



CITY OF
WARR ACRES,
OKLAHOMA

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

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

**THE CITY OF WARR ACRES,
OKLAHOMA**

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

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2020**

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

TABLE OF CONTENTS

Independent Auditor’s Report on Financial Statements	5-6
Management’s Discussion and Analysis (Other Information)	7-13
The Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	15
Statement of Activities (Modified Cash Basis).....	16
Governmental Funds Financial Statements:	
Balance Sheet (Modified Cash Basis).....	18
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	19
Fiduciary Funds Financial Statements:	
Statement of Net Position (Modified Cash Basis).....	21
Statement of Changes in Fiduciary Net Position (Modified Cash Basis).....	21
Footnotes to the Basic Financial Statements	23-35
Required Supplementary Information:	
Budgetary Comparison Information	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	37
Footnotes to Budgetary Comparison Schedules.....	37
Other Information:	
Combining Non-Major Governmental Fund Statements	
Combining Balance Sheet (Modified Cash Basis).....	39
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	39
Combining General Fund Accounts Schedules	
Combining Balance Sheet – General Fund Accounts (Modified Cash Basis).....	40
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances- General Fund Accounts (Modified Cash Basis).....	40

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

THIS PAGE INTENTIONALLY LEFT BLANK



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2020, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, 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 fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements, as listed in the table of contents, 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 fund financial statements and schedules, as listed in the table of contents, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


June 9, 2021

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

The management of the City of Warr Acres (the “City”) is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City’s financial condition and activities as of and for the fiscal year ended December 31, 2020. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City’s total net position decreased by \$5,560,038 due to the spending of bond proceeds on major capital projects, and the assets of the City exceed its liabilities at December 31, 2020, by \$17,021,652 (net position). Of this amount, \$5,475,710 (unrestricted net position) is available to meet the government’s ongoing needs.
- At December 31, 2020, the City’s governmental funds reported combined ending fund balances on a modified cash basis of \$17,021,652.
- At December 31, 2020, the unassigned fund balance of the General Fund on a modified cash basis was \$718,797; the General Fund also has a balance of \$1,595,637 or 48% of annual General Fund revenues assigned for other purposes.

ABOUT THE CITY

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

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

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

The City’s Financial Reporting Entity

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

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the City’s finances is, “Has the City’s overall financial condition improved, declined or remained steady as a result of the period’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the City’s sales tax base, the condition of the City’s roads, and quality of service to assess the overall health of the City. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those City assets and liabilities resulting from cash transactions.

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

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

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

Fund Financial Statements

The fund financial statements provide detailed information about the City's most significant (major) funds -- not the City as a whole. Some funds are required to be established by State law and by debt covenants. However, the City Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City only reports *governmental* funds.

Governmental funds - All of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

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 others parties, these activities are reported as fiduciary funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. All of the City's fiduciary activities 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.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 23-35 of this report.

Other Information

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

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

THE CITY AS A WHOLE

For the year ended December 31, 2020, net position on a modified cash basis for the governmental activities decreased \$5,560,038 or 25%.

**The City of Warr Acres' Net position (Modified Cash Basis)
December 31, 2020**

	Governmental Activities	
	2020	2019
Beginning net position	\$ 22,581,690	\$ 10,778,214
Decrease	(5,560,038)	11,803,476
Ending net position	\$ 17,021,652	\$ 22,581,690

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

	Governmental Activities		% Inc. (Dec.)
	2020	2019	
Assets:			
Current and other assets	\$ 17,174,351	\$ 22,730,772	-24%
Total assets	17,174,351	22,730,772	-24%
Liabilities:			
Other liabilities	152,699	149,082	2%
Total liabilities	152,699	149,082	2%
Net position:			
Restricted	11,545,942	18,719,037	-38%
Unrestricted	5,475,710	3,862,653	42%
Total net position	\$ 17,021,652	\$ 22,581,690	-25%

The decrease in total net position and total assets is due to the construction of new public safety facilities with the proceeds of the 2019 general obligation bond that was issued in the prior year. This project is ongoing.

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

**The City of Warr Acres' Revenues, Expenses and Changes in Net position (Modified Cash Basis)
Year Ended December 31, 2020**

	<u>Governmental Activities</u>		<u>% Inc. (Dec.)</u>
	<u>2020</u>	<u>2019</u>	
Revenues:			
Program revenues:			
Charges for Services	\$ 3,164,236	\$ 2,713,879	17%
Grants & Contributions	788,745	118,700	564%
Bond Proceeds	-	12,345,880	-100%
General Revenues:			
Sales & Use Tax	6,398,567	6,064,298	6%
Other Taxes	1,414,482	922,211	53%
Other General Revenues	435,407	441,690	-1%
Total Revenues	<u>12,201,437</u>	<u>22,606,658</u>	<u>-46%</u>
Program Expenses:			
General Government	3,799,516	1,739,917	118%
Public Safety	7,356,799	6,110,234	20%
Highways and Streets	3,126,701	475,211	558%
Culture and Recreation	-	15,226	-100%
Public Works	2,898,490	2,377,294	22%
Economic Development	65,790	72,359	-9%
Interest on long-term debt	514,179	12,941	3873%
Total Expenses	<u>17,761,475</u>	<u>10,803,182</u>	<u>64%</u>
Increase (Decrease) in Net Position	(5,560,038)	11,803,476	-147%
Beginning Net Position	22,581,690	10,778,214	110%
Ending Net Position	<u>\$ 17,021,652</u>	<u>\$ 22,581,690</u>	<u>-25%</u>

Grants and Contributions increased due to the City's receipt of its allocation of the CARES Act Coronavirus Relief Fund funds. Interest on long-term debt increased due to the City beginning to make payments on the 2019 general obligation bond that was issued in the prior year. The increases in General Government and Highways and Streets expenses are due to the construction of the new City Hall and council chambers, and significant street projects. These expenses are also the reason for the decrease in Net Position.

	<u>Total Expense of Services</u>		<u>% Inc. (Dec.)</u>	<u>Net Revenue (Expense) of Services</u>		<u>% Inc. (Dec.)</u>
	<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>	
Program Expenses:						
General Government	\$ 3,799,516	\$ 1,739,917	118%	\$ (3,687,743)	\$ (1,618,656)	128%
Public Safety	7,356,799	6,110,234	20%	(6,425,757)	6,511,386	-199%
Highways and Streets	3,126,701	475,211	558%	(3,038,472)	(383,363)	693%
Culture and Recreation	-	15,226	-100%	-	(15,226)	-100%
Public Works	2,898,490	2,377,294	22%	(76,553)	(33,564)	128%
Economic Development	65,790	72,359	-9%	(65,790)	(72,359)	-9%
Interest on long-term debt	514,179	12,941	3873%	(514,179)	(12,941)	3873%
Total Expenses	<u>17,761,475</u>	<u>10,803,182</u>	<u>64%</u>	<u>(13,808,494)</u>	<u>4,375,277</u>	<u>-416%</u>

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended December 31, 2020**

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its fiscal year ended December 31, 2020, the governmental funds reported a combined fund balance of \$17,021,652.

Other fund highlights include:

- For the year ended December 31, 2020, the General Fund's total fund balance increased by \$23,777.

Budgetary Highlights

For the year ended December 31, 2020, the General Fund reported actual budgetary basis revenues over final estimates by \$713,552 or a 9% positive variance. General Fund actual expenditures were under final appropriations by \$1,166,439 or a 13% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- In FY 2021, the City will continue construction of public safety facilities by using the general obligation bond money that was passed in April 2019.

Contacting the City's Financial Management

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

Statement of Net Position (Modified Cash Basis) – December 31, 2020

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 16,667,232
Investments	507,119
Total assets	<u>17,174,351</u>
LIABILITIES	
Deposits subject to refund	<u>152,699</u>
Total liabilities	<u>152,699</u>
NET POSITION	
Restricted for:	
Capital outlay	9,652,125
Public works	904,806
Sewer line maintenance	89,582
Other	899,429
Unrestricted	<u>5,475,710</u>
Total net position	<u>\$ 17,021,652</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Statement of Activities (Modified Cash Basis) –Year Ended December 31, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants, Contributions, and Debt Proceeds</u>	
Primary government					
Governmental Activities					
General Government	\$ 3,799,516	\$ 111,773	\$ -	\$ -	\$ (3,687,743)
Public Safety	7,356,799	230,526	700,516	-	(6,425,757)
Highways and Streets	3,126,701	-	88,229	-	(3,038,472)
Public Works	2,898,490	2,821,937	-	-	(76,553)
Economic Development	65,790	-	-	-	(65,790)
Interest on Long-term debt	514,179	-	-	-	(514,179)
Total governmental activities	<u>17,761,475</u>	<u>3,164,236</u>	<u>788,745</u>	<u>-</u>	<u>(13,808,494)</u>
Total primary government	<u>\$ 17,761,475</u>	<u>\$ 3,164,236</u>	<u>\$ 788,745</u>	<u>\$ -</u>	<u>\$ (13,808,494)</u>
General revenues:					
Taxes:					
					\$ 6,398,567
					512,464
					853,759
					48,259
					237,024
					72,215
					126,168
					<u>8,248,456</u>
					(5,560,038)
					22,581,690
					<u>\$ 17,021,652</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020

Governmental Funds Balance Sheet (Modified Cash Basis) – December 31, 2020

	<u>General Fund</u>	<u>2019 Bond Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,568,421	\$ 7,334,936	\$ 2,369,626	\$ 3,394,249	\$ 16,667,232
Investments	-	-	307,119	200,000	507,119
Due from other funds	52,072	-	-	173,746	225,818
Total assets	<u>\$ 3,620,493</u>	<u>\$ 7,334,936</u>	<u>\$ 2,676,745</u>	<u>\$ 3,767,995</u>	<u>\$ 17,400,169</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 173,746	\$ -	\$ -	\$ 52,072	\$ 225,818
Due to bondholders	1,672	-	-	-	1,672
Deposits subject to refund	145,788	-	-	5,239	151,027
Total liabilities	<u>321,206</u>	<u>-</u>	<u>-</u>	<u>57,311</u>	<u>378,517</u>
Fund balances:					
Restricted	984,853	7,334,936	2,317,188	1,748,844	12,385,821
Assigned	1,595,637	-	359,557	1,961,840	3,917,034
Unassigned	718,797	-	-	-	718,797
Total fund balances	<u>3,299,287</u>	<u>7,334,936</u>	<u>2,676,745</u>	<u>3,710,684</u>	<u>17,021,652</u>
Total liabilities and fund balances	<u>\$ 3,620,493</u>	<u>\$ 7,334,936</u>	<u>\$ 2,676,745</u>	<u>\$ 3,767,995</u>	<u>\$ 17,400,169</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended December 31, 2020**

	<u>General Fund</u>	<u>2019 Bond Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 5,347,583	\$ -	\$ 799,821	\$ 1,665,645	\$ 7,813,049
Intergovernmental	947,399	-	-	97,775	1,045,174
Licenses and permits	69,968	-	-	-	69,968
Charges for services	1,844,488	-	-	1,115,261	2,959,749
Fines and forfeitures	90,941	-	-	-	90,941
Investment income	31,988	33,550	1,215	5,462	72,215
Miscellaneous	129,432	-	20,909	-	150,341
Total revenues	<u>8,461,799</u>	<u>33,550</u>	<u>821,945</u>	<u>2,884,143</u>	<u>12,201,437</u>
EXPENDITURES					
Current:					
General government	2,200,985	-	-	6,210	2,207,195
Public Safety	4,448,781	-	-	760,740	5,209,521
Highways and streets	422,712	-	-	-	422,712
Sanitation	1,002,730	-	-	-	1,002,730
Economic development	-	-	-	65,790	65,790
Public Works	310,674	-	-	-	310,674
Sewer	-	-	-	926,294	926,294
Capital Outlay	-	4,638,075	1,670,779	670,645	6,979,499
Debt Service:					
Principal	-	-	122,881	-	122,881
Interest and other charges	-	-	2,029	512,150	514,179
Total Expenditures	<u>8,385,882</u>	<u>4,638,075</u>	<u>1,795,689</u>	<u>2,941,829</u>	<u>17,761,475</u>
Excess (deficiency) of revenues over expenditures	<u>75,917</u>	<u>(4,604,525)</u>	<u>(973,744)</u>	<u>(57,686)</u>	<u>(5,560,038)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	52,140	-	-	52,140
Transfers out	(52,140)	-	-	-	(52,140)
Total other financing sources and uses	<u>(52,140)</u>	<u>52,140</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	23,777	(4,552,385)	(973,744)	(57,686)	(5,560,038)
Fund balance - beginning	3,275,510	11,887,321	3,650,489	3,768,370	22,581,690
Fund balance - ending	<u>\$ 3,299,287</u>	<u>\$ 7,334,936</u>	<u>\$ 2,676,745</u>	<u>\$ 3,710,684</u>	<u>\$ 17,021,652</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Fiduciary Fund Statement of Net Position (Modified Cash Basis) – Custodial Funds (C.L.E.E.T Penalty Assessment Fund – December 31, 2020)

	State Fees
ASSETS	
Cash and cash equivalents	\$ 1,560
Total assets	1,560
LIABILITIES	
Due to other governments	1,560
Total liabilities	1,560
NET POSITION	\$ -

Fiduciary Fund Statement of Change in Fiduciary Net Position (Modified Cash Basis) – Custodial Funds (C.L.E.E.T Penalty Assessment Fund – Year Ended December 31, 2020)

	State Fees
ADDITIONS	
State Fees	\$ 28,800
Total additions	28,800
DEDUCTIONS	
State Fees	28,800
Total deductions	28,800
Change in net position	-
Net position - beginning	-
Net position - ending	\$ -

See accompanying notes to the basic financial statements

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

Participation in Joint Venture

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

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

The Bethany-Warr Acres Public Works Authority is jointly governed by the two governments. The governments do not exercise specific control over the budgeting and financing of the Authority's activities, and do not have a specified equity interest in the joint venture. For the year ended December 31, 2020, \$671,219 was remitted to the Bethany-Warr Acres Public Works Authority by the Warr Acres Public Works Authority.

The following summary is segment information from the Bethany-Warr Acres Public Works Authority's most recently issued annual audited financial report, which was for the period ended June 30, 2020:

Total Assets	\$7,698,934
Deferred Outflows	6,910
Total Liabilities	307,035
Deferred Inflows	0
Total Net Position	7,398,809
Total Revenues	1,753,423
Total Expenses	1,734,148
Increase in Net position	19,275

In addition, at June 30, 2020, the Bethany-Warr Acres Public Works Authority had no debt outstanding. Separate financial statements for the fiscal year ended June 30, 2020, are available from the Finance Department, P.O. Box 219, Bethany, OK 73008-0219.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments, excluding investments in joint ventures
- utility deposit liabilities

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

In addition, due to the use of this modified cash basis of accounting, capital asset and long-term debt transactions are excluded from reporting within the financial statements. Capital assets are expensed when purchased and long-term debts are reported as cash receipts when issued and received. However, information about long-term debt is disclosed in Note 8 Commitments and Contingencies.

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

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

Governmental Funds:

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

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds and includes the activity of the Emergency account and the EPA Fee account.
- Capital Improvement Plan Fund – accounts for ½ cent voter approved sales tax for capital improvements
- 2019 Bond Fund – accounts for activities related to the general obligation bond issued in April 2019

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

- E911 Fund – accounts for the E-911 fees legally restricted for improvements to the system
- Community Center Donations Fund – accounts for donations from various groups and individuals to buy equipment for the community center
- Debt Service Fund – accounts for ad valorem tax revenue levied for judgment retirement
- Sewer Line Maintenance Fund – accounts for sewer line maintenance fees collected to be used in sewer improvements
- Public Safety Tax Fund – accounts for ½ cent voter-approved sales tax for public safety purposes
- Reserved for Capital Replacement Fund – accounts for purchases of necessary equipment
- Warr Acres Public Works Authority Fund – accounts for activities as set forth in a trust indenture and the operation and maintenance contract with the Bethany-Warr Acres Public Works Authority concerning sewer operations
- Warr Acres Economic Development Authority Fund – accounts for economic development activities

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities resulting from cash transactions are included on the fund balance

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

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

Fiduciary Funds:

The City's fiduciary funds are used to report net position and changes therein of assets held by the City in a trustee or fiduciary capacity. This net position is not available for operations of the City. The fiduciary funds are reported on the modified accrual basis of accounting. The City reports one type of fiduciary funds: Custodial Funds.

Custodial Funds – funds that are used to report resources held by the City in a custodial capacity and are not held in a trust fund. For example, these funds account for assets, liabilities, additions and deductions for the C.L.E.E.T. Penalty Assessment Fund.

C. Cash, Cash Equivalents, and Investments

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

D. Compensated Absences

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

E. Equity Classifications

Government-Wide Statements

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

- a. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

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

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

Fund Statements

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

- a. *Nonspendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation.
- c. *Committed* – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The City’s highest level of decision-making authority is made by ordinance while the Authorities highest level of decision-making authority are made by resolution.
- d. *Assigned* – includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by City Council action or management decision when the City Council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balances classifications could be used.

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

	General Fund	Capital Improvement Plan	2019 Bond Fund	Warr Acres Economic Development	Warr Acres Public Works Authority	Sewer Line Maintenance Fund	Community Center Donation Fund	E-911 Fund	Public Safety Sales Tax Fund	Debt Service Fund	TOTAL Governmental
Fund Balances:											
Restricted for:											
Stormwater	\$ 839,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 839,880
Capital Assets	-	2,317,188	-	-	-	-	-	-	-	-	2,317,188
Public Works	-	-	-	-	904,806	-	-	-	-	-	904,806
Sewer Line Maintenance	-	-	-	-	-	89,582	-	-	-	-	89,582
Community Center	-	-	-	-	-	-	7,986	-	-	-	7,986
E-911	-	-	-	-	-	-	-	16,351	-	-	16,351
Beautification	71,643	-	-	-	-	-	-	-	-	-	71,643
Ambulance	49,261	-	-	-	-	-	-	-	-	-	49,261
Public Safety	24,069	-	-	-	-	-	-	-	74,792	-	98,861
2019 Bond Issue	-	-	7,334,936	-	-	-	-	-	-	-	7,334,936
Debt Service	-	-	-	-	-	-	-	-	-	655,327	655,327
Sub-total Restricted	984,853	2,317,188	7,334,936	-	904,806	89,582	7,986	16,351	74,792	655,327	12,385,821
Assigned to:											
Disaster Assistance	346,922	-	-	-	-	-	-	-	-	-	346,922
Capital Assets	-	359,557	-	-	-	-	-	-	-	-	359,557
Economic Development	-	-	-	1,847,008	-	-	-	-	-	-	1,847,008
Public Works	-	-	-	-	25,842	-	-	-	-	-	25,842
Public Safety	-	-	-	-	-	-	-	-	88,990	-	88,990
To Balance FY 21 Budget	1,248,715	-	-	-	-	-	-	-	-	-	1,248,715
Sub-total Assigned	1,595,637	359,557	-	1,847,008	25,842	-	-	-	88,990	-	3,917,034
Unassigned:	718,797	-	-	-	-	-	-	-	-	-	718,797
TOTAL FUND BALANCES	\$ 3,299,287	\$ 2,676,745	\$ 7,334,936	\$ 1,847,008	\$ 930,648	\$ 89,582	\$ 7,986	\$ 16,351	\$ 163,782	\$ 655,327	\$ 17,021,652

F. Internal and Interfund Balances and Transfers

The City’s policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Internal transfers and balances between funds are not eliminated in the fund financial statements. The City did make a transfer of \$52,140 from the General Fund to move interest income related to the 2019 general obligation bonds to the 2019 Bond Fund.

2. Deposits and Investments

For the year ended December 31, 2020, the City recognized \$72,215 of investment income. Most of the City’s deposits are in demand and short-term time deposits.

At December 31, 2020, the primary government held the following deposits and investments:

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Deposits:	
Petty cash	\$ 850
Demand deposits	16,666,382
Time deposits - certificates of deposit	507,119
Total Deposits and Investments	\$ 17,174,351
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	16,667,232
Investments	507,119
	\$ 17,174,351

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

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

As of December 31, 2020, the City had no custodial credit risk as defined above.

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2020, the investments were limited to non-negotiable time deposits.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts. As of December 31, 2020, the City had no investments subject to investment credit risk.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At December 31, 2020, the reporting entity had no concentration of credit risk as defined above.

3. Sales Tax Revenue

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

4. Property Tax Levy

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

At the present time the City levies a property tax to fund the annual debt service requirements of one general obligation bond issue.

The property tax levy, as determined by the City's debt service needs, is submitted to the County Excise Board for approval. County assessors, elected officials, determine the taxable value of real estate and personal property in the County. A State Board of Equalization hears complaints on real estate values with the power to equalize assessments. Under present State law, the ratio of assessed value to true value cannot be less than 11 percent nor more than 13 ½ percent.

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

For the year ended December 31, 2020, the City's net assessed valuation of taxable property was \$72,126,711. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended December 31, 2020 were \$13.66.

5. Interfund Balances

Balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	WAPWA	\$ 51,922	Expenditures paid by General Fund for WAPWA
WAPWA	General Fund	4,999	Expense recorded in wrong fund
Economic Development Authority	General Fund	168,597	Hotel room tax
Community Center Deposit Fund	General Fund	150	Deposits to wrong fund
General Fund	WAPWA	150	Deposits to wrong fund
		<u>\$ 225,818</u>	

6. Risk Management

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

7. Employee Retirement Plan Participation

The City of Warr Acres participates in four pension or retirement plans:

- Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust (OkMRF-DBP) – an agent multiple-employer defined benefit plan
- Oklahoma Municipal Retirement System (OkMRF-DCP) – an agent multiple-employer defined contribution plan

OFPRS

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2018	\$170,368	\$170,368
12/31/2019	192,089	192,089
12/31/2020	192,166	192,166

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

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

OPPRS

The City of Warr Acres, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension and Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the City must participate in the plan if they employ a certain number of full-time police officers. The City is required by state law to contribute 13% of

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

covered payroll per year for each police officer. Employees contribute 8% of covered payroll. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2018	\$177,364	\$177,364
12/31/2019	188,501	188,501
12/31/2020	194,221	194,221

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

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

OkMRF Defined Benefit Plan

The City contributes to the City of Warr Acres Plan and Trust in the form of The Oklahoma Municipal Retirement System Master Defined Benefit Plan and Trust, an agent multiple employer - defined benefit plan, for all eligible employees except for those covered by the Police and Firefighter Pension Systems. Administration of the City's individual plan rests with the City Council. The overall operations of OkMRF are supervised by a nine-member Council of Trustees elected by the participating municipalities. Chase bank acts as administrator and securities custodian.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Eligibility Factors, Contribution Methods and Benefit Provisions

Provision	OkMRF Plan
a. Eligible to Participate	Full-time, non-uniformed employees of the City upon hire
b. Contribution Requirements:	
-Authorization	By City ordinance
-Actuarially Determined	Yes
-Employer Rate *	10% of covered payroll
-Employee Rate	4% of earnings
c. Period Required to Vest	10 years of credited service
d. Eligibility for Distribution	-Normal retirement at age 65 with 10 years of service, or at age 55 with 75 points and 10 years of service -Early retirement at age 55 with 10 years of service -Disability retirement with 10 years of service -Marital death benefit with 10 years of service
e. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
f. Benefit Determination Methods:	
-Normal Retirement	2.625% of final average salary multiplied by credited years of service
-Early Retirement	Actuarially reduced benefit based upon age and years of service at termination
-Disability Retirement	Same as normal retirement
-Death Benefit	50% of employee's accrued benefit, but terminates upon spouse remarriage
-Prior to 10 Years Service	Return of employee contributions with accrued interest
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, optional form based on actuarial equivalent.

* For fiscal year 2020 the City elected, with OkMRF approval, to contribute 10% of covered payroll. This amount is less than the total required contribution rate of 12.96% given in the City's Actuarial Valuation. For several years past, the City had contributed above the required contribution rate at a rate of 16.84%.

Actuarial Assumptions

For Plan Year July 1, 2020 (Date of Last Actuarial Valuation)

a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments	7.5%
c. Projected Salary Increase	Rates by age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	PubG-2010(projected)
g. Asset Valuation Method	Actuarial method

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2018	\$249,932	\$270,145
12/31/2019	199,117	260,569
12/31/2020	209,726	166,502

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

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

OkMRF Defined Contribution Plan

The City has also provided, effective November 1, 1990, a defined contribution plan and trust known as the City of Warr Acres Plan and Trust (the “Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan. OkMRF operations are supervised by a nine-member Council of Trustees elected by the participating municipalities. The Plan is administered by Chase bank. The defined contribution plan is available to all full-time employees on a voluntary basis who are not already participating in another plan. According to City Ordinance, the employee may contribute to the Plan an amount up to 4% of their gross wages. The City, as employer, contributes, per ordinance, an amount up to 100% of the employee contribution. If an employee terminates before becoming fully vested, the employer’s contributions that are forfeited may be used to reduce the City’s current-period contribution requirements.

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2018	\$32,547	\$32,547
12/31/2019	32,226	32,226
12/31/2020	32,375	32,375

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

8. Commitments and Contingencies

Long-term Debt Commitments:

At December 31, 2020 the City of Warr Acres reported the following as long-term debt commitments:

Governmental General Obligation Bond Payable:

\$12,000,000 General Obligation Bonds, Series 2019, due in annual installments of \$630,000 through June 1, 2038, with interest at 2.5% to 3.0% with final payment of \$660,000 due June 1, 2039, with interest at 3.0%	<u>\$ 12,000,000</u>
---	----------------------

Governmental Capital Lease Payable:

\$585,000 lease with PNC Equipment Finance for the purchase of a 2016 Pierce Fire Truck, issued March 2016 with rental payments of \$124,910.34 annually and maturing April 2021	<u>\$ 121,855</u>
--	-------------------

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Payment Requirements to Maturity:

Governmental Activities					
Year Ended	<u>Capital Leases</u>		Year Ended	<u>General Obligation Bonds</u>	
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 121,855	\$ 3,054	2021	\$ 630,000	\$ 331,650
Total	\$ 121,855	\$ 3,054	2022	630,000	314,325
			2023	630,000	298,575
			2024	630,000	282,825
			2025	630,000	267,075
			2026-2030	3,150,000	1,084,950
			2031-2035	3,150,000	618,750
			2036-2039	2,550,000	154,350
			Total	\$ 12,000,000	\$ 3,352,500

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at December 31, 2020 is \$315,752.

Litigation:

The City and its public trusts are parties to various legal proceedings or have threatened litigation which normally occurs in the course of municipal governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State Constitution and statutes provide for the levy of an ad valorem tax over a three-year period by a Sinking Fund for the payment of any court assessed judgment rendered against the City. (This provision is not available to public trusts.) While the outcome of the above noted proceedings or threatened litigation cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Warr Acres participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2020

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,554,627	\$ 1,554,627	\$ 1,518,623	\$ (36,004)
Resources (Inflows):				
Taxes	5,109,500	5,109,500	5,347,583	238,083
Intergovernmental	200,000	200,000	947,399	747,399
Charges for services	1,936,980	1,936,980	1,765,633	(171,347)
Fines and forfeitures	165,000	165,000	90,941	(74,059)
Licenses and permits	51,230	51,230	69,968	18,738
Investment Income	103,500	103,500	31,988	(71,512)
Miscellaneous	110,500	103,182	129,432	26,250
Total Resources (Inflows)	<u>7,676,710</u>	<u>7,669,392</u>	<u>8,382,944</u>	<u>713,552</u>
Amounts available for appropriation	<u>\$ 9,231,337</u>	<u>\$ 9,224,019</u>	<u>\$ 9,901,567</u>	<u>\$ 677,548</u>
Charges to Appropriations (Outflows):				
Managerial	18,941	18,941	17,829	1,112
City clerk/treasurer	537,947	537,947	500,654	37,293
Public safety	422,542	422,542	345,824	76,718
Police	2,469,755	2,454,937	2,255,147	199,790
Fire	1,703,964	1,698,684	1,616,670	82,014
Sanitation	1,082,723	1,082,723	1,002,730	79,993
Streets & Parks	534,177	534,177	422,712	111,465
General government	1,227,803	1,227,803	815,430	412,373
City attorney	144,000	144,000	101,728	42,272
Public works	332,234	332,234	310,674	21,560
Municipal court	208,765	208,765	178,775	29,990
Animal control	65,029	65,029	52,365	12,664
Garage	227,739	227,739	168,544	59,195
Total Charges to Appropriations	<u>8,975,619</u>	<u>8,955,521</u>	<u>7,789,082</u>	<u>1,166,439</u>
Ending Budgetary Fund Balance	<u>\$ 255,718</u>	<u>\$ 268,498</u>	<u>\$ 2,112,485</u>	<u>\$ 1,843,987</u>

Footnotes to Budgetary Comparison Schedules:

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

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

OTHER INFORMATION

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – December 31, 2020

	Special Revenue Funds							Total Governmental Funds
	Public Safety Sales Tax Fund	E-911 Fund	Community Center Donation Fund	Warr Acres Public Works Authority	Warr Acres Economic Development Authority	Sewer Line Maintenance Fund	Debt Service	
ASSETS								
Cash and cash equivalents	\$ 163,782	\$ 16,351	\$ 13,075	\$ 977,721	\$ 1,678,411	\$ (110,418)	\$ 655,327	\$ 3,394,249
Investments	-	-	-	-	-	200,000	-	200,000
Due from other funds	-	-	150	4,999	168,597	-	-	173,746
Total assets	<u>163,782</u>	<u>16,351</u>	<u>13,225</u>	<u>982,720</u>	<u>1,847,008</u>	<u>89,582</u>	<u>655,327</u>	<u>3,767,995</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Due to other funds	-	-	-	52,072	-	-	-	52,072
Deposits subject to refund	-	-	5,239	-	-	-	-	5,239
Total liabilities	<u>-</u>	<u>-</u>	<u>5,239</u>	<u>52,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,311</u>
Fund balances:								
Restricted	74,792	16,351	7,986	904,806	-	89,582	655,327	1,748,844
Assigned	88,990	-	-	25,842	1,847,008	-	-	1,961,840
Total fund balances	<u>163,782</u>	<u>16,351</u>	<u>7,986</u>	<u>930,648</u>	<u>1,847,008</u>	<u>89,582</u>	<u>655,327</u>	<u>3,710,684</u>
Total liabilities and fund balances	<u>\$ 163,782</u>	<u>\$ 16,351</u>	<u>\$ 13,225</u>	<u>\$ 982,720</u>	<u>\$ 1,847,008</u>	<u>\$ 89,582</u>	<u>\$ 655,327</u>	<u>\$ 3,767,995</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds (Modified Cash Basis) – Year Ended December 31, 2020

	Special Revenue Funds							Total Governmental Funds
	Public Safety Sales Tax Fund	E-911 Fund	Community Center Donation Fund	Warr Acres Public Works Authority	Warr Acres Economic Development Authority	Sewer Line Maintenance Fund	Debt Service	
REVENUES								
Taxes	\$ 799,821	\$ -	\$ -	\$ -	\$ 12,065	\$ -	\$ 853,759	\$ 1,665,645
Intergovernmental	97,775	-	-	-	-	-	-	97,775
Charges for services	-	24,031	-	976,536	-	114,694	-	1,115,261
Investment earnings	-	-	11	3,032	-	-	2,419	5,462
Total revenues	<u>897,596</u>	<u>24,031</u>	<u>11</u>	<u>979,568</u>	<u>12,065</u>	<u>114,694</u>	<u>856,178</u>	<u>2,884,143</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	-	6,210	6,210
Public Safety	760,740	-	-	-	-	-	-	760,740
Health and sewer	-	-	-	926,294	-	-	-	926,294
Economic development	-	-	-	-	65,790	-	-	65,790
Debt Service:								
Interest and other charges	-	-	-	-	-	-	512,150	512,150
Capital Outlay	-	66,343	-	44,838	-	559,464	-	670,645
Total Expenditures	<u>760,740</u>	<u>66,343</u>	<u>-</u>	<u>971,132</u>	<u>65,790</u>	<u>559,464</u>	<u>518,360</u>	<u>2,941,829</u>
Excess (deficiency) of revenues over expenditures	<u>136,856</u>	<u>(42,312)</u>	<u>11</u>	<u>8,436</u>	<u>(53,725)</u>	<u>(444,770)</u>	<u>337,818</u>	<u>(57,686)</u>
Net change in fund balances	136,856	(42,312)	11	8,436	(53,725)	(444,770)	337,818	(57,686)
Fund balances - beginning	26,926	58,663	7,975	922,212	1,900,733	534,352	317,509	3,768,370
Fund balances - ending	<u>\$ 163,782</u>	<u>\$ 16,351</u>	<u>\$ 7,986</u>	<u>\$ 930,648</u>	<u>\$ 1,847,008</u>	<u>\$ 89,582</u>	<u>\$ 655,327</u>	<u>\$ 3,710,684</u>

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2020**

Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – December 31, 2020

	<u>General Fund</u>	<u>EPA Fee Account</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
ASSETS				
Cash and cash equivalents	\$ 2,381,619	\$ 839,880	\$ 346,922	\$ 3,568,421
Due from other funds	52,072	-	-	52,072
Total assets	<u>2,433,691</u>	<u>839,880</u>	<u>346,922</u>	<u>3,620,493</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	173,746	-	-	173,746
Due to bondholders	1,672	-	-	1,672
Deposits subject to refund	145,788	-	-	145,788
Total liabilities	<u>321,206</u>	<u>-</u>	<u>-</u>	<u>321,206</u>
Fund balances:				
Restricted	144,973	839,880	-	984,853
Assigned	1,248,715	-	346,922	1,595,637
Unassigned	718,797	-	-	718,797
Total fund balances	<u>2,112,485</u>	<u>839,880</u>	<u>346,922</u>	<u>3,299,287</u>
Total liabilities and fund balances	<u>\$ 2,433,691</u>	<u>\$ 839,880</u>	<u>\$ 346,922</u>	<u>\$ 3,620,493</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended December 31, 2020

	<u>General Fund</u>	<u>EPA Fee Account</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
REVENUES				
Taxes	\$ 5,347,583	\$ -	\$ -	\$ 5,347,583
Intergovernmental	947,399	-	-	947,399
Licenses and permits	69,968	-	-	69,968
Charges for services	1,765,633	78,855	-	1,844,488
Fines and forfeitures	90,941	-	-	90,941
Investment income	31,988	-	-	31,988
Miscellaneous	129,432	-	-	129,432
Total revenues	<u>8,382,944</u>	<u>78,855</u>	<u>-</u>	<u>8,461,799</u>
EXPENDITURES				
Current:				
General government	1,552,045	54,490	594,450	2,200,985
Public Safety	4,448,781	-	-	4,448,781
Highways and streets	422,712	-	-	422,712
Sanitation	1,002,730	-	-	1,002,730
Public Works	310,674	-	-	310,674
Total Expenditures	<u>7,736,942</u>	<u>54,490</u>	<u>594,450</u>	<u>8,385,882</u>
Excess (deficiency) of revenues over expenditures	<u>646,002</u>	<u>24,365</u>	<u>(594,450)</u>	<u>75,917</u>
OTHER FINANCING SOURCES (USES)				
Transfers out (intra-account)	(52,140)	-	-	(52,140)
Total other financing sources and uses	<u>(52,140)</u>	<u>-</u>	<u>-</u>	<u>(52,140)</u>
Net change in fund balances	593,862	24,365	(594,450)	23,777
Fund balance - beginning	1,518,623	815,515	941,372	3,275,510
Fund balance - ending	<u>\$ 2,112,485</u>	<u>\$ 839,880</u>	<u>\$ 346,922</u>	<u>\$ 3,299,287</u>

CITY OF WARR ACRES, OKLAHOMA

**SINGLE AUDIT REPORTS
AND SUPPLEMENTARY SCHEDULES**

DECEMBER 31, 2020

CITY OF WARR ACRES, OKLAHOMA

DECEMBER 31, 2020

PAGE

SINGLE AUDIT REPORTS AND SUPPLEMENTARY SCHEDULES:

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
---	---

Reports related to Federal Assistance Programs Required by the Uniform Guidance:

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2021. Our report included an emphasis-of-matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Arledge & Associates, P.C.

June 9, 2021



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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Warr Acres, Oklahoma's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 9, 2021, which contained unmodified opinions on those financial statements. Our report included an emphasis-of-matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Orlidge & Associates, P.C.
June 9, 2021

CITY OF WARR ACRES, OKLAHOMA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures(\$)</i>
Highway Safety Cluster-Cluster			
Department of Transportation			
State and Community Highway Safety	20.600	State & Community Highway Safety--PT-21-03-29-11	1,116
State and Community Highway Safety	20.600	State & Community Highway Safety--PT-20-03-11-10	11,616
Total State and Community Highway Safety			<u>12,732</u>
Other Programs			
Department of the Treasury			
Coronavirus Relief Fund	21.019	SA-0181	779,898
Total Coronavirus Relief Fund			<u>779,898</u>
Total Expenditures of Federal Awards			<u><u>\$ 792,630</u></u>

The accompanying notes are an integral part of this schedule

CITY OF WARR ACRES, OKLAHOMA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2020

NOTE A—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City under programs of the federal government for the year ended December 31, 2020. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the modified cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C—SUBRECIPIENTS

During the year end December 31, 2020, the City did not provide federal awards to subrecipients.

CITY OF WARR ACRES, OKLAHOMA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS--Continued

DECEMBER 31, 2020

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

A. Internal control

No matters were reported.

B. Compliance Findings

No matters were reported.

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

A. Internal control

No matters were reported.

B. Compliance Findings

No matters were reported.

CITY OF WARR ACRES, OKLAHOMA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

DECEMBER 31, 2020

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

A. Internal Control

No matters were reported

B. Compliance Findings

No matters were reported.

Findings Required to be Reported in Accordance with the Uniform Guidance:

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.