860</u>	<u>\$ 13,449</u>	<u>\$ 11,993</u>	<u>\$ 15,459</u>	<u>\$ 12,076</u>
Total primary government program revenues	<u>\$ 16,822</u>	<u>\$ 15,030</u>	<u>\$ 16,711</u>	<u>\$ 16,207</u>	<u>\$ 15,192</u>	<u>\$ 17,490</u>	<u>\$ 20,808</u>	<u>\$ 19,743</u>	<u>\$ 34,926</u>	<u>\$ 19,076</u>

**Source: Prior Fiscal Years' Financial Statements - Statement of Activities**

**CITY OF OWASSO, OKLAHOMA  
PRINCIPAL PROPERTY TAX REMITTERS  
June 30, 2015**

<b>2014</b>			
<b>Owasso City Assessed Value</b>		<b>\$ 226,146,995</b>	<b>4.30%</b>
<b>Tax Payer</b>	<b>Type of Business</b>	<b>Assessed Value</b>	<b>% of Assessed Value</b>
1 TKG Smith Farm LLC	Real Estate	\$5,693,930	2.52%
2 Wal Mart	Retail	5,008,178	2.21%
3 Greens at Owasso LLP	Owasso Golf Development	4,486,697	1.98%
4 TMF II Bailey LLC	Villas at Bailey Ranch Apartments	2,966,755	1.31%
5 Bailey Medical Center LLC	Hospital	2,848,630	1.26%
6 Seayco-THR Owasso Market LLC	Retail Shopping Centers	2,692,786	1.19%
7 Public Service Co. of Oklahoma	Electric Utility	1,906,853	0.84%
8 Villas at Coffee Creek	Apartments	1,662,656	0.74%
9 Center at Owasso LLC	Real Estate	1,516,163	0.67%
10 Target Corporation	Store/Real Estate	1,290,040	0.57%
11 Home Depot	Retail	1,229,451	0.54%
12 Tyann Development Co. Inc	Real Estate	1,061,958	0.47%
13 Oklahoma Natural Gas Co.	Gas Utility/ONEOK	1,023,798	0.45%
14 National Steak Processors Inc	Meat Processor	1,012,429	0.45%
15 96th & 129th LLC/96th & Garnett LLC	Real Estate	993,172	0.44%
<b>TOTAL</b>		<b>\$35,393,496</b>	<b>15.64%</b>

*Sources: Tulsa County Assessor's Office*

<b>2013</b>			
<b>Owasso City Assessed Value</b>		<b>\$ 215,915,155</b>	<b>4.22%</b>
<b>Tax Payer</b>	<b>Type of Business</b>	<b>Assessed Value</b>	<b>% of Assessed Value</b>
1 Greens at Owasso LP	Owasso Golf Development	\$4,472,266	2.07%
2 TKG Smith Farm LLC	Real Estate	3,975,928	1.84%
3 Wal Mart	Retail	3,758,752	1.74%
4 TMF II Bailey LLC	Villas at Bailey Ranch Apartments	3,007,439	1.39%
5 Public Service Co. of Oklahoma	Electric Utility	2,409,192	1.12%
6 Bailey Medical Center LLC	Hospital	2,251,944	1.04%
7 Lowe's Home Centers	Retail	1,623,575	0.75%
8 Villas at Coffee Creek	Apartments	1,598,009	0.74%
9 Center at Owasso LLC	Real Estate	1,508,606	0.70%
10 Target Corporation	Store/Real Estate	1,241,756	0.58%
11 Oklahoma Natural Gas Co.	Gas Utility/ONEOK	1,232,294	0.57%
12 Home Depot	Retail	1,199,276	0.56%
13 First Bank of Owasso	Real Estate	1,110,754	0.51%
14 Tyann Development Co. Inc	Real Estate	1,058,651	0.49%
15 96th & 129th LLC/96th & Garnett LLC	Real Estate	992,205	0.46%
<b>TOTAL</b>		<b>\$31,440,647</b>	<b>14.56%</b>

*Sources: Tulsa County Assessor's Office*



**CITY OF OWASSO, OKLAHOMA**  
**RATIO OF OUTSTANDING**  
**DEBT TO REVENUE**  
**LAST TEN YEARS**  
**June 30, 2015**

YEAR	Business Type Activities Debt								Total Government & Trust Authority Revenue	Net Outstanding Debt as Percentage of Revenue	Outstanding Debt as Percentage of Assets	Total Government & Trust Assets
	Notes Payable	Revenue Bonds, Net	Revenue Notes, Net	Component Unit: Ltd Obligation Notes Payable	Component Unit Revenue Notes Payable	Total Outstanding Bond & Note Debt	Less Bond Reserves	Total Net Outstanding Debt				
2015	\$ 21,591,979	\$ -	\$ 8,252,519	\$ -	\$ -	\$ 29,844,498	\$ 3,124,459	\$ 26,720,039	\$ 46,696,020	57.2%	15.8%	\$ 188,913,984
2014	22,553,577	-	10,857,519	-	-	33,411,096	3,748,143	29,662,953	59,799,381	49.6%	17.8%	187,773,741
2013	24,653,054	-	11,127,519	-	-	35,780,573	3,175,866	32,604,707	41,887,866	77.8%	20.9%	170,909,526
2012	25,303,889	-	14,887,519	-	-	40,191,408	3,212,409	36,978,999	42,011,370	88.0%	23.8%	168,991,561
2011	25,772,123	-	19,762,519	-	-	45,534,642	3,285,484	42,249,158	37,751,962	111.9%	27.4%	166,348,498
2010	16,874,661	-	24,935,519	-	-	41,810,180	3,191,195	38,618,985	34,790,692	111.0%	26.6%	157,283,413
2009	12,441,035	-	29,923,019	-	-	42,364,054	3,105,987	39,258,067	36,329,000	108.1%	27.8%	152,320,505
2008	13,322,884	-	26,834,341	-	-	40,157,225	3,190,699	36,966,526	36,044,922	102.6%	27.4%	146,392,454
2007	14,310,905	-	19,710,822	630,721	1,200,000	35,852,448	2,660,323	33,192,125	33,298,508	99.7%	27.1%	132,352,640
2006	10,333,935	4,075,000	19,959,524	722,836	1,600,000	36,691,295	2,683,209	34,008,086	32,713,213	104.0%	29.0%	126,351,111

Source: City of Owasso audited annual financial statements

Note: No general obligation debt was outstanding during this ten year period.

**CITY OF OWASSO, OKLAHOMA  
POPULATION AND PERCENTAGE  
CHANGE IN POPULATION  
LAST TEN YEARS  
JUNE 30, 2015**

<b>Year</b>	<b>Population *</b>	<b>Yearly Change</b>
<b>2014</b>	33,773	4.00%
<b>2013</b>	32,473	3.28%
<b>2012</b>	31,441	1.41%
<b>2011</b>	31,003	3.63%
<b>2010</b>	29,918	3.65%
<b>2009</b>	28,865	4.94%
<b>2008</b>	27,505	5.41%
<b>2007</b>	26,094	4.80%
<b>2006</b>	24,900	5.04%
<b>2005</b>	23,705	5.01%

*Source: U.S. Bureau of Census*

*\* Estimate as of July 1st each year*

**CITY OF OWASSO**  
**CITY EMPLOYEES BY FUNCTION**  
(Last Ten Years)

DEPARTMENT	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
105 Municipal Court	3	4	4	4	4	4	4	4	4	4
110 Managerial	7	6	7	7	7	7	7	7	8	7
120 Finance	6	7	7	7	7	7	6 1/2	6 1/2	6 1/2	6 1/2
130 Human Resources	4	3 2/3	3 2/3	4 2/3	4 2/3	4 2/3	4 2/3	4 2/3	4 2/3	4 2/3
175 Information technology	3	4 1/3	4 1/3	4 1/3	4 1/3	4 1/3	4 1/3	4 1/3	5 1/3	5
181 Support Services	3 1/2	6	6 1/2	6 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2	5 1/2
190 Cemetery	0	0	0	0	0	0	0	0	0	0
170 Engineering	5 1/2	7	7	7	7	6	6	6	6 1/2	6 1/2
160 Community Development	7	7	7	7	6	6	6	6	6	6
<b>Total General Government</b>	<b>39</b>	<b>45</b>	<b>46 1/2</b>	<b>47 1/2</b>	<b>45 1/2</b>	<b>44 1/2</b>	<b>44</b>	<b>44</b>	<b>46 1/2</b>	<b>45 1/6</b>
201 Police Services	43	47	48	51	53	50	50	52	52	53
215 Police Communications	8	10	10	11	11	12	13	13	13	13
221 Animal Control	2	3	3	3	2	2	2	2	2	2 1/2
250 Fire Services	33	44	44	46	48	48	54	54	54	54
280 Emergency Preparedness	1	2	2	2	2	2	2	2	1	1
<b>Total Public Safety</b>	<b>87</b>	<b>106</b>	<b>107</b>	<b>113</b>	<b>116</b>	<b>114</b>	<b>121</b>	<b>123</b>	<b>122</b>	<b>123 1/2</b>
300 Streets	5 1/3	6 1/3	6 1/3	6 1/3	6 1/3	5 1/3	5 1/3	5 1/3	6 1/3	6 1/3
<b>Total Highways and Streets</b>	<b>5 1/3</b>	<b>6 1/3</b>	<b>6 1/3</b>	<b>6 1/3</b>	<b>6 1/3</b>	<b>5 1/3</b>	<b>5 1/3</b>	<b>5 1/3</b>	<b>6 1/3</b>	<b>6 1/3</b>
370 Stormwater	5 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	9 1/3	8 1/3	8 1/3	8 1/3
<b>Total Stormwater</b>	<b>5 1/3</b>	<b>7 1/3</b>	<b>7 1/3</b>	<b>7 1/3</b>	<b>7 1/3</b>	<b>7 1/3</b>	<b>9 1/3</b>	<b>8 1/3</b>	<b>8 1/3</b>	<b>8 1/3</b>
515 Parks	5	5 1/2	6 1/2	7	8	7	7	8	8	8
550 Community Center	3	3	3	3	3	3	3	3	3	3 1/2
580 Historical Museum	1	1	1	1	1	1	1	1	1	1
<b>Total Culture and Recreation</b>	<b>9</b>	<b>9 1/2</b>	<b>10 1/2</b>	<b>11</b>	<b>12</b>	<b>11</b>	<b>11</b>	<b>12</b>	<b>12</b>	<b>12 1/2</b>
710 Economic Development	1	1	1	1	2	1	1	1	1	1
<b>Total Economic Development</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
400 Administration	5	5	5	6	6	5	5	4 1/2	4 1/2	4 1/2
405 Utility Billing	3 1/2	3	4	4	4	4	4	4	4	4
420 Water Distribution	5 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	8 1/3	8 1/3
<b>Total Water</b>	<b>13 5/6</b>	<b>15 1/3</b>	<b>16 1/3</b>	<b>17 1/3</b>	<b>17 1/3</b>	<b>16 1/3</b>	<b>16 1/3</b>	<b>15 5/6</b>	<b>16 5/6</b>	<b>16 5/6</b>
450 Wastewater Treatment Plant	5 1/3	6 1/3	6 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3	7 1/3
455 Wastewater Collections	5 1/3	5 1/3	5 1/3	5 1/3	5 1/3	5 1/3	5 1/3	5 1/3	7 1/3	7 1/3
<b>Total Wastewater</b>	<b>10 2/3</b>	<b>11 2/3</b>	<b>11 2/3</b>	<b>12 2/3</b>	<b>12 2/3</b>	<b>12 2/3</b>	<b>12 2/3</b>	<b>12 2/3</b>	<b>14 2/3</b>	<b>14 2/3</b>
480 Refuse Collections	5 1/3	7 1/3	9 1/3	9 1/3	9 1/3	9 1/3	9 1/3	9 1/3	9 1/3	9 1/3
<b>Total Sanitation</b>	<b>5 1/3</b>	<b>7 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>	<b>9 1/3</b>
485 Recycle Center	2	2	2	2	2	2	2	2	2	2
<b>Total Recycle Center</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
600 Golf Pro Shop	3	3	4	4	3	2	2	2	2	2
605 Cart Operations	1	1	1	1	1	1	1	1	1	1
610 Course Maintenance	9	7	7	6	6	6	6	6	6	6
670 Food & Beverage	5	5	5	5	5	5	5	5	5	5
690 Administration	2	2	2	1 1/2	1	1	1	2	2	2
<b>Total Golf Course</b>	<b>20</b>	<b>18</b>	<b>19</b>	<b>17 1/2</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>TOTAL EMPLOYEES</b>	<b>198 1/2</b>	<b>229 1/2</b>	<b>237</b>	<b>245</b>	<b>246 1/2</b>	<b>238 1/2</b>	<b>247</b>	<b>249 1/2</b>	<b>255</b>	<b>255 2/3</b>

Source: Prior years budget books

Fractions indicate split funding or part-time employees

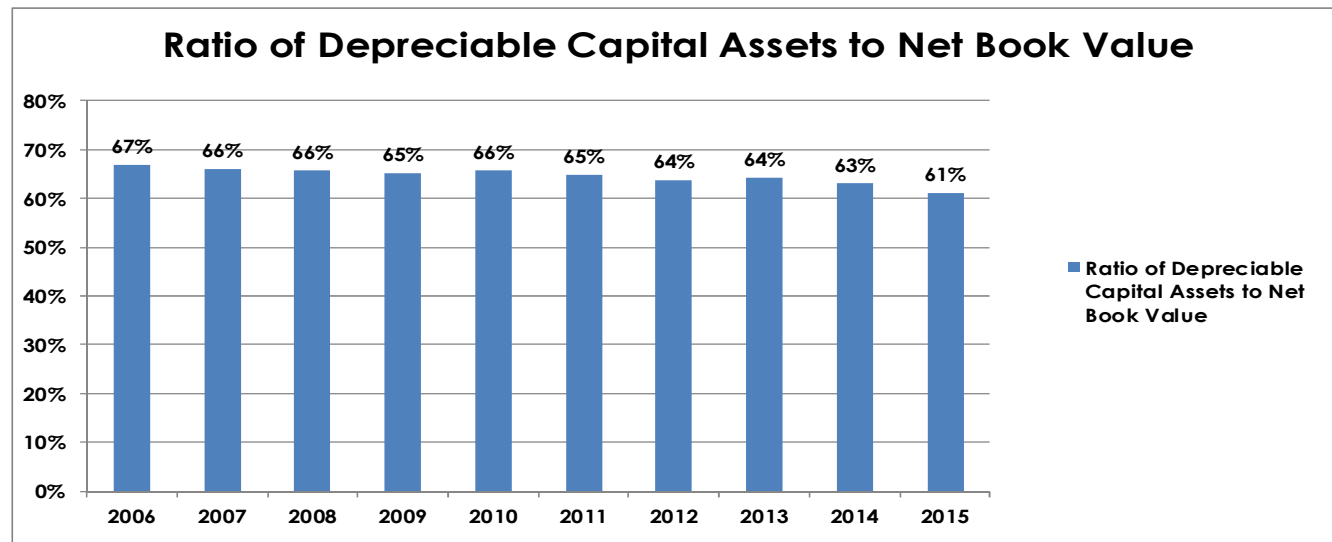
**CITY OF OWASSO  
UTILITY AUTHORITY  
WATER AND SEWER RATES  
(Last Ten Years)  
(Residential - Inside City Limits)**

CITY OF OWASSO RATES					
Year	Water			Sewer	
	Monthly Base Rate	Rate per 1,000 Gallons	Rate per 1,000 Gallons	Monthly Base Rate	Rate per 1,000 Gallons
<b>2015</b>	\$ 11.94	\$ 5.46	\$ 5.46	\$ 7.47	\$ 3.25
<b>2014</b>	11.50	5.02	5.02	6.97	2.95
<b>2013</b>	11.29	4.81	4.81	6.97	2.95
<b>2012</b>	11.01	4.44	4.44	6.97	2.95
<b>2011</b>	10.84	4.27	4.27	6.97	2.55
<b>2010</b>	10.84	4.27	4.27	6.97	2.55
<b>2009</b>	10.54	3.97	3.97	6.83	2.50
<b>2008</b>	10.46	3.89	3.89	6.83	2.50
<b>2007</b>	9.18	3.89	3.89	5.08	2.50
<b>2006</b>	7.90	3.70	3.70	3.33	2.26

*Source: City Ordinance*

**CITY OF OWASSO, OKLAHOMA  
CAPITAL ASSET CONDITION  
(LAST TEN YEARS)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Capital Asset Cost	\$137,880,683	\$147,117,385	\$154,806,517	\$162,829,708	\$174,645,695	\$184,461,676	\$191,977,916	\$209,519,457	\$227,012,635	\$236,090,822
Accumulated Depreciation	45,666,551	49,945,755	53,067,930	56,654,178	60,122,428	64,787,726	69,743,475	74,877,280	84,132,412	91,998,891
Ratio of Depreciable Capital Assets to Net Book Value	67%	66%	66%	65%	66%	65%	64%	64%	63%	61%
Capital Asset Cost Land and CIP	\$92,214,132	\$97,171,630	\$101,738,587	\$106,175,530	\$114,523,267	\$119,673,950	\$122,234,441	\$134,642,177	\$142,880,223	\$144,091,931
	(11,596,597)	(13,789,244)	(20,219,653)	(23,081,256)	(21,283,724)	(26,501,625)	(26,762,000)	(18,108,223)	(23,170,857)	(21,452,471)
	(\$11,596,597)	(\$13,789,244)	(\$20,219,653)	(\$23,081,256)	(\$21,283,724)	(\$26,501,625)	(\$26,762,000)	(\$18,108,223)	(\$23,170,857)	(\$21,452,471)
Total Liabilities	\$38,332,504	\$38,231,953	\$45,330,744	\$47,829,588	\$48,186,493	\$51,305,638	\$46,408,229	\$42,486,404	\$41,908,805	\$49,793,231
Due in more than one year	(30,153,349)	(30,390,339)	(34,116,477)	(35,892,914)	(36,923,059)	(41,084,877)	(37,080,346)	(33,086,353)	(31,011,202)	(40,746,086)
Current Liabilities	\$8,179,155	\$7,841,614	\$11,214,267	\$11,936,674	\$11,263,434	\$10,220,761	\$9,327,883	\$9,400,051	\$10,897,603	\$9,047,145



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**COMPLIANCE  
SECTION**

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# SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

## CITY OF OWASSO, OKLAHOMA

June 30, 2015

Federal Grantor/Pass-through Grant or/Program Title	Federal CFDA	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Oklahoma Department of Commerce			
Community Development Block Grant - Entitlement Program-CBDG 13	14.218	CDBG B-13-UC-40-0001	\$ 121,207
Community Development Block Grant - Entitlement Program-CBDG 14	14.218	CDBG B-14-UC-40-0001	324
Community Development Block Grant - Entitlement Program-CBDG 15	14.218	CDBG B-15-UC-40-0001	36
Total U.S. Department of Housing and Urban Development			121,567
U.S. ENVIRONMENTAL PROTECTION AGENCY			
OK Water Resources Board - 2013 Ranch Creek Sewer Interceptor			
	66.458	ORF-13-0005-CW	330,441
U.S. Environmental Protection Agency Subtotal			330,441
U.S. DEPARTMENT OF HOMELAND SECURITY FEDERAL EMERGENCY MANAGEMENT AGENCY			
Passed through Oklahoma Department of Emergency Management			
City of Owasso Hazard Mitigation Plan Grant			
	97.039	FEMA-4078-DR-OK, Project #4	58,457
Total U.S. Department of Homeland Security			58,457
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Oklahoma Highway Safety Office			
State and Community Highway Safety - FY14	20.600	PT-14-03-11-09	14,823
State and Community Highway Safety - FY15	20.600	PT-15-03-17-10	50,689
Total U.S. Department of Transportation			65,512
U.S. DEPARTMENT OF JUSTICE			
Passed through Bureau of Justice Assistance			
Bulletproof Vest Partnership Grant FY 2012 - reimbursed at 50%	16.607	FY2012 BPV	121
Bulletproof Vest Partnership Grant FY 2013 - reimbursed at 50%	16.607	FY2013 BPV	7,177
Bulletproof Vest Partnership Grant FY 2014 - reimbursed at 50%	16.607	FY2014 BPV	8,980
Total U.S. Department of Justice			16,278
Total Schedule of Expenditures of Federal Awards			\$ 592,255

## The City of Owasso

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

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#### **Note 1. Basis of Presentation**

The purpose of the Schedule of Expenditures of Federal Awards (the Schedule) is to present a summary of the activities of the City of Owasso (the City) which have been financed by the U.S. Government for the year ended June 30, 2015.

Because the Schedule presents only a selected portion of the activities of the City, it is not intended to and does not present the financial position, changes in fund balances, or the revenues, expenditures, and other changes of the City.

Complete Catalog of Federal Domestic Assistance (CFDA) numbers are presented for those programs for which such numbers were available. CFDA prefixes and other identifying numbers are presented for programs for which a complete CFDA is not available.

The City is also the subrecipient of federal funds that are reported as expenditures and included in the Schedule. The detailed Schedule of Federal Award Expenditures denotes funding sources for pass-through funds. Federal awards other than those indicated as pass-through are denoted as federal direct funds.

#### **Note 2. Basis of Accounting**

For purposes of the Schedule, expenditures for federal award programs are recognized on a modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB A-87, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable.

#### **Note 3. Subrecipients**

Federal awards provided through the City to subrecipients are treated as expenditures when paid to the subrecipient. As of June 30, 2015, the City did not have any subrecipients of any federal awards

**The City of Owasso**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2015**

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Comment Number	Comment	Corrective Action Taken
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**Findings Related to the Financial Statement Audit as Reported in Accordance with Generally Accepted Government Auditing Standards:**

**A. Internal Control**

No matters were reported.

**B. Compliance Findings**

No matters were reported.

**Findings and Questioned Costs for Federal Awards:**

**A. Internal Control**

No matters were reported.

**B. Compliance Findings**

No matters were reported.

**The City of Owasso**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

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**II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted *Government Auditing Standards***

**(A) Internal Control**

No matters were reported.

**(B) Compliance Findings**

No matters were reported.

**III. Findings Required to be Reported in Accordance with OMB Circular A-133**

**(A) Internal Control**

No matters were reported.

**(B) Compliance Findings**

No matters were reported.

**The City of Owasso**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2015**

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**I. Summary of Auditor's Results:**

**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  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?  Yes  None Reported

Type of auditors' report issued on compliance for major programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

**Identification of major programs:**

Federal CFDA #	Name of Federal Program
66.458	OK Water Resources Board - 2013 Ranch Creek Sewer Interceptor

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

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**Reports Required By  
*Government Auditing Standards*  
and OMB Circular A-133**



RSM US LLP

**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***

**Independent Auditor's Report**

Honorable Mayor and Members of City Council  
City of Owasso, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Owasso, Oklahoma, (the City) as of and for the year ended June 30, 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 January 11, 2016.

Our report included an emphasis of matter referencing the restatement of beginning net position for the adoption of GASB Statement No. 68 and No. 71.

**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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 of 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.

*RSM US LLP*

Oklahoma City, Oklahoma  
January 11, 2016



RSM US LLP

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

City Council  
City of Owasso, Oklahoma

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

We have audited the compliance of the City of Owasso (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 June 30, 2015.

#### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*RSM US LLP*

Oklahoma City, Oklahoma  
January 11, 2016

