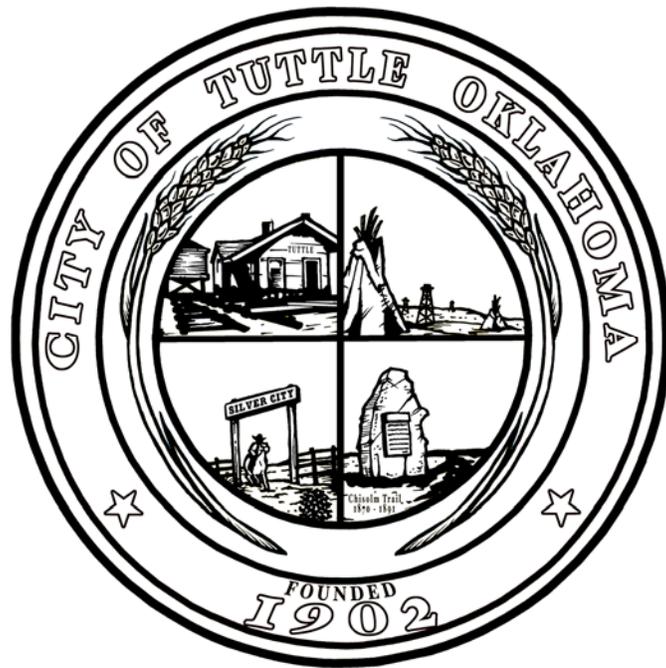


THE CITY OF TUTTLE, OKLAHOMA



ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2015

**THE CITY OF TUTTLE,
OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2015

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

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As of and for the Year Ended December 31, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Tuttle, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tuttle, Oklahoma, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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 principles 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 opinion.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Tuttle, Oklahoma, as of December 31, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management 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 inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

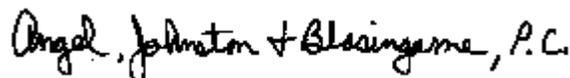
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Tuttle's basic financial statements. The introductory section, combining statements for non-major fund financial statements, combining statements for the General Fund accounts, combining statements for Tuttle Public Works Authority accounts, and the debt service coverage information, are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is also not part of the basic financial statements.

The combining statements for non-major fund financial statements, combining statements for the General Fund accounts, combining statements for Tuttle Public Works Authority accounts, the schedule of expenditures of federal awards and the debt service coverage information 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 statements for non-major fund financial statements, combining statements for the General Fund accounts, combining statements for Tuttle Public Works Authority accounts, the schedule of expenditures of federal awards and the debt service coverage information are fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Audit Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 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 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* and should be considered in assessing the results of our audit.



Chickasha, Oklahoma
July 6, 2016

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

The management of the City of Tuttle is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City's financial condition and activities as of and for the fiscal year ended December 31, 2015. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts

FINANCIAL HIGHLIGHTS

- As reported on an accrual basis, the City's total net position increased by \$751,377, and the assets of the City exceed its liabilities for the year ended December 31, 2015, by \$9,788,969 (net position).
- For the fiscal year ended December 31, 2015, the City's governmental funds reported combined ending fund balances of \$1,567,370 compared to \$1,132,567 in FY 2014, an increase of \$434,803 or 38.4%.
- For the year ended December 31, 2015, unassigned fund balance for the General Fund was \$625,372 or 18.5% of General Fund revenues.

ABOUT THE CITY

- The City of Tuttle is an incorporated municipality with a population of approximately 6,387 located in Grady County in central Oklahoma. The City is a charter city form of government. The City is governed by a five-member Board and operates under state law and City ordinances through the three branches of democratic government:
 - Legislative – the City Board is a five-member governing body elected by the citizens at large
 - Executive – the City Manager is the Chief Executive Officer and is hired by the City Board
 - Judicial – the Municipal Judge is a practicing attorney appointed by the City Board

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including water, wastewater, gas and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Tuttle 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.

- **The City of Tuttle** – 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 the primary government*
- **The Tuttle Public Works Authority (TPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of 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 Tuttle (the "City") and the Tuttle Public Works Authority (the "Public Works Authority"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The governmental-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. For governmental activities, 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. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt).

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. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting

CITY OF TUTTLE, OKLAHOMA
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used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities: *Governmental activities* - Most of the City's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the City charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The City's water, sewer, gas and sanitation utilities are reported as business-type 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's two kinds of funds - *governmental and proprietary* - use different accounting approaches.

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 presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". 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.

Proprietary funds - When the City, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on an accrual basis of accounting. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The City's proprietary funds are the Tuttle Public Works Authority that accounts for the operation of the water, sewer, gas and sanitation activities.

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 26-52 of this report.

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Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund and Street and Alley Fund.

THE CITY AS A WHOLE

For the fiscal year ended December 31, 2015, net position for the governmental and business-type activities increased by \$751,377.

Following is a summary of net position reported on an accrual basis for the City of Tuttle.

TABLE 1
NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	(restated)						(restated)		
	2015	2014		2015	2014		2015	2014	
Current assets	\$ 2,055	\$1,569	31%	\$ 4,667	\$ 1,652	183%	\$ 6,722	\$ 3,221	109%
Capital assets, net	5,070	5,145	-1%	11,796	11,748	-	16,866	16,893	-
Total assets	<u>7,125</u>	<u>6,714</u>	6%	<u>16,463</u>	<u>13,400</u>	23%	<u>23,588</u>	<u>20,114</u>	17%
Deferred outflow of resources	<u>330</u>	<u>135</u>	144%	<u>-</u>	<u>-</u>	-	<u>330</u>	<u>135</u>	144%
Current liabilities	292	308	-5%	440	936	-53%	732	1,244	-41%
Non-current liabilities	1,784	1,819	-2%	11,269	7,759	45%	13,053	9,578	36%
Total liabilities	<u>2,076</u>	<u>2,127</u>	-2%	<u>11,709</u>	<u>8,695</u>	35%	<u>13,785</u>	<u>10,822</u>	27%
Net position:									
Deferred inflow of resources	<u>344</u>	<u>390</u>	-12%	<u>-</u>	<u>-</u>	-	<u>344</u>	<u>390</u>	-12%
Net investment in capital assets	3,151	4,493	-30%	4,271	4,160	3%	7,422	8,653	-14%
Restricted	776	626	24%	216	181	19%	992	807	23%
Unrestricted	1,108	(787)	241%	267	365	-27%	1,375	(422)	426%
Total net position	<u>\$ 5,035</u>	<u>\$4,332</u>	16%	<u>\$ 4,754</u>	<u>\$ 4,706</u>	1%	<u>\$ 9,789</u>	<u>\$ 9,038</u>	9%

The largest portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. At year end, the net investment in capital assets, amounted to \$7,422,476.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$991,978, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the government's ongoing needs. The governmental activities funds had unrestricted net position of \$1,107,827 and the business-type activities unrestricted net position was \$266,688.

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Governmental Activities for 2014 was restated due to the implementation of GASB Pension Statements 68 and 71 in the current fiscal year.

Business Type Activities had an increase in cash, current liabilities and long term liabilities due to the issuance of the 2015 Utility System Revenue Note in the amount of \$3,455,000.

TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc.	Business-Type Activities		% Inc.	Total		% Inc.
	(restated)		(Dec.)			(Dec.)	(restated)		(Dec.)
	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>	
Revenues									
Charges for service	\$ 1,606	\$ 1,353	19%	\$ 2,920	\$ 2,930	-	\$ 4,526	\$ 4,283	6%
Operating grants and contributions	341	299	14%	-	-	-	341	299	14%
Capital grants and contributions	179	485	-63%	220	261	-16%	399	746	-47%
Taxes	2,186	2,166	1%	-	-	-	2,186	2,166	1%
Investment income	12	15	-20%	4	4	-	16	19	-16%
Miscellaneous	203	44	361%	31	22	41%	234	66	255%
Total revenues	<u>4,527</u>	<u>4,362</u>	4%	<u>3,175</u>	<u>3,217</u>	-1%	<u>7,702</u>	<u>7,579</u>	2%
Expenses									
General government	643	650	-1%	-	-	-	643	650	-1%
Public safety	2,026	1,861	9%	-	-	-	2,026	1,861	9%
Streets	585	424	38%	-	-	-	585	424	38%
Culture and recreation	168	109	54%	-	-	-	168	109	54%
Health and welfare	489	1,211	-60%	-	-	-	489	1,211	-60%
Cemetery	44	35	26%	-	-	-	44	35	26%
Community development	129	74	74%	-	-	-	129	74	74%
Interest on long-term debt	22	26	-15%	-	-	-	22	26	-15%
Water	-	-	-	1,178	925	27%	1,178	925	27%
Wastewater	-	-	-	281	215	31%	281	215	31%
Sanitation	-	-	-	584	507	15%	584	507	15%
Gas	-	-	-	802	1,086	-26%	802	1,086	-26%
Total expenses	<u>4,106</u>	<u>4,390</u>	-6%	<u>2,845</u>	<u>2,733</u>	4%	<u>6,951</u>	<u>7,123</u>	-2%
Excess (deficiency) before transfers	421	(28)	-1604%	330	484	-32%	751	456	65%
Transfers	<u>282</u>	<u>102</u>	176%	<u>(282)</u>	<u>(102)</u>	176%	<u>-</u>	<u>-</u>	0%
Change in net position	703	74	850%	48	382	-87%	751	456	65%
Beginning net position	<u>4,332</u>	<u>4,258</u>	2%	<u>4,706</u>	<u>4,324</u>	9%	<u>9,038</u>	<u>8,582</u>	5%
Ending net position	<u>\$ 5,035</u>	<u>\$ 4,332</u>	16%	<u>\$ 4,754</u>	<u>\$ 4,706</u>	1%	<u>\$ 9,789</u>	<u>\$ 9,038</u>	8%

Governmental activities miscellaneous revenues increased from prior year by approximately \$158,602 due to insurance reimbursements received in the current year.

Governmental activities health and welfare expenditures decreased from the prior year by approximately \$722,000 due to bad debt write offs in the prior year.

Governmental Activities

The City's governmental activities had an increase in net position of \$703,290.

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

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	(restated)			(restated)		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>		
General government	\$ 643	\$ 650	0%	(\$611)	(\$438)	39%
Public safety	2,026	1,917	6%	(1,327)	(1,600)	-17%
Streets	585	424	38%	(222)	236	-194%
Culture and recreation	168	109	54%	(92)	(22)	318%
Health and welfare	489	1,211	-60%	237	(535)	-144%
Cemetery	44	35	26%	24	23	4%
Community development	129	74	74%	34	53	-36%
Interest on long-term debt	22	26	-15%	(23)	(26)	-12%
Total	<u>4,106</u>	<u>\$ 4,446</u>	-8%	<u>(\$1,980)</u>	<u>(\$2,309)</u>	-14%

Business-type Activities

The business-type activities had an increase in net position of \$48,087.

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

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	(restated)			(restated)		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>		
Water	\$ 1,178	\$ 925	27%	\$ 81	\$ 113	-28%
Wastewater	281	215	31%	(63)	60	-205%
Sanitation	584	507	15%	180	219	-18%
Gas	802	1,086	-26%	96	65	48%
Total	<u>\$ 2,845</u>	<u>\$2,733</u>	4%	<u>\$ 294</u>	<u>\$ 457</u>	-36%

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its fiscal year ended December 31, 2015, the governmental funds reported a combined fund balance of \$1,567,370. For the year ended December 31, 2015, the General Fund's total fund balance increased by \$251,371.

Budgetary Highlights

For fiscal year ended December 31, 2015, the General Fund reported revenues below final estimates by \$61,029 or a 1.8% negative variance. General Fund actual expenditures were under final appropriations by \$467,382 or an 13.1% positive variance.

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CAPITAL ASSETS & DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2015, the City had approximately \$17 million in capital assets (net of accumulated depreciation), as reported on an accrual basis, including land, buildings, machinery and equipment, and park facilities. Below are details regarding the City's capital assets as of December 31, 2015.¹

Capital Assets

(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 569	\$ 569	\$ 350	\$ 350	\$ 919	\$ 919
Buildings and improvements	397	397	3,705	3,704	4,102	4,101
Imp. other than buildings	336	156	-	-	336	156
Machinery, furniture and equipment	4,583	4,237	875	866	5,458	5,103
Infrastructure	13,643	13,643	10,471	9,378	24,114	23,021
Utility property and improvements	-	-	58	30	58	30
Construction in progress	991	1,110	567	1,188	1,558	2,298
Totals	<u>20,519</u>	<u>20,112</u>	<u>16,026</u>	<u>15,516</u>	<u>36,545</u>	<u>35,628</u>
Less accumulated depreciation	<u>(15,449)</u>	<u>(14,967)</u>	<u>(4,231)</u>	<u>(3,768)</u>	<u>(19,680)</u>	<u>(18,735)</u>
	<u>\$ 5,070</u>	<u>\$ 5,145</u>	<u>\$ 11,795</u>	<u>\$ 11,748</u>	<u>\$ 16,865</u>	<u>\$ 16,893</u>

This year's more significant capital asset additions include the following:

- 2016 F35 Ambulance
- Schrock Park Ballfield Lighting
- Sewer force main to lagoons
- SH 37 and Meyers Drive WL
- SCR Force Main

Debt Administration

At December 31, 2015, the City had \$12 million in long-term debt outstanding, which represents approximately a \$2,874,000 increase from the prior year. The increase is due to the issuance of the 2015 Utility System Revenue Note of \$3,455,000.

¹ For more detailed information on capital asset activity please refer to pages 32-34, Note 3. Capital Assets and Depreciation

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

**The City of Tuttle's Long-term Debt
(In Thousands)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>		<u>Total Percentage Change</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2014-2015</u>
Notes payable	\$ -	\$ -	\$ 11,172	\$ 8,138	\$ 11,172	\$ 8,138	37.3%
Refundable grant obligation	-	-	18	24	18	24	-25.0%
Capital leases	404	557	-	-	404	557	-27.5%
Deposits subject to refund	-	-	258	244	258	244	5.7%
Accrued compensated absences	88	95	28	27	116	122	-4.9%
Totals	\$ 492	\$ 652	\$ 11,476	\$ 8,433	\$ 11,968	\$ 9,085	31.7%

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- For fiscal year 2016, the City expects a 2.4% increase in sales tax revenue from 2015. This is a conservative estimate due to the weakened economy.
- The City continues to issue permits for new homes and interest is being shown to bring new business to the city.
- The City continues to plan for the construction of a new recreation trail with new soccer fields at a 40 acre park.

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 301 W. Main St., Tuttle, Oklahoma 73089 or telephone at 405-381-2335.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND ACTIVITIES

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Statement of Net Position – December 31, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,019,233	\$ 4,206,372	\$ 5,225,605
Investments	1,135	112,055	113,190
Accounts receivable, net of allowance	550,465	377,065	927,530
Internal balances	28,028	(28,028)	-
Due from other governmental agencies	456,007	-	456,007
Capital Assets:			
Land and construction in progress	1,560,296	917,555	2,477,851
Other capital assets, net of depreciation	3,509,861	10,877,982	14,387,843
Total Assets	<u>\$ 7,125,025</u>	<u>\$ 16,463,001</u>	<u>\$ 23,588,026</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on pensions	<u>330,259</u>	<u>-</u>	<u>330,259</u>
LIABILITIES			
Accounts payable and accrued expenses	\$ 156,672	\$ 147,471	\$ 304,143
Due to other governments	-	313	313
Due to depositors	-	206,727	206,727
Accrued interest payable	-	82,788	82,788
Unearned revenue	-	2,300	2,300
Long-term liabilities			
Due within one year	135,082	662,946	798,028
Due in more than one year	1,783,948	10,606,631	12,390,579
Total liabilities	<u>2,075,702</u>	<u>11,709,176</u>	<u>13,784,878</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amount on pensions	<u>344,438</u>	<u>-</u>	<u>344,438</u>
NET POSITION			
Net investment in capital assets	3,151,127	4,271,349	7,422,476
Restricted by:			
Enabling legislation	684,046	-	684,046
Statutory requirements	65,139	-	65,139
Other contracts	224	215,788	216,012
Permanent fund - nonspendable	26,781	-	26,781
Unrestricted	1,107,827	266,688	1,374,515
Total net position	<u>\$ 5,035,144</u>	<u>\$ 4,753,825</u>	<u>\$ 9,788,969</u>

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Statement of Activities – Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Primary government							
Governmental Activities							
General Government	\$ 642,528	\$ 8,085	\$ 23,068	\$ -	\$ (611,375)	\$ -	\$ (611,375)
Public Safety	2,025,954	267,088	252,979	178,500	(1,327,387)	-	(1,327,387)
Streets	585,248	303,236	60,011	-	(222,001)	-	(222,001)
Culture and Recreation	168,280	70,583	5,300	-	(92,397)	-	(92,397)
Health and Welfare	488,552	725,498	-	-	236,946	-	236,946
Cemetery	43,948	68,473	-	-	24,525	-	24,525
Community Development	129,408	163,449	-	-	34,041	-	34,041
Interest on Long-term debt	22,455	-	-	-	(22,455)	-	(22,455)
Total governmental activities	<u>4,106,373</u>	<u>1,606,412</u>	<u>341,358</u>	<u>178,500</u>	<u>(1,980,103)</u>	<u>-</u>	<u>(1,980,103)</u>
Business-Type Activities:							
Water	1,178,327	1,039,981	-	219,645	-	81,299	81,299
Wastewater	281,343	218,372	-	-	-	(62,971)	(62,971)
Sanitation	583,981	764,211	-	-	-	180,230	180,230
Gas	801,567	897,111	-	-	-	95,544	95,544
Total business-type activities	<u>2,845,218</u>	<u>2,919,675</u>	<u>-</u>	<u>219,645</u>	<u>-</u>	<u>294,102</u>	<u>294,102</u>
Total primary government	<u>\$ 6,951,591</u>	<u>\$ 4,526,087</u>	<u>\$ 341,358</u>	<u>\$ 398,145</u>	<u>\$ (1,980,103)</u>	<u>\$ 294,102</u>	<u>\$ (1,686,001)</u>
General revenues:							
Taxes:							
Sales and use taxes					\$ 1,944,097	\$ -	\$ 1,944,097
Franchise taxes and public service taxes					241,980	-	241,980
Unrestricted investment earnings					12,290	4,695	16,985
Miscellaneous					203,182	31,134	234,316
Transfers					281,844	(281,844)	-
Total general revenues and transfers					<u>2,683,393</u>	<u>(246,015)</u>	<u>2,437,378</u>
Change in net position					703,290	48,087	751,377
Net position - beginning (restated)					4,331,854	4,705,738	9,037,592
Net position - ending					<u>\$ 5,035,144</u>	<u>\$ 4,753,825</u>	<u>\$ 9,788,969</u>

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Governmental Funds Balance Sheet – December 31, 2015

	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 477,059	\$ 210,122	\$ 292,395	\$ 39,657	\$ 1,019,233
Investments	-	-	-	1,135	1,135
Receivable from other governments	266,098	58,169	131,740	-	456,007
Due from other funds	97,383	1,827	-	-	99,210
Court fines receivable, net	110,919	-	-	-	110,919
Ambulance receivable, net	273,092	-	-	-	273,092
Other receivables	145,123	9,064	12,267	-	166,454
Total assets	<u>\$ 1,369,674</u>	<u>\$ 279,182</u>	<u>\$ 436,402</u>	<u>\$ 40,792</u>	<u>\$ 2,126,050</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 57,614	\$ -	\$ 379	\$ -	\$ 57,993
Accrued payroll payable	21,584	22,095	-	-	43,679
Due to other funds	66,886	-	-	4,296	71,182
Other payables	55,000	-	-	-	55,000
Total liabilities	<u>201,084</u>	<u>22,095</u>	<u>379</u>	<u>4,296</u>	<u>227,854</u>
Deferred inflows of resources:					
Deferred revenue	321,762	9,064	-	-	330,826
Fund balances:					
Nonspendable	-	-	-	26,781	26,781
Restricted	65,139	248,023	436,023	14,011	763,196
Assigned	156,317	-	-	-	156,317
Unassigned (deficit)	625,372	-	-	(4,296)	621,076
Total fund balances	<u>846,828</u>	<u>248,023</u>	<u>436,023</u>	<u>36,496</u>	<u>1,567,370</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 1,369,674</u>	<u>\$ 279,182</u>	<u>\$ 436,402</u>	<u>\$ 40,792</u>	<u>\$ 2,126,050</u>

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended December 31, 2015

	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 1,676,220	\$ 445,196	\$ -	\$ -	\$ 2,121,416
Intergovernmental	424,271	136,127	77,603	-	638,001
Licenses and permits	56,214	-	-	-	56,214
Charges for services	801,001	-	222,165	-	1,023,166
Fees and fines	221,259	-	-	-	221,259
Investment earnings	9,955	2,317	-	18	12,290
Miscellaneous	198,205	21,620	195,377	-	415,202
Total revenues	<u>3,387,125</u>	<u>605,260</u>	<u>495,145</u>	<u>18</u>	<u>4,487,548</u>
EXPENDITURES					
Current:					
General government	610,148	-	-	-	610,148
Public safety	1,960,595	-	-	-	1,960,595
Highways and streets	-	285,739	-	-	285,739
Health and sanitation	448,724	-	-	-	448,724
Culture and recreation	123,236	-	-	-	123,236
Economic development	133,608	-	-	-	133,608
Cemetery	33,335	-	-	-	33,335
Capital outlay	99,451	171,944	290,939	-	562,334
Debt service:					
Principal	5,674	28,136	52,617	-	86,427
Interest and other charges	983	726	86,890	-	88,599
Total expenditures	<u>3,415,754</u>	<u>486,545</u>	<u>430,446</u>	<u>-</u>	<u>4,332,745</u>
Excess (deficiency) of revenues over expenditures	<u>(28,629)</u>	<u>118,715</u>	<u>64,699</u>	<u>18</u>	<u>154,803</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	280,000	-	-	-	280,000
Total other financing sources and uses	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,000</u>
Net change in fund balances	251,371	118,715	64,699	18	434,803
Fund balances - beginning	595,457	129,308	371,324	36,478	1,132,567
Fund balances - ending	<u>\$ 846,828</u>	<u>\$ 248,023</u>	<u>\$ 436,023</u>	<u>\$ 36,496</u>	<u>\$ 1,567,370</u>

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Fund Balance – Net Position Reconciliation:

Fund Balance - Net Position Reconciliation:

Total fund balance, governmental funds	\$	1,567,370
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		5,070,157
<p>Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds, or not reported in the funds.</p>		
Deferred revenue		330,826
Pension related deferred outflows		330,259
<p>Some liabilities (such as Notes Payable, Capital Lease Contract Payable, Net Pension Liability, Pension Deferred Inflow and Long-term Compensated Absences), are not due and payable in the current period and they, along with pension related deferred inflows, are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		
		(2,263,468)
Net Position of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>5,035,144</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds: \$ 434,803

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital asset purchases capitalized	452,023
Depreciation expense	(526,813)

In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.

144,531

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

Change in Deferred revenue	38,531
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	153,302
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in accrued compensated absences	6,913
Change in net position of governmental activities	703,290
	\$ 703,290

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUND

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Proprietary Fund Statement of Net Position – December 31, 2015

	<u>Tuttle Public Works Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 105,436
Restricted:	
Cash and cash equivalents	4,100,936
Investments	112,055
Due from other funds	65,059
Accounts receivable, net	376,751
Other receivables	314
Total current assets	<u>4,760,551</u>
Non-current assets:	
Land and construction in progress	917,555
Other capital assets, net of accumulated depreciation	10,877,982
Total non-current assets	<u>11,795,537</u>
Total assets	<u>16,556,088</u>
LIABILITIES	
Current liabilities:	
Accounts payable	141,610
Salaries payable	5,861
Accrued interest payable	82,788
Due to other funds	93,087
Payable to other governments	313
Deferred revenue	2,300
Deposits subject to refund	51,682
Compensated absences	2,837
Refundable grant obligations	6,250
Notes payable	602,177
Total current liabilities	<u>988,905</u>
Non-current liabilities:	
Deposits subject to refund	206,727
Compensated absences	25,537
Refundable grant obligations	11,459
Notes payable	10,569,635
Total non-current liabilities	<u>10,813,358</u>
Total liabilities	<u>11,802,263</u>
NET POSITION	
Net investment in capital assets	4,271,424
Restricted for debt service	215,788
Unrestricted	266,613
Total net position	<u>\$ 4,753,825</u>

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position – Year Ended December 31, 2015

	Tuttle Public Works Authority
REVENUES	
Charges for services:	
Water	\$ 1,015,698
Sewer	213,273
Gas	876,164
Sanitation	746,367
Rents and royalties	17,548
Miscellaneous	50,625
Total operating revenues	2,919,675
OPERATING EXPENSES	
General government	498,474
Administration	107,450
Water	481,392
Wastewater	32,426
Sanitation	399,853
Gas	559,513
Depreciation	480,693
Total operating expenses	2,559,801
Operating income	359,874
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	4,695
Miscellaneous revenue	31,134
Interest expense	(285,417)
Total non-operating revenue (expenses)	(249,588)
Income before transfers and contributions	110,286
Capital contributions	219,645
Transfers out	(281,844)
Change in net position	48,087
Total net position - beginning	4,705,738
Total net position - ending	\$ 4,753,825

See accompanying notes to the basic financial statements.

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Proprietary Fund Statement of Cash Flows – Year Ended December 31, 2015

	<u>Tuttle Public Works Authority</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 2,996,686
Payments to suppliers	(1,566,795)
Payments to employees	(543,429)
Receipts of customer utility deposits	38,658
Refunds of customer utility deposits	(24,449)
Interfund receipts/payments	13,957
Net Cash Provided by Operating Activities	914,628
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(281,844)
Net Cash Provided by (Used in) Noncapital Financing Activities	(281,844)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(436,256)
Debt proceeds	3,455,000
Principal paid on capital debt	(427,728)
Interest paid on capital debt	(283,399)
Grant funding from federal government	127,773
Net Cash Provided by Capital and Related Financing Activities	2,435,390
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	4,695
Purchase of investments	(224)
Net Cash Provided by Investing Activities	4,471
Net Increase in Cash and Cash Equivalents	3,072,645
Balance - beginning of the year	1,133,727
Balance - end of the year	\$4,206,372
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	105,436
Restricted cash and cash equivalents	4,100,936
Total cash and cash equivalents	\$ 4,206,372
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	359,874
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	480,693
Miscellaneous income	31,134
Change in assets and liabilities:	
Receivables	43,649
Unearned revenue	2,228
Interfund receipts/payments	13,957
Accounts payable and accrued liabilities	(16,846)
Accrued payroll payable	(12,218)
Payable to other governments	(3,378)
Meter deposit liability	14,209
Accrued compensated absences	1,326
Net cash provided by operating activities	\$ 914,628
Non-cash activity:	
Capital contributions	\$ 219,645

See accompanying notes to the basic financial statements.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the basic financial statements:

1. Financial Reporting Entity

The City's financial reporting entity includes two separate legal entities reported as the primary government as follows:

- **The City of Tuttle** – operates the public safety, streets, health and welfare, culture and recreation, and administrative activities of the City.
- **The Tuttle Public Works Authority (TPWA)** – that operates the water, wastewater, gas and sanitation services of the City. The City of Tuttle is the beneficiary of the trust and the City Council serves as the governing body of the trust.

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "*The Financial Reporting Entity*" and Statement No. 61, "*The Financial Reporting Entity: Omnibus*" and includes all component units for which the City is financially accountable.

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

The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities.

As required by state law, all debt obligations incurred by the above 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 trust does not issue separate annual financial statements and is treated as a blended component unit.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resources measurement focus. Under the economic resources focus, all assets, deferred outflows, liabilities and deferred inflows are reported, including current and non-current. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation) are recorded when the liability is incurred or economic asset used.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

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, inspection fees and operating grants
- Public safety: Fine revenue, fire runs and operating and capital grants
- Streets and highways: Gas excise, commercial vehicle taxes, impact fees and capital and operating grants
- Health and welfare: EMS runs
- Cemetery: Lot sales and interments
- Culture and recreation: capital grants

Governmental Funds:

General Fund – The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds – are used to account for and report the proceeds of specific revenues sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds – are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Permanent Fund – accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs.

Proprietary Fund:

Enterprise Fund – are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Tuttle Public Works Authority enterprise fund. This fund accounts for activities of the public trust in providing, water, gas, wastewater, and sanitation services to the public.

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, including the activity of the Cemetery account.
- Street and Alley Fund – accounts for state shared gasoline excise and commercial vehicle taxes and sales tax legally restricted for street and alley purpose
- Capital Improvement Fund – accounts for current revenue and other funds for capital improvements

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

Special Revenue Funds:

- Jason White Tribute Fund – accounts for all donations for construction of the Jason White water tower
- CDBG Grant Fund – accounts for grant proceeds related to energy efficiency projects

Permanent Fund:

- Cemetery Perpetual Care Fund – accounts for the proceeds received for the upkeep of the Fairview Cemetery and specific lots as required by trust agreement

All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter (within 60 days of period end) to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

Proprietary Fund:

The City's proprietary fund is comprised of the following:

- Tuttle Public Works Authority (TPWA) – accounts for the operation of the water, wastewater, gas and sanitation activities

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.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trust (or Authority) is 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.

CITY OF TUTTLE, OKLAHOMA
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As of and for the Year Ended December 31, 2015

3. 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.

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

Marketable investments are reported at their fair value, based on quoted market prices.

For the year ended December 31, 2015, the City recognized \$16,985 of investment income. Due to the minimal rates of return on allowable investments in the current environment, most of the City's deposits are in demand and short-term time deposits.

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

Type	Credit Rating	Carrying Value
Deposits:		
Demand deposits		\$ 1,459,859
Cash on hand		800
Time deposit		113,190
		1,573,849
Investments:		
Money market mutual funds	AAAm	3,764,946
		5,338,795
Total deposits		\$ 5,338,795
 Reconciliation to Statement of Net Position:		
Cash and cash equivalents		\$ 5,225,605
Investments		113,190
		\$ 5,338,795

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

As of December 31, 2015, the City's accounts were fully collateralized.

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Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

As of December 31, 2015, the City's money market mutual fund had a credit rating of AAAM given by Standard and Poor's.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer.

Restricted Cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for utility deposits, debt service, debt reserve, or construction purposes. The restricted assets as of December 31, 2015 are as follows:

<u>Type of Restricted Assets</u>	Current	
	Cash and cash equivalents	Investments
Utility Deposits	\$ 172,694	\$ 112,055
CDBG Savings	8,350	-
Debt Service	215,788	-
Ionization Plant Account	165,842	-
Sanitary Sewer Construction Project	242,912	-
OWRB Construction Project	3,295,350	-
Total	\$ 4,100,936	\$ 112,055

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4. Receivables

Primary Government Accounts Receivables:

Accounts receivable of the business-type activities consists of customer utilities receivable. Accounts receivable of the governmental activities consists of police fines, ambulance fees, and other receivables. Receivables detail at December 31, 2015, is as follows:

	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
<i>Governmental Activities:</i>			
Court fines	\$ 201,670	\$ (90,751)	\$ 110,919
Ambulance fees	2,658,419	(2,385,327)	273,092
Other receivables	166,454	-	166,454
Total Governmental Activities	\$ 3,026,543	\$ (2,476,078)	\$ 550,465
 <i>Business-Type Activities:</i>			
Utilities	\$ 463,920	\$ (87,169)	\$ 376,751
Other receivables	314	-	314
	\$ 464,234	\$ (87,169)	\$ 377,065

5. Capital Assets and Depreciation

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. A capitalization threshold of \$1,000 is used to report capital assets. Capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 1996. Prior to July 1, 2000, governmental funds' infrastructure assets, such as streets, bridges, drainage systems, and traffic signal systems were not capitalized. Infrastructure assets acquired with cash since July 1, 2000 are recorded at cost. Donated capital assets are recorded at their fair value at the date of donation.

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For the year ended December 31, 2015, capital assets balances changed as follows:

	Balance at January 1, 2015	Additions	Disposals	Balance at December 31, 2015
Governmental:				
Capital assets not being depreciated:				
Land	\$ 568,700	\$ -	\$ -	\$ 568,700
Construction in Progress	1,109,861	55,222	173,487	991,596
Total capital assets not being depreciated	<u>1,678,561</u>	<u>55,222</u>	<u>173,487</u>	<u>1,560,296</u>
Other capital assets:				
Buildings	396,808	-	-	396,808
Improvements	155,990	179,653	-	335,643
Infrastructure	13,642,776	-	-	13,642,776
Machinery and Equipment	4,237,477	390,635	44,608	4,583,504
Total other capital assets at historical cost	<u>18,433,051</u>	<u>570,288</u>	<u>44,608</u>	<u>18,958,731</u>
Less accumulated depreciation for:				
Buildings	282,989	10,439	-	293,428
Improvements	93,035	14,478	-	107,513
Infrastructure	12,025,491	128,553	-	12,154,044
Machinery and Equipment	2,565,151	373,342	44,608	2,893,885
Total accumulated depreciation	<u>14,966,666</u>	<u>526,812</u>	<u>44,608</u>	<u>15,448,870</u>
Other capital assets, net	<u>3,466,385</u>	<u>43,476</u>	<u>-</u>	<u>3,509,861</u>
Governmental, net capital assets	<u>\$ 5,144,946</u>	<u>\$ 98,698</u>	<u>\$ 173,487</u>	<u>\$ 5,070,157</u>
Business-Type:				
Capital assets not being depreciated:				
Land	\$ 350,567	\$ -	\$ -	\$ 350,567
Construction in Progress	1,187,583	377,032	997,627	566,988
Total capital assets not being depreciated	<u>1,538,150</u>	<u>377,032</u>	<u>997,627</u>	<u>917,555</u>
Other capital assets:				
Buildings	3,704,555	-	-	3,704,555
Machinery and Equipment	865,854	26,718	17,542	875,030
Infrastructure	9,377,721	1,093,311	-	10,471,032
Utility Property and Improvements	29,726	28,696	-	58,422
Total other capital assets at historical cost	<u>13,977,856</u>	<u>1,148,725</u>	<u>17,542</u>	<u>15,109,039</u>
Less accumulated depreciation for:				
Buildings	175,505	78,203	-	253,708
Machinery and Equipment	623,422	49,232	17,542	655,112
Infrastructure	2,960,698	353,260	-	3,313,958
Utility Property and Improvements	8,279	-	-	8,279
Total accumulated depreciation	<u>3,767,904</u>	<u>480,695</u>	<u>17,542</u>	<u>4,231,057</u>
Other capital assets, net	<u>10,209,952</u>	<u>668,030</u>	<u>-</u>	<u>10,877,982</u>
Business-Type, net capital assets	<u>\$ 11,748,102</u>	<u>\$ 1,045,062</u>	<u>\$ 997,627</u>	<u>\$ 11,795,537</u>

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The range of estimated useful lives by type of asset is as follows:

- Buildings 40 years
- Machinery, furniture and equipment 3-10 years
- Utility property and improvements 40 years
- Infrastructure 20-50 years

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

<i>Governmental Activities:</i>		<i>Business-Type Activities:</i>	
General government	\$ 26,972	Water	\$ 343,624
Public safety	275,315	Sewer	111,166
Highways and streets	150,666	Gas	<u>25,905</u>
Culture and recreation	34,615		<u>\$ 480,695</u>
Health and welfare	27,987		
Cemetery	10,113		
Community development	<u>1,144</u>		
Total accumulated depreciation	<u>\$ 526,812</u>		

The following capital assets were purchased by capital lease. The table discloses the amount capitalized and the related depreciation expense through December 31, 2015.

<u>Date</u>	<u>Capital Asset</u>	<u>Amount</u>	<u>Accumulated Depreciation</u>
<i>Machinery and Equipment:</i>			
12/22/2008	Pumper	\$ 173,769	\$ 99,497
12/22/2008	Pumper	173,769	99,497
12/22/2008	Rescue Truck	168,536	96,500
12/22/2008	Tanker	147,816	84,637
10/28/2010	Schrock Park Lights	134,695	34,117
12/28/2010	Pot Hole Patch Truck	131,769	66,495
9/28/2010	ACO Truck	37,211	33,566
7/27/2012	Radio equipment	200,000	119,653
3/4/2014	2014 Chevrolet Tahoe	30,352	10,623
		<u>\$ 1,197,917</u>	<u>\$ 644,585</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended December 31, 2015, the reporting entity's long-term debt changed as follows:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2015</u>	<u>Amount Due Within One Year</u>
<i>Governmental:</i>					
Capital lease obligation	\$ 557,592	\$ -	\$ 153,302	\$ 404,290	\$ 126,291
Accrued compensated absences	94,820	-	6,910	87,910	8,791
Total	<u>\$ 652,412</u>	<u>\$ -</u>	<u>\$ 160,212</u>	<u>\$ 492,200</u>	<u>\$ 135,082</u>
<i>Reconciliation to Statement of Net Position:</i>					
Net Pension Liability				<u>\$ 1,426,830</u>	
				<u>\$ 1,919,030</u>	
<i>Business-Type:</i>					
Notes payable	\$ 8,138,290	\$ 3,455,000	\$ 421,479	\$ 11,171,811	\$ 602,177
Grant obligation payable	23,959	-	6,250	17,709	6,250
Deposits subject to refund	244,200	38,658	24,449	258,409	51,682
Accrued compensated absences	<u>27,048</u>	<u>1,326</u>	<u>-</u>	<u>28,374</u>	<u>2,837</u>
Total	<u>\$ 8,433,497</u>	<u>\$ 3,494,984</u>	<u>\$ 452,178</u>	<u>\$ 11,476,303</u>	<u>\$ 662,946</u>

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Governmental Activities:

At December 31, 2015, the governmental long-term debt of the financial reporting entity consisted of the following:

Capital Lease Obligation:

Capital lease obligation to Sooner State Bank, payable in monthly installments of \$6,794, including principal and interest at 4.2%, final payment due August 20, 2019.	\$275,256
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Capital lease obligation to First National Bank, payable in monthly installments of \$731, including principal and interest at 4.65%, final payment due October 28, 2020.	37,773
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Capital lease obligation to First National Bank, payable in monthly installments of \$3,616, including principal and interest at 3.25%, final payment due July 27, 2017.	66,583
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Capital lease obligation to Liberty National Bank, payable in annual installments of \$6,607, including principal and interest at 2.89%, final payment due March 4, 2019.	<u>24,678</u> <u>\$404,290</u>
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Current portion	\$126,291
Non-current portion	<u>277,999</u>
Total Notes Payable	<u>\$404,290</u>

Accrued Compensated Absences:

Current portion	\$8,791
Non-current portion	<u>79,119</u>
Total Accrued Compensated Absences	<u>\$87,910</u>

The governmental capital lease obligations are paid by the General Fund. Governmental accrued compensated absences will be liquidated by the General Fund.

Business-Type Activities:

Long-term commitments payable from net revenues generated by the utility resources or other resources pledged to the City's business-type activities at December 31, 2015, includes the following:

Notes Payable:

Note payable to Sooner State Bank, original amount \$376,942, payable in monthly installments of \$6,736, including principal and interest at 3.75%, final payment due September 25, 2033.	346,777
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Note payable to Oklahoma Department of Transportation, payable in monthly installments, based on an informal repayment agreement of \$2,000 per month. 139,034

2010 Sales Tax Revenue Note dated November 1, 2010, original amount \$2,200,000, due in semi-annual principal installments each April 1 and October 1 beginning April 1, 2011, final installment due October 1, 2030 with interest at 4.0% payable semi-annually based on principal outstanding. The Note is secured by pledged sales tax. 2,055,000

2011 Utility System Revenue Note dated November 15, 2011, original amount \$2,315,000, due in annual principal installments each November 1 beginning November 1, 2013, final installment due November 1, 2031 with interest at 4.26% payable semi-annually each May 1 and November 1 based on principal outstanding. The note is secured by pledged water and sewer net revenues. 2,020,000

Utility System Revenue Note Series 2013 dated July 24, 2013, original amount \$3,550,000, due in semi-annual principal installments each February 1 and August 1, beginning February 2014, final installment due August 1, 2028 with an administration fee of .5% and interest at 3.19% payable semi-annually based on principal outstanding. The note is secured by a pledge of water and sewer revenues. 3,156,000

Utility System Revenue Note Series 2015 dated December 1, 2015, original amount \$3,455,000, due in semi-annual principal installments each May 1 and November 1, beginning May 2016, final installment due May 1, 2030 with an administration fee of 0.5% and interest rate at 2.63% payable semi-annually based on principal outstanding. The note is secured by a pledge of the water, sewer, gas and sanitation revenues. 3,455,000

Total Notes Payable \$11,171,811

Current portion \$602,177

Non-current portion 10,569,634

Total Notes Payable \$11,171,811

Refundable Grant Obligation:

Refundable Grant Obligation, interest free, to Oklahoma Dept. of Commerce, payable in monthly installments of \$521, final payment due October 1, 2018. \$17,709

Current portion \$6,250

Non-current portion 11,459

Total Refundable Grant Obligation \$17,709

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Deposits Subject to Refund:

Current portion	\$51,682
Non-current portion	<u>206,727</u>
Total Deposits Subject to Refund	<u>\$258,409</u>

Accrued Compensated Absences:

Current portion	\$2,837
Non-current portion	<u>25,537</u>
Total Accrued Compensated Absences	<u>\$28,374</u>

Payment Requirements to Maturity:

Year Ended December 31,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>			
	<u>Capital Lease Obligations</u>		<u>Grant Obligation Payable</u>		<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	126,291	14,002	6,250	-	602,177	361,460
2017	112,915	9,153	6,250	-	639,718	349,496
2018	91,736	5,162	5,209	-	666,279	328,843
2019	64,827	1,476			683,862	307,450
2020	8,521	153			706,467	285,149
2021-2025	-	-	-	-	3,847,288	1,061,879
2026-2030	-	-	-	-	3,789,246	383,824
2031-2033	-	-	-	-	<u>236,774</u>	<u>10,680</u>
Total	<u>\$404,290</u>	<u>\$29,946</u>	<u>\$17,709</u>	<u>-</u>	<u>\$11,171,811</u>	<u>\$3,088,781</u>

Interest expense was charged to functions as follows in the Statement of Activities:

Business-type activities:

General Government	\$ 97,538
Water	102,741
Wastewater	<u>85,138</u>
Total	<u>\$285,417</u>

Pledge of Future Revenues

Utility Net Revenues Pledge

The City has pledged future water and sewer net utility revenues to repay the OWRB 2013 Utility System Revenue Note of \$3,550,000. Proceeds from the note are to refund the 2008 OWRB Series Promissory Note that was used for construction of a new water treatment plant and tower. The note is payable from pledged water and sewer utility revenues of the TPWA and is payable through 2028. The total principal and interest payable for the remainder of the life of this note is \$3,880,385. Pledged water and sewer net utility revenues for the current year were \$693,123. Debt service payments in the current year totaled \$299,318 and were 43.2% of pledged water and sewer net utility revenues.

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The Authority pledged water and sanitary sewer revenues to repay the 2011 Utility System Revenue Note issued by the Authority of \$2,315,000. Proceeds from the note will be used to construct new sewer force main, a new gravity sewer line, and emergency repair to certain existing sewer mains, along with related improvements. The notes are payable from revenues of the TPWA and are payable through 2031. The total principal and interest payable for the remainder of the life of this note is \$2,826,418. Pledged water and sewer net utility revenues for the current year were \$693,123. Debt service payments in the current year totaled \$168,914 and were 24.4% of pledged water and sewer net utility revenues.

The City has pledged future water, sewer, gas and sanitation net utility revenues to repay the 2015 Utility System Revenue Note of \$3,455,000. Proceeds from the note are to construct improvements to the automated meter reading system. The note is payable from revenues of the TPWA and are payable through 2030. The total principal and interest payable for the remainder of the life of this note is \$4,178,962. Pledged net utility revenues for the current year were \$1,356,288. First payment is due March 15, 2016.

Sales Tax Pledge

The City has pledged one cent of the sales tax to repay the 2010 Sales Tax Revenue Note issued by the Authority of \$2,200,000. Proceeds from the note will be used to construct a new city hall and related improvements. The notes are payable from revenues of the TPWA and pledged sales tax if needed and are payable through 2030. The total principal and interest payable for the remainder of the life of this note is \$2,761,400. Pledged sales tax revenue for the current year was \$445,196. Debt service payments of \$185,700 for the current fiscal year were 41.7% of the pledged sales tax.

7. Net Position and Fund Balances

Net Position:

Net position as reported in the government-wide and proprietary fund financial statements is displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets, net of unexpended debt proceeds.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

The following table shows restricted net position by enabling legislation as shown on the Statement of Net Position for Governmental Activities:

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<u>Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Street & Alley Fund	Enabling legislation - Sales tax ordinance	<u>\$ 248,023</u>
Capital Improvement Fund	Enabling legislation - Capital improvement fee ordinance	<u>\$ 436,023</u>

c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

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

Fund Balances:

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 (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws 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.
- 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 the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The following tables show the fund balance classifications as shown in the Governmental Funds Balance Sheet and the Proprietary Fund Statement of Net Position:

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	General Fund	Street & Alley Fund	Capital Improvement Fund	Other Governmental Fund	Total
Fund Balance:					
Nonspendable:					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 26,781	\$ 26,781
Restricted For:					
Street Sales Tax	-	248,023	-	-	248,023
Cemetery capital	65,139	-	-	-	65,139
Capital Improvement	-	-	436,023	-	436,023
Cemetery Perpetual Care Interest	-	-	-	13,787	13,787
Jason White Donation	-	-	-	224	224
Sub-total Restricted	<u>65,139</u>	<u>248,023</u>	<u>436,023</u>	<u>14,011</u>	<u>763,196</u>
Assigned to:					
Cemetery Capital	<u>156,317</u>	-	-	-	<u>156,317</u>
Sub-total Assigned	<u>156,317</u>	-	-	-	<u>156,317</u>
Unassigned (deficit)	625,372	-	-	(4,296)	621,076
Total Fund Balance	<u>\$ 846,828</u>	<u>\$ 248,023</u>	<u>\$ 436,023</u>	<u>\$ 36,496</u>	<u>\$ 1,567,370</u>

Enterprise Funds:

Restricted For Debt Service	\$ 215,788
Total Enterprise Fund Restrictions	<u>\$ 215,788</u>

Net position was restated due to the implementation of GASB Statements 68 & 71 as follows:

	<u>Government-Wide</u>
	<u>Governmental Activities</u>
Beginning net position, as previously reported	\$ 5,917,396
Implementation of GASB Pension Statements 68 & 71, recognition of beginning net pension liability, deferred inflows and deferred outflows	(1,585,542)
Beginning net position, restated	<u>\$ 4,331,854</u>

8. Sales Tax Revenue

Sales tax revenue represents a four cent tax on each dollar of taxable sales within the City. Three cents is received and recorded in the General Fund and one cent is received and recorded in the Street and Alley Fund for operations and capital per Ordinance 176 passed by voters effective on and after October 15, 1981.

9. 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. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

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Transfers:

Internal transfers between funds and activities for the year ended December 30, 2015 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose of Transfer</u>
TPWA	General Fund	280,000	Operating transfer
Total		<u>\$ 280,000</u>	
Reconciliation to Fund Financial Statements:			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 280,000	\$ -	\$ 280,000
Proprietary Funds	-	(281,844)	(281,844)
	<u>\$ 280,000</u>	<u>\$ (281,844)</u>	<u>(1,844)</u>
Reconciliation to Statement of Activities:			
Net transfers	\$ 280,000		
Transfer of capital asset	1,844		
	<u>\$ 281,844</u>		

Balances:

Interfund receivable and payables at June 30, 2015 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Internal Balance</u>
CDBG Fund	General Fund	4,296	To cover negative cash
TPWA	General Fund	93,087	To reclassify EMS collections
General Fund	Street and Alley Fund	1,827	To correct posting
General Fund	TPWA	65,059	To correct posting
Total		<u>\$ 164,269</u>	
Reconciliation to Fund Financial Statements:			
	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$ 99,210	\$ (71,182)	\$ 28,028
Proprietary Funds	65,059	(93,087)	(28,028)
Total	<u>\$ 164,269</u>	<u>\$ (164,269)</u>	<u>\$ -</u>

10. 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; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability, Fleet Coverage, and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool.
- Fire Department Vehicles – Covered through participation in the Risk Management Division of the Department of Central Services, State of Oklahoma self-insurance pool.
- Workers' Compensation – Workers' compensation is covered through purchase of commercial insurance – CompSource Oklahoma.
- Employee's Group Health and Life – Covered through participation in the Oklahoma Municipal Assurance Group risk entity pool.

The City's risk is transferred to the risk entity pool except for claim deductible amounts. The risk pool maintains deposits for claims reserves and other purposes for the benefit of the city. Management believes such insurance coverage listed above is sufficient to preclude any significant uninsured losses to the City, and such claims have not exceeded the coverage over the past three fiscal years.

11. Contingencies

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.

12. Employee Retirement Plan Participation

The City participates in five employee retirement plans:

Oklahoma Firefighter's Pension – Statewide Cost Sharing Plan

Plan description - The City of Tuttle, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes 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

Summary Significant Accounting Policies - For purposes of measuring the 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) and additions to/deductions from FPRS's fiduciary net position have been determined on the same basis as they are reported by FPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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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 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.

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. Contributions to the pension plan from the City were \$58,879. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$145,308 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$122,061. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015, the City reported a liability of \$1,420,017 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was .1338%.

For the year ended December 31, 2015, the City recognized pension expense of \$128,357. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 28,055	\$ -
Net difference between projected and actual earnings on pension plan investments	50,340	156,192
Changes in proportion and differences between City contributions and proportionate share of contributions	42,633	-
City contributions during measurement date	-	1,561
City contributions subsequent to the measurement date	33,534	-
Total	<u>\$ 154,562</u>	<u>\$ 157,754</u>

The \$33,534 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 December 31, 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:

2016	(25,112)
2017	(25,112)
2018	(25,112)
2019	26,952
2020	9,183
Thereafter	2,478

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
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, 2015, 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, 2015, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	5.13%
Domestic equity	37%	8.02%
International equity	20%	9.49%
Real estate	10%	7.47%
Other assets	13%	6.25%

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 employers 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%)
Employers' net pension liability	\$ 1,843,744	\$ 1,420,017	\$ 1,064,636

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.

Oklahoma Police Pension – Statewide Cost Sharing Plan

Plan description - The City of Tuttle, 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). 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

Summary of significant accounting policies - For purposes of measuring the 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 (OPPRS) and additions to/deductions from OPPRS's fiduciary net position have been determined on the same basis as they are reported by OPPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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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 considered.

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.

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 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$61,399. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$61,098 this is reported as both a revenue and an expenditure in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$59,300. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At December 31, 2015, the City reported a liability of \$6,813 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2015. 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, 2015. Based upon this information, the City's proportion was .1671%.

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For the year ended December 31, 2015, the City recognized pension expense of \$29,839. At December 31, 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		\$ 37,673
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	122,085	148,301
Changes in proportion and differences between City contributions and proportionate share of contributions	21,366	-
City contributions during measurement date	-	711
City contributions subsequent to the measurement date	32,246	-
Total	\$ 175,697	\$ 186,685

The \$32,246 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 December 31, 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:

2016	(23,512)
2017	(23,512)
2018	(23,512)
2019	26,812
2020	489
Thereafter	-

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2015, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

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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 actuarial assumptions used in the July 1, 2015, 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, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	2.24%
Domestic equity	4.87%
International equity	7.68%
Real estate	5.47%
Private Equity	5.80%
Commodities	2.96%

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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers 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:

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	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 409,371	\$ 6,813	\$ (332,572)

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 .

City of Tuttle Defined Contribution Plan

The City has provided effective February 1, 2004, a money purchase pension plan and trust known as the City of Tuttle Pension Plan (the “Plan”). The Plan is administered by the City and plan assets are supervised by Ameritas Retirement Plans. The defined contribution plan is available to all full-time employees who are not already participating in the fire or police pension plan. If an employee terminates before becoming fully vested, the employer’s contributions are forfeited and may be used to reduce the City’s current period contribution requirements. The authority to establish and amend the provisions of the Plan rests with the City Council. The City contributes 6% of the employee’s gross wages. Employees cannot contribute to this plan.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employer Contribution</u>
12/31/13	\$50,692
12/31/14	\$50,836
12/31/15	\$55,062

City of Tuttle Deferred Compensation Plan (457)

The City has provided effective July 1, 2001 a deferred compensation plan known as the City of Tuttle Deferred Compensation Plan (457) (the “Plan”). The Plan is administered by the City and the plan assets are supervised by Ameritas Retirement Plans. The deferred compensation plan is available to all employees. The City does not contribute to this plan, only participating employees can make contributions. The authority to establish and amend the provisions of the Plan rests with the City Council.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employee Contributed</u>
12/31/13	\$8,495
12/31/14	\$8,088
12/31/15	\$10,344

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City of Tuttle City Manager Defined Contribution Plan

The City has provided effective January 12, 2009, a money purchase plan and trust to be known as the City of Tuttle City Manager Retirement Plan (the “Plan”) in the form of the ICMA Retirement Corporation Government Money Purchase Plan and Trust available only to the city manager. The Plan is administered by ICMA Retirement Corporation. According to the Plan, the City is required to contribute 13% of earnings while the city manager is required to contribute 8% of earnings for the Plan year. The Plan administrator notifies the City of any amendments to the Plan.

Schedule of Retirement Plan Contributions – Defined Contribution Plan

<u>Fiscal Year</u>	<u>Employer Contribution</u>	<u>Employee Contributed</u>
12/31/13	\$10,755	\$6,619
12/31/14	\$10,434	\$6,421
12/31/15	\$11,758	\$7,235

13. Use of Estimates

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

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Budgetary Comparison Schedules – Year Ended December 31, 2015

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 280,000	\$ 280,000	\$371,889	\$91,889
Resources (Inflows):				
Taxes	1,697,250	1,697,250	1,674,458	(22,792)
Intergovernmental	77,282	297,279	243,171	(54,108)
Charges for services	686,000	683,500	661,065	(22,435)
Fines and forfeitures	215,000	215,000	213,173	(1,827)
Licenses and permits	55,000	59,000	56,214	(2,786)
Investment Income	6,000	6,000	5,900	(100)
Miscellaneous	40,100	106,404	188,423	82,019
Transfers In	319,000	319,000	280,000	(39,000)
Total Resources (Inflows)	<u>3,095,632</u>	<u>3,383,433</u>	<u>3,322,404</u>	<u>(61,029)</u>
Amounts available for appropriation	<u>\$3,375,632</u>	<u>\$3,663,433</u>	<u>\$3,694,293</u>	<u>\$30,860</u>
Charges to Appropriations (Outflows):				
Finance	119,500	122,000	121,584	416
Administration	241,000	238,500	219,512	18,988
General government	505,500	536,421	264,758	271,663
Emergency medical services	340,000	390,000	379,082	10,918
Police	855,000	855,000	819,517	35,483
Parks	87,000	136,050	123,743	12,307
Fire	723,000	753,742	723,227	30,515
Community development	83,500	99,500	93,390	6,110
Animal Welfare	65,000	65,000	42,129	22,871
Emergency management	101,782	111,308	93,942	17,366
E911	211,000	211,000	181,558	29,442
Municipal Court	43,000	43,000	31,697	11,303
Total Charges to Appropriations	<u>3,375,282</u>	<u>3,561,521</u>	<u>3,094,139</u>	<u>467,382</u>
Ending Budgetary Fund Balance	<u>\$ 350</u>	<u>\$ 101,912</u>	<u>\$ 600,154</u>	<u>\$498,242</u>

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Budgetary Comparison Schedules – Year Ended December 31, 2015 (Cont.)

	STREET & ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 113,500	\$ 113,500	\$129,308	\$15,808
Resources (Inflows):				
Taxes	449,400	449,400	445,196	(4,204)
Intergovernmental	52,000	52,000	136,127	84,127
Investment income	2,000	2,000	2,317	317
Miscellaneous	19,100	19,100	21,620	2,520
Total Resources (Inflows)	522,500	522,500	605,260	82,760
Amounts available for appropriation	636,000	636,000	734,568	98,568
Charges to Appropriations (Outflows):				
Streets	636,000	636,000	486,644	149,356
Total Charges to Appropriations	636,000	636,000	486,644	149,356
Ending Budgetary Fund Balance	\$ -	\$ -	\$247,924	\$247,924

Footnotes to Budgetary Comparison Schedules:

1. The City prepares its budgets for all funds on the modified accrual basis of accounting with the exception of certain expenditures and revenues related to on-behalf payments for police and fire pensions and capital leases. For budgetary purposes expenditures are recorded in the period the invoice is received. All unexpended encumbrances lapse at year-end and therefore are not recorded as expenditures for budgetary purposes. The Capital Improvement Fund, even though it is considered a major fund, is a capital project fund and is not required to have a budget vs. actual presented.

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.

3. The budgetary basis differs from the modified accrual basis as shown below:

	General Fund
Total revenue - budgetary basis	\$ 3,322,404
Total expenses - budgetary basis	(3,094,139)
Change in fund balance - budgetary basis	228,265
Revenue accruals	272,193
Expenditure accruals	(246,975)
Change in fund balance - GAAP basis	\$ 253,483

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**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF TUTTLE'S 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	0.133800%
City's proportionate share of the net pension liability	\$ 1,420,017
City's covered-employee payroll	\$ 422,407
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	336%
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.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	<u>2015</u>
Statutorially required contribution	\$ 58,879
Contributions in relation to the statutorially required contribution	<u>58,879</u>
Contribution deficiency (excess)	<u>\$ -</u>
City's covered-employee payroll	\$ 422,407
Contributions as a percentage of covered-employee payroll	13.94%

Notes to Schedule:

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

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**Schedules of Required Supplementary Information
SCHEDULE OF THE CITY OF TUTTLE PORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years***

	2015
City's proportion of the net pension liability	0.1671%
City's proportionate share of the net pension liability	\$ 6,813
City's covered-employee payroll	\$ 482,190
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-(1.41%)
Plan fiduciary net position as a percentage of the total pension liability	101.53%

*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.

**SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years**

	2015
Statutorily required contribution	\$ 62,503
Contributions in relation to the statutorially required contribution	62,503
Contribution deficiency (excess)	\$ -
City's covered-employee payroll	\$ 482,190
Contributions as a percentage of covered-employee payroll	12.96%

Notes to Schedule:

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

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OTHER SUPPLEMENTARY INFORMATION

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Combining Balance Sheet – Nonmajor Governmental Funds – December 31, 2015

	<u>CDBG Grant Fund</u>	<u>Jason White Tribute Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 224	\$ 39,433	\$ 39,657
Investments	-	-	1,135	1,135
Total assets	<u>\$ -</u>	<u>\$ 224</u>	<u>\$ 40,568</u>	<u>\$ 40,792</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 4,296	\$ -	\$ -	\$ 4,296
Total liabilities	<u>4,296</u>	<u>-</u>	<u>-</u>	<u>4,296</u>
Fund balances:				
Nonspendable	-	-	26,781	26,781
Restricted	-	224	13,787	14,011
Unassigned (deficit)	(4,296)	-	-	(4,296)
Total fund balances	<u>(4,296)</u>	<u>224</u>	<u>40,568</u>	<u>36,496</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 224</u>	<u>\$ 40,568</u>	<u>\$ 40,792</u>

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds – Year Ended December 31, 2015

	<u>CDBG Grant Fund</u>	<u>Jason White Tribute Fund</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	1	17	18
Total revenues	<u>-</u>	<u>1</u>	<u>17</u>	<u>18</u>
EXPENDITURES				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>1</u>	<u>17</u>	<u>18</u>
Net change in fund balances	-	1	17	18
Fund balances - beginning	(4,296)	223	40,551	36,478
Fund balances - ending	<u>\$ (4,296)</u>	<u>\$ 224</u>	<u>\$ 40,568</u>	<u>\$ 36,496</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Combining Balance Sheet – General Fund Accounts – December 31, 2015

	General Fund Account	Cemetery Account	Total General Fund Accounts
ASSETS			
Cash and cash equivalents	\$ 255,185	\$ 221,874	\$ 477,059
Receivable from other governments	266,098	-	266,098
Due from other funds	97,383	-	97,383
Court fines receivable, net	110,919	-	110,919
Ambulance receivable, net	273,092	-	273,092
Other receivables	145,123	-	145,123
Total assets	\$ 1,147,800	\$ 221,874	\$ 1,369,674
 LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 57,614	\$ -	\$ 57,614
Accrued payroll payable	21,166	418	21,584
Due to other funds	66,886	-	66,886
Other payables	55,000	-	55,000
Total liabilities	200,666	418	201,084
Deferred inflows of resources:			
Deferred revenue	321,762	-	321,762
Fund balances:			
Restricted	-	65,139	65,139
Assigned	-	156,317	156,317
Unassigned	625,372	-	625,372
Total fund balances	625,372	221,456	846,828
Total liabilities, deferred inflows and fund balances	\$ 1,147,800	\$ 221,874	\$ 1,369,674

CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts – Year Ended December 31, 2015

	General Fund Account	Cemetery Account	Total General Fund Accounts
REVENUES			
Taxes	\$ 1,676,220	\$ -	\$ 1,676,220
Intergovernmental	424,271	-	424,271
Licenses and permits	56,214	-	56,214
Charges for services	742,306	58,695	801,001
Fees and fines	221,259	-	221,259
Investment earnings	5,900	4,055	9,955
Miscellaneous	188,427	9,778	198,205
Total revenues	<u>3,314,597</u>	<u>72,528</u>	<u>3,387,125</u>
EXPENDITURES			
Current:			
General government	610,148	-	610,148
Public safety	1,960,595	-	1,960,595
Health and welfare	448,724	-	448,724
Culture and recreation	123,236	-	123,236
Community development	133,608	-	133,608
Cemetery	-	33,335	33,335
Capital outlay	58,146	41,305	99,451
Debt service:			
Principal	5,674	-	5,674
Interest and other charges	983	-	983
Total expenditures	<u>3,341,114</u>	<u>74,640</u>	<u>3,415,754</u>
Excess (deficiency) of revenues over expenditures	<u>(26,517)</u>	<u>(2,112)</u>	<u>(28,629)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>280,000</u>	-	<u>280,000</u>
Total other financing sources and uses	<u>280,000</u>	-	<u>280,000</u>
Net change in fund balances	253,483	(2,112)	251,371
Fund balances - beginning	371,889	223,568	595,457
Fund balances - ending	<u>\$ 625,372</u>	<u>\$ 221,456</u>	<u>\$ 846,828</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Combining Schedule of Net Position – Tuttle Public Works Authority Accounts – December 31, 2015

	<u>TPWA</u>	<u>TPWA Wastewater Account</u>	<u>TPWA Springwood Acres</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 59,772	\$ -	\$ 45,664	\$ 105,436
Restricted:				
Cash and cash equivalents	3,935,094	165,842	-	4,100,936
Investments	112,055	-	-	112,055
Due from other funds	65,059	-	-	65,059
Accounts receivable, net	373,434	-	3,317	376,751
Other receivables	314	-	-	314
Total current assets	<u>4,545,728</u>	<u>165,842</u>	<u>48,981</u>	<u>4,760,551</u>
Non-current assets:				
Capital assets:				
Land and construction in progress	917,555	-	-	917,555
Other capital assets, net of accumulated depreciation	6,853,451	4,024,531	-	10,877,982
Total non-current assets	<u>7,771,006</u>	<u>4,024,531</u>	<u>-</u>	<u>11,795,537</u>
Total assets	<u>12,316,734</u>	<u>4,190,373</u>	<u>48,981</u>	<u>16,556,088</u>
LIABILITIES				
Current liabilities:				
Accounts payable	140,323	-	1,287	141,610
Salaries payable	5,861	-	-	5,861
Accrued interest payable	82,788	-	-	82,788
Due to other funds	93,087	-	-	93,087
Payable to other governments	313	-	-	313
Unearned revenue	2,300	-	-	2,300
Deposits subject to refund	51,682	-	-	51,682
Compensated absences	2,837	-	-	2,837
Refundable grant obligations	6,250	-	-	6,250
Notes payable	602,177	-	-	602,177
Total current liabilities	<u>987,618</u>	<u>-</u>	<u>1,287</u>	<u>988,905</u>
Non-current liabilities:				
Deposits subject to refund	206,727	-	-	206,727
Compensated absences	25,537	-	-	25,537
Refundable grant obligations	11,459	-	-	11,459
Notes payable	10,569,635	-	-	10,569,635
Total non-current liabilities	<u>10,813,358</u>	<u>-</u>	<u>-</u>	<u>10,813,358</u>
Total liabilities	<u>11,800,976</u>	<u>-</u>	<u>1,287</u>	<u>11,802,263</u>
NET POSITION				
Net investment in capital assets	81,051	4,190,373	-	4,271,424
Restricted for debt service	215,788	-	-	215,788
Unrestricted	218,919	-	47,694	266,613
Total net position	<u>\$ 515,758</u>	<u>\$ 4,190,373</u>	<u>\$ 47,694</u>	<u>\$ 4,753,825</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

**Combining Schedule of Revenues, Expenses and Changes in Net Position - Tuttle Public Works
Authority Accounts – Fiscal Year Ended December 31, 2015**

	<u>TPWA</u>	<u>TPWA Wastewater Account</u>	<u>TPWA Springwood Acres</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services:				
Water	\$ 990,121	\$ -	\$ 25,577	\$ 1,015,698
Sewer	213,273	-	-	213,273
Gas	876,164	-	-	876,164
Sanitation	746,367	-	-	746,367
Rents and royalties	17,548	-	-	17,548
Miscellaneous	50,625	-	-	50,625
Total operating revenues	<u>2,894,098</u>	<u>-</u>	<u>25,577</u>	<u>2,919,675</u>
OPERATING EXPENSES				
General government	498,474	-	-	498,474
Administration	107,450	-	-	107,450
Water	477,845	-	3,547	481,392
Wastewater	32,426	-	-	32,426
Sanitation	399,853	-	-	399,853
Gas	559,513	-	-	559,513
Depreciation	480,693	-	-	480,693
Total operating expenses	<u>2,556,254</u>	<u>-</u>	<u>3,547</u>	<u>2,559,801</u>
Operating income	<u>337,844</u>	<u>-</u>	<u>22,030</u>	<u>359,874</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	4,660	35	-	4,695
Miscellaneous revenue	31,134	-	-	31,134
Interest expense	(285,417)	-	-	(285,417)
Total non-operating revenue (expenses)	<u>(249,623)</u>	<u>35</u>	<u>-</u>	<u>(249,588)</u>
Income before contributions and transfers	<u>88,221</u>	<u>35</u>	<u>22,030</u>	<u>110,286</u>
Capital contributions	219,645	-	-	219,645
Transfers out	(281,844)	-	-	(281,844)
Change in net position	<u>26,022</u>	<u>35</u>	<u>22,030</u>	<u>48,087</u>
Total net position - beginning	489,736	4,190,338	25,664	4,705,738
Total net position - ending	<u>\$ 515,758</u>	<u>\$ 4,190,373</u>	<u>\$ 47,694</u>	<u>\$ 4,753,825</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Schedule of Expenditures of Federal Awards – For Year Ended December 31, 2015

Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA Number	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>U.S. DEPARTMENT OF JUSTICE:</u>				
Passed through Bureau of Justice Assistance:				
Justice Assistance Grant	16.607	BVP	\$ 1,245	\$ 1,245
Passed through Oklahoma Highway Safety Office:				
Traffic Enforcement	20.600	PT-16-03-21-04	13,000	270
Occupant Protection Incentive Grants	20.600	AL-15-03-08-03	13,000	5,220
Subtotal 20.600			<u>26,000</u>	<u>5,490</u>
Total U.S. Department of Justice			<u>\$ 27,245</u>	<u>\$ 6,735</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>				
Passed through Oklahoma State Department of Health:				
Hospital Preparedness Program	93.889	National Bioterrorism Program - 19045 14-15	\$ 4,000	\$ 4,000
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Passed through Oklahoma Emergency Management:				
FEMA - May 2015 Flooding	97.036	FEMA 4222 PW 00777	14,611	14,611
FEMA - May 2015 Flooding	97.036	FEMA 4222 PW 01173	66,878	8,745
FEMA - May 2015 Flooding	97.036	FEMA 4222 PW 01175	12,462	12,462
FEMA - May 2015 Flooding	97.036	FEMA 4222 PW 01172	62,293	42,607
Subtotal 97.036			<u>156,244</u>	<u>78,425</u>
Assistance to firefighters grant	97.044	EMW-2013-FO-06986	152,298	43,782
Emergency Management Performance (SLA)	97.042	EMPG 16	10,000	2,500
Emergency Management Performance (SLA)	97.042	EMPG 15	10,000	10,000
Subtotal 97.042			<u>20,000</u>	<u>12,500</u>
Total U.S. Department of Homeland Security			<u>\$ 328,542</u>	<u>\$ 134,707</u>
<u>U.S. DEPARTMENT OF INTERIOR NATIONAL PARK SERVICE:</u>				
Passed through Oklahoma Department of Tourism:				
Land and Water Conservation Fund	15.916	40-01191	\$ 137,500	\$ 31,751
Total Federal Awards			<u>\$ 497,287</u>	<u>\$ 177,193</u>

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Footnotes to Schedule of Expenditures of Federal Awards:

1. The Schedule of Expenditures of Federal Awards is prepared on a modified accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.
2. The City has not been notified of any noncompliance with the federal or state award requirements. Any liability for reimbursement which may arise as a result of these audit cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

Debt Service Coverage Schedule – December 31, 2015

	<u>2013 OWRB NOTE</u>	<u>2015 OWRB NOTE</u>
Gross Revenue Available for Debt Service:		
Operating revenues :		
Water	\$990,121	\$990,121
Sewer	213,273	213,273
Gas	-	876,164
Sanitation	-	746,367
	<u> </u>	<u> </u>
Total gross revenues available	<u>\$1,203,394</u>	<u>\$2,825,925</u>
Authority operating expenses (1):		
Water	477,845	477,845
Wastewater	32,426	32,426
Gas	-	559,513
Sanitation	-	399,853
	<u> </u>	<u> </u>
Total operating expenses	<u>510,271</u>	<u>1,469,637</u>
Net Revenues Available for Debt Service	<u>\$693,123</u>	<u>\$1,356,288</u>
Average Annual Debt Service Requirements for Term:		
Maximum annual debt service requirements-OWRB	<u>\$291,386</u>	<u>\$296,832</u>
Total maximum annual debt service	<u>\$291,386</u>	<u>\$296,832</u>
Computed Coverage	<u>2.38</u>	<u>4.57</u>
Coverage Requirement - Note Indenture	<u>1.25</u>	<u>1.25</u>

(1) Excludes amortization and depreciation.

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

INTERNAL CONTROL AND COMPLIANCE INFORMATION

**CITY OF TUTTLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended December 31, 2015**

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CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the City Council
City of Tuttle, Oklahoma

We have audited 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, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Tuttle, Oklahoma, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 6, 2016.

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 auditing 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency described in the accompanying Schedule of Findings and Responses that we consider to be significant deficiencies: 15-1, 15-2, 15-3, and 15-4.

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 an instance of noncompliance or other matters that is required to be reported

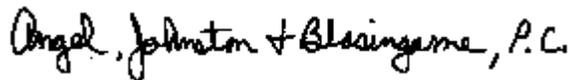
under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 15-1, 15-2, 15-3 and 15-4.

City of Tuttle's Responses to Findings

The City's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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



Chickasha, Oklahoma
July 6, 2016

CITY OF TUTTLE, OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATION
Year Ended December 31, 2015

- 15-1. Criteria – Purchase orders are to be used to initiate the purchasing process and an original invoice should be included with the purchase order. The purchase order should be signed by the encumbrance clerk to verify budgeted funds are available; original invoices should be signed and dated verifying the receipt of goods or services.

Condition – In our expenditure testing we noted eleven of thirty-four purchase orders tested were prepared after date of invoice, one original invoice could not be located, however a copy was provided by the vendor. Also, one purchase was made online and a copy of the invoice was provided and on two of thirteen accounts payable purchases tested the original invoice and the original purchase order could not be located, duplicates were provided.

Cause and Effect – Lack of consistently following procedures to properly implement state purchasing laws.

Recommendation – The Town needs to follow proper purchase order procedures.

Management response – Management agrees.

- 15-2. Criteria – In order to comply with state statues and good internal control all funds received should be deposited daily.

Condition – During our testing we noted gas and meter deposits received were deposited only once during the month. Twice during the month tested deposits were made one to three days after funds received and one time the funds received were deposited to the wrong bank account. This was subsequently transferred to the correct account.

Cause and Effect – Not following appropriate procedures to insure deposits are made timely increases the potential for fraud.

Recommendation – The City should make daily deposits for all types of receipts regardless of amounts or purpose.

Management response – Management agrees.

- 15-3. Criteria – Per the City’s Employee Handbook the maximum vacation to be paid upon termination of an employee is 200 hours.

Condition – One employee was paid 280 hours for accrued vacation upon termination.

Cause and Effect – Not following employee policy and procedure created an overpayment of payroll and related expenses.

Recommendation – The City should follow all established employment policies and procedures to avoid overpayments of expenses and potential for future terminated employees to expect additional payments of accrued vacation.

Management response – Management agrees.

CITY OF TUTTLE, OKLAHOMA
SCHEDULE OF FINDINGS AND RECOMMENDATION
Year Ended December 31, 2015

15-4. Criteria – All budget amendments should be appropriately identified, approved and maintained.

Condition – Not all budget amendments could be located. However, of the unlocated budget amendments only one was not inter-departmental. The budgets amendments are approved by the council but, the amendments were not identified by number or amounts. This makes it difficult to verify which amendments the council.

Cause and Effect – Not maintaining approved budget amendments creates the potential for budget changes to be made without appropriate approval.

Recommendation – The City should appropriately identify, approve and maintain all budget amendments.

Management response – Management agrees.

**CITY OF TUTTLE, OKLAHOMA
DISPOSITION OF PRIOR YEAR FINDINGS
Year Ended December 31, 2015**

Deficiencies of Internal Control, Compliance and Other Matters

14-1. Criteria – Contractors on federal grant programs are to comply with the Davis Bacon Act.

Condition – On the CDBG grant there was one employee that for a two week period was shown to be paid below the prevailing wage rate for his classification of work. Also one employee interviewed was shown to be paid below the prevailing wage based on his job classification. Both of these instances were not caught in the City’s monitoring procedures. On the Safe Routes to School (SRTS) program there were no contractor employee interviews performed.

Disposition - This was not noted in the current year and the employees were reimbursed through payroll for the amounts they were under paid.

14-2. The SRTS grant requires compliance with the “Reporting under the Transparency Act”.

Condition – The City of Tuttle did none of the reporting required under the “Transparency Act”.

Disposition - This was not noted in the current year.