



CITY OF WARR ACRES, OKLAHOMA

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

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2023**

**THE CITY OF WARR ACRES,
OKLAHOMA**

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

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ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended DECEMBER 31, 2023

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**CITY OF WARR ACRES, OKLAHOMA
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinions

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. Our responsibilities under those standards are further described in Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2024, 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 solely 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 effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Arledge & Associates PC

Oklahoma City, Oklahoma

July 25, 2024



CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023**

The management of the City of Warr Acres (the “City”) is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the City’s financial condition and activities as of and for the fiscal year ended December 31, 2023. Management of the City is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The City reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the City’s total net position decreased by \$70,670 and the assets of the City exceed its liabilities at December 31, 2023, by \$12,870,062 (net position). Of this amount, \$5,264,036 (unrestricted net position) is available to meet the government’s ongoing needs.
- At December 31, 2023, the City’s governmental funds reported combined ending fund balances on a modified cash basis of \$12,870,062.
- At December 31, 2023, the unassigned fund balance of the General Fund on a modified cash basis was \$25,719; the General Fund also has a fund balance of \$2,594,419 or 27.9% of annual General Fund revenues assigned for other purposes.

ABOUT THE CITY

The City of Warr Acres is an incorporated municipality with a population of approximately 10,371 located in Oklahoma County in central Oklahoma. The City is a Mayor/Council form of government. Under this form of government, the City is governed by the Mayor and an eight-member City Council and operates under state law and City ordinances through the three branches of democratic government:

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

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

The City’s Financial Reporting Entity

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

- **The City of Warr Acres** – an incorporated City that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the City – *reported as part of the primary government*

CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the City as a Whole

The Statement of Net Position and Statement of Activities

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

CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT’S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 22-34 of this report.

Supplementary and Other Information

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

CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023

THE CITY AS A WHOLE

For the year ended December 31, 2023, net position on a modified cash basis for the governmental activities decreased \$70,670 or 0.5%.

The City of Warr Acres' Net position (Modified Cash Basis)
December 31, 2023

	Governmental Activities	
	2023	2022
Beginning net position	\$ 12,940,732	\$ 11,619,222
Increase (Decrease)	(70,670)	1,321,510
Ending net position	\$ 12,870,062	\$ 12,940,732

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

	Governmental Activities		% Inc. (Dec.)
	2023	2022	
Assets:			
Current and other assets	\$ 13,038,157	\$ 13,104,659	-1%
Total assets	13,038,157	13,104,659	-1%
Liabilities:			
Other liabilities	168,095	163,927	3%
Total liabilities	168,095	163,927	3%
Net position:			
Restricted	7,606,026	7,578,824	0%
Unrestricted	5,264,036	5,361,908	-2%
Total net position	\$ 12,870,062	\$ 12,940,732	-1%

CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023

The City of Warr Acres' Revenues, Expenses and Changes in Net position (MCB)
Year Ended December 31, 2023

	Governmental Activities		% Inc. (Dec.)
	2023	2022	
Revenues:			
Program revenues:			
Charges for Services	\$ 3,336,797	\$ 3,264,442	2%
Grants & Contributions	164,912	1,036,471	-84%
General Revenues:			
Sales & Use Tax	7,893,337	7,679,265	3%
Other Taxes	1,508,352	1,542,681	-2%
Other General Revenues	799,138	1,209,668	-34%
Total Revenues	13,702,536	14,732,527	-7%
Program Expenses:			
General Government	2,422,323	2,589,151	-6%
Public Safety	6,768,953	6,791,878	0%
Highways and Streets	1,211,677	969,805	25%
Public Works	2,985,046	2,673,911	12%
Economic Development	75,512	53,413	41%
Interest on long-term debt	309,695	332,859	-7%
Total Expenses	13,773,206	13,411,017	3%
Increase (Decrease) in Net Position	(70,670)	1,321,510	105%
Beginning Net Position	12,940,732	11,619,222	11%
Ending Net Position	\$ 12,870,062	\$ 12,940,732	-1%

Other general revenues decreased due to the City's receipt of its allocation of the Coronavirus State and Local Fiscal Recovery Funds (ARPA) funds in the prior year, while the decrease in grants and contributions was due to the City's receipt of a FEMA grant in the prior year.

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	2023	2022		2023	2022	
Program Expenses:						
General Government	\$ 2,422,323	\$ 2,589,151	-6%	\$ (2,331,004)	\$ (1,546,794)	51%
Public Safety	6,768,953	6,791,878	0%	(6,460,218)	(6,529,138)	-1%
Highways and Streets	1,211,677	969,805	25%	(1,115,066)	(876,122)	27%
Public Works	2,985,046	2,673,911	12%	19,998	228,222	-91%
Economic Development	75,512	53,413	41%	(75,512)	(53,413)	41%
Interest on long-term debt	309,695	332,859	-7%	(309,695)	(332,859)	-7%
Total Expenses	13,773,206	13,411,017	3%	(10,271,497)	(9,110,104)	13%

**CITY OF WARR ACRES, OKLAHOMA
MANAGEMENT'S DISCUSSION AND ANALYSIS (OTHER INFORMATION)
As of and for the Year Ended DECEMBER 31, 2023**

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed its fiscal year ended December 31, 2023, the governmental funds reported a combined fund balance of \$12,870,062.

Other fund highlights include:

- For the year ended December 31, 2023, the General Fund's total fund balance decreased by \$281,409.

Budgetary Highlights

For the year ended December 31, 2023, the General Fund reported actual budgetary basis revenues over final estimates by \$606,600 or a 7% positive variance. General Fund actual expenditures were under final appropriations by \$1,454,503 or a 13% positive variance.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- On February 20, 2024, the City passed a resolution approving the incurrence of indebtedness by the Bethany-Warr Acres Public Works Authority, authorizing the issuance, sale and delivery of its Series 2024 Promissory Note to Oklahoma Water Resources Board, in order to finance certain wastewater system improvements, along with related costs and refinance the Authority's Utility System Revenue Note, Series 2024 dated January 10, 2024, issued in the original principal amount of \$5,000,000.

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 4301 North Ann Arbor Avenue, Warr Acres, Oklahoma 73122 or telephone at 405-789-2892.

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended DECEMBER 31, 2023

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

Statement of Net Position (Modified Cash Basis) – December 31, 2023

	<u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and cash equivalents	\$ 11,102,057
Investments	<u>1,936,100</u>
Total assets	<u>13,038,157</u>
 LIABILITIES	
Deposits subject to refund	<u>168,095</u>
Total liabilities	<u>168,095</u>
 NET POSITION	
Restricted for:	
Capital outlay	2,613,507
Public works	1,885,094
Sewer line maintenance	1,184,106
Other	1,923,319
Unrestricted	<u>5,264,036</u>
Total net position	<u>\$ 12,870,062</u>

See accompanying notes to the basic financial statements.

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

Statement of Activities (Modified Cash Basis) –Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants, Contributions, and Debt Proceeds	
Primary government					Governmental Activities
Governmental Activities					
General Government	\$ 2,422,323	\$ 91,319	\$ -	\$ -	\$ (2,331,004)
Public Safety	6,768,953	240,434	68,301	-	(6,460,218)
Highways and Streets	1,211,677	-	93,474	3,137	(1,115,066)
Public Works	2,985,046	3,005,044	-	-	19,998
Economic Development	75,512	-	-	-	(75,512)
Interest on Long-term debt	309,695	-	-	-	(309,695)
Total governmental activities	<u>13,773,206</u>	<u>3,336,797</u>	<u>161,775</u>	<u>3,137</u>	<u>(10,271,497)</u>
Total primary government	<u>\$ 13,773,206</u>	<u>\$ 3,336,797</u>	<u>\$ 161,775</u>	<u>\$ 3,137</u>	<u>\$ (10,271,497)</u>
General revenues:					
Taxes:					
Sales and use taxes					\$ 7,893,337
Franchise taxes and public service taxes					617,899
Ad valorem tax					803,362
Hotel/motel taxes					87,091
Intergovernmental revenue not restricted to specific programs					131,607
Investment income					297,397
Miscellaneous					160,434
Proceeds from debt					209,700
Total general revenues					<u>10,200,827</u>
Change in net position					(70,670)
Net position - beginning					12,940,732
Net position - ending					<u>\$ 12,870,062</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended DECEMBER 31, 2023**

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

Governmental Funds Balance Sheet (Modified Cash Basis) – December 31, 2023

	General Fund	Capital Improvement Plan Fund	Warr Acres Public Works Authority	Warr Acres Economic Development Authority	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 3,574,073	\$ 2,711,785	\$ 2,235,249	\$ 90,935	\$ 2,490,015	\$ 11,102,057
Investments	-	312,331	-	1,423,212	200,557	1,936,100
Due from other funds	263,993	-	7,730	231,903	-	503,626
Total assets	<u>\$ 3,838,066</u>	<u>\$ 3,024,116</u>	<u>\$ 2,242,979</u>	<u>\$ 1,746,050</u>	<u>\$ 2,690,572</u>	<u>\$ 13,541,783</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ 231,903	\$ -	\$ 271,723	\$ -	\$ -	\$ 503,626
Due to bondholders	2,159	-	-	-	-	2,159
Deposits subject to refund	165,936	-	-	-	-	165,936
Total liabilities	<u>399,998</u>	<u>-</u>	<u>271,723</u>	<u>-</u>	<u>-</u>	<u>671,721</u>
Fund balances:						
Restricted	817,930	2,613,507	1,885,094	-	2,289,495	7,606,026
Assigned	2,594,419	410,609	86,162	1,746,050	401,077	5,238,317
Unassigned	25,719	-	-	-	-	25,719
Total fund balances	<u>3,438,068</u>	<u>3,024,116</u>	<u>1,971,256</u>	<u>1,746,050</u>	<u>2,690,572</u>	<u>12,870,062</u>
Total liabilities and fund balances	<u>\$ 3,838,066</u>	<u>\$ 3,024,116</u>	<u>\$ 2,242,979</u>	<u>\$ 1,746,050</u>	<u>\$ 2,690,572</u>	<u>\$ 13,541,783</u>

See accompanying notes to the basic financial statements.

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances
(Modified Cash Basis) – Year Ended December 31, 2023

	General Fund	Capital Improvement Plan Fund	Warr Acres Public Works Authority	Warr Acres Economic Development Authority	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 6,603,220	\$ 986,667	\$ -	\$ 21,773	\$ 1,790,029	\$ 9,401,689
Intergovernmental	323,707	3,137	-	-	-	326,844
Licenses and permits	45,294	-	-	-	-	45,294
Charges for services	1,908,431	-	1,121,655	-	140,549	3,170,635
Fines and forfeitures	65,654	-	-	-	-	65,654
Investment income	203,563	3,978	44,546	23,212	22,098	297,397
Miscellaneous	154,178	28,945	-	2,200	-	185,323
Total revenues	<u>9,304,047</u>	<u>1,022,727</u>	<u>1,166,201</u>	<u>47,185</u>	<u>1,952,676</u>	<u>13,492,836</u>
EXPENDITURES						
Current:						
General government	2,108,413	-	-	-	5,979	2,114,392
Public Safety	5,444,553	-	-	-	862,568	6,307,121
Highways and streets	589,346	-	-	-	-	589,346
Sanitation	1,092,302	-	-	-	-	1,092,302
Economic development	-	-	-	75,512	-	75,512
Public Works	350,842	-	-	-	-	350,842
Sewer	-	-	1,142,670	-	-	1,142,670
Capital Outlay	-	758,178	236,215	-	32,514	1,026,907
Debt Service:						
Principal	-	134,419	-	-	630,000	764,419
Interest and other charges	-	10,620	-	-	299,075	309,695
Total Expenditures	<u>9,585,456</u>	<u>903,217</u>	<u>1,378,885</u>	<u>75,512</u>	<u>1,830,136</u>	<u>13,773,206</u>
Excess (deficiency) of revenues over expenditures	<u>(281,409)</u>	<u>119,510</u>	<u>(212,684)</u>	<u>(28,327)</u>	<u>122,540</u>	<u>(280,370)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt	-	-	209,700	-	-	209,700
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>209,700</u>	<u>-</u>	<u>-</u>	<u>209,700</u>
Net change in fund balances	(281,409)	119,510	(2,984)	(28,327)	122,540	(70,670)
Fund balance - beginning	3,719,477	2,904,606	1,974,240	1,774,377	2,568,032	12,940,732
Fund balance - ending	<u>\$ 3,438,068</u>	<u>\$ 3,024,116</u>	<u>\$ 1,971,256</u>	<u>\$ 1,746,050</u>	<u>\$ 2,690,572</u>	<u>\$ 12,870,062</u>

See accompanying notes to the basic financial statements.

**CITY OF WARR ACRES, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

CITY OF WARR ACRES, OKLAHOMA
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As of and for the Year Ended **DECEMBER 31, 2023**

Fiduciary Fund Statement of Net Position (Modified Cash Basis) – Custodial Funds (C.L.E.E.T Penalty Assessment Fund – December 31, 2023

	<u>State Fees</u>
ASSETS	
Cash and cash equivalents	\$ 704
Total assets	<u>704</u>
LIABILITIES	
Due to other governments	704
Total liabilities	<u>704</u>
NET POSITION	<u>\$ -</u>

Fiduciary Fund Statement of Change in Fiduciary Net Position (Modified Cash Basis) – Custodial Funds (C.L.E.E.T Penalty Assessment Fund – Year Ended December 31, 2023

	<u>State Fees</u>
ADDITIONS	
State Fees	\$ 20,536
Total additions	<u>20,536</u>
DEDUCTIONS	
State Fees	20,536
Total deductions	<u>20,536</u>
Change in net position	-
Net position - beginning	-
Net position - ending	<u>\$ -</u>

See accompanying notes to the basic financial statements

CITY OF WARR ACRES, OKLAHOMA
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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

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

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

Participation in Joint Venture

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

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

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The Bethany-Warr Acres Public Works Authority is jointly governed by the two governments. The governments do not exercise specific control over the budgeting and financing of the Authority's activities, and do not have a specified equity interest in the joint venture. For the year ended December 31, 2023, \$711,037 was remitted to the Bethany-Warr Acres Public Works Authority by the Warr Acres Public Works Authority.

The following summary is segment information from the Bethany-Warr Acres Public Works Authority's most recently issued annual audited financial report, which was for the period ended June 30, 2023:

Total Assets	\$6,565,905
Deferred Outflows	0
Total Liabilities	522,018
Deferred Inflows	0
Total Net Position	6,043,887
Total Revenues	2,274,006
Total Expenses	4,068,182
Decrease in Net position	(1,794,175)

In addition, at June 30, 2023, the Bethany-Warr Acres Public Works Authority had no debt outstanding. Separate financial statements for the fiscal year ended June 30, 2023, are available from the Finance Department, P.O. Box 219, Bethany, OK 73008-0219.

B. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

In addition, due to the use of this modified cash basis of accounting, capital asset and long-term debt transactions are excluded from reporting within the financial statements. Capital

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assets are expensed when purchased and long-term debts are reported as cash receipts when issued and received. However, information about long-term debt is disclosed in Note 8 Commitments and Contingencies.

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

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

Governmental Funds:

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

Major Funds:

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

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

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

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

All of the above noted funds are legally required to adopt annual budgets or appropriations. The public trusts (or Authorities) are not required to adopt legal annual appropriations. While

CITY OF WARR ACRES, OKLAHOMA
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each trust develops an annual budget, it is for financial management purposes and does not constitute legal appropriations.

Fiduciary Funds:

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

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

C. Cash, Cash Equivalents, and Investments

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

D. Compensated Absences

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

E. Equity Classifications

Government-Wide Statements

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

- a. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted net position* - All other net position that does not meet the definition of "restricted".

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

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Fund Statements

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

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

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

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

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	General Fund	Capital Improvement Plan	Warr Acres Economic Development	Warr Acres Public Works Authority	Sewer Line Maintenance Fund	E-911 Fund	Public Safety Sales Tax Fund	Debt Service Fund	TOTAL Governmental
Fund Balances:									
Restricted for:									
Stormwater	\$ 725,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,409
Capital Assets	-	2,613,507	-	-	-	-	-	-	2,613,507
Public Works	-	-	-	1,885,094	-	-	-	-	1,885,094
Sewer Line Maintenance	-	-	-	-	1,184,106	-	-	-	1,184,106
E-911	-	-	-	-	-	39,487	-	-	39,487
Beautification	43,255	-	-	-	-	-	-	-	43,255
Public Safety	49,266	-	-	-	-	-	223,070	-	272,336
Debt Service	-	-	-	-	-	-	-	842,832	842,832
Sub-total Restricted	817,930	2,613,507	-	1,885,094	1,184,106	39,487	223,070	842,832	7,606,026
Assigned to:									
Disaster Assistance	995,369	-	-	-	-	-	-	-	995,369
Capital Assets	-	410,609	-	-	-	-	-	-	410,609
Economic Development	-	-	1,746,050	-	-	-	-	-	1,746,050
Public Works	-	-	-	86,162	-	-	-	-	86,162
Sewer Line Maintenance	-	-	-	-	557	-	-	-	557
Public Safety	-	-	-	-	-	-	400,520	-	400,520
To Balance FY 24 Budget	1,599,050	-	-	-	-	-	-	-	1,599,050
Sub-total Assigned	2,594,419	410,609	1,746,050	86,162	557	-	400,520	-	5,238,317
Unassigned:	25,719	-	-	-	-	-	-	-	25,719
TOTAL FUND BALANCES	\$ 3,438,068	\$ 3,024,116	\$ 1,746,050	\$ 1,971,256	\$ 1,184,663	\$ 39,487	\$ 623,590	\$ 842,832	\$ 12,870,062

F. Internal and Interfund Balances and Transfers

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

2. Deposits and Investments

For the year ended December 31, 2023, the City recognized \$297,397 of investment income. Most of the City's deposits are in demand and short-term time deposits.

At December 31, 2023, the primary government held the following deposits and investments:

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Deposits:	
Petty cash	\$ 850
Demand deposits	11,101,207
Time deposits - certificates of deposit	1,936,100
Total Deposits and Investments	\$ 13,038,157
Reconciliation to Statement of Net Position:	
Cash and cash equivalents	\$ 11,102,057
Investments	1,936,100
	\$ 13,038,157

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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, 2023, the City had no custodial credit risk as defined above.

Investment Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At December 31, 2023, the investments were limited to non-negotiable time deposits.

Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market funds regulated by the SEC. These investment limitations do not apply to the City's public trusts. As of December 31, 2023, the City had no investments subject to investment credit risk.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City has no investment policy regarding concentration of credit risk. At December 31, 2023, the reporting entity had no concentration of credit risk as defined above.

3. Sales Tax Revenue

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

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4. Property Tax Levy

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

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

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

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

For the year ended December 31, 2023, the City's net assessed valuation of taxable property was \$77,691,380. The taxes levied by the City per \$1,000 of net assessed valuation for the year ended December 31, 2023 were \$10.34.

5. Interfund Balances

Balances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Nature of Interfund Balance</u>
General Fund	WAPWA	\$ 263,993	Expenditures paid by General Fund for WAPWA
WAPWA	General Fund	7,730	Epays
Economic Development Authority	General Fund	231,903	Accumulated hotel room tax
		<u>\$ 503,626</u>	

6. Risk Management

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

7. Employee Retirement Plan Participation

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

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

OFPRS

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2021	\$196,403	\$196,403
12/31/2022	206,727	206,727
12/31/2023	215,890	215,890

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

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

OPPRS

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

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<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2021	\$198,581	\$198,581
12/31/2022	205,725	205,725
12/31/2023	234,577	234,577

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

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

OkMRF Defined Benefit Plan

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

Eligibility Factors, Contribution Methods and Benefit Provisions

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

* For fiscal year 2023 the City elected, with OkMRF approval, to contribute 10% of covered payroll. This amount is less than the total required contribution rate of 9.62% given in the City's Actuarial Valuation. For several years past, the City had contributed above the required contribution rate at a rate of 16.84%.

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Actuarial Assumptions

For Plan Year July 1, 2023 (Date of Last Actuarial Valuation)

a. Actuarial Cost Method	Entry age normal
b. Rate of Return on Investments	7.25%
c. Projected Salary Increase	Rates by age
d. Post Retirement Cost-of-Living Increase	N/A
e. Inflation Rate	Separate inflation rate not available; inflation included in projected salary increase
f. Mortality	PubG-2010(projected)
g. Asset Valuation Method	Actuarial method

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2021	\$184,520	\$191,809
12/31/2022	184,358	191,641
12/31/2023	188,622	196,073

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

OkMRF Defined Contribution Plan

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>
12/31/2021	\$34,800	\$34,800
12/31/2022	36,504	36,504
12/31/2023	38,841	38,841

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

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As of and for the Year Ended December 31, 2023

8. Commitments and Contingencies

Long-term Debt Commitments:

At December 31, 2023 the City of Warr Acres reported the following as long-term debt commitments:

Governmental General Obligation Bond Payable:

\$12,000,000 General Obligation Bonds, Series 2019, due in annual installments of \$630,000 through June 1, 2038, with interest at 2.5% to 3.0% with final payment of \$660,000 due June 1, 2039, with interest at 3.0% \$ 10,110,000

Governmental Notes Payable:

\$677,958 note with PNC Equipment Finance for the purchase of a 2023 Pierce Fire Truck, issued February 2022 payments of \$145,039 annually and maturing Sept. 2027 \$ 543,538

Promisory Note with OWRB with a maximum outstanding draw of \$10,210,000, due in semiannual installments ranging from \$89,876 to \$326,380 through September 15, 2056, with an interest rate of 3.06%. Total principal drawn down and currently outstanding as of December 31, 2023 was \$209,700. 209,700

Total Notes Payable \$ 753,238

Payment Requirements to Maturity:

Year Ended December 31,	Governmental Activities			
	Note Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2024	130,581	260,547	630,000	282,825
2025	134,055	323,411	630,000	267,075
2026	137,621	319,845	630,000	251,325
2027	481,614	313,580	630,000	235,575
2028	340,333	299,408	630,000	218,250
2029-2033	1,701,667	1,340,828	3,150,000	807,750
2034-2038	1,701,667	1,080,473	3,150,000	335,250
2039-2043	1,701,667	820,118	660,000	9,900
2044-2048	1,701,667	559,763	-	-
2049-2053	1,701,667	299,408	-	-
2054-2056	1,020,999	54,677	-	-
Total	<u>\$ 10,753,538</u>	<u>\$ 5,672,058</u>	<u>\$ 10,110,000</u>	<u>\$ 2,407,950</u>
amount not drawn down	(10,000,300)			
	<u>\$ 753,238</u>			

Compensated Absences:

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at December 31, 2023 is \$550,284.

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Litigation:

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

Federal and State Award Programs:

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

9. Subsequent Events

On February 20, 2024, the City passed a resolution approving the incurrence of indebtedness by the Bethany-Warr Acres Public Works Authority, authorizing the issuance, sale and delivery of its Series 2024 Promissory Note to Oklahoma Water Resources Board, in order to finance certain wastewater system improvements, along with related costs and refinance the Authority's Utility System Revenue Note, Series 2024 dated January 10, 2024, issued in the original principal amount of \$5,000,000.

CITY OF WARR ACRES, OKLAHOMA
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SUPPLEMENTARY AND OTHER INFORMATION

CITY OF WARR ACRES, OKLAHOMA
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As of and for the Year Ended December 31, 2023

Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended December 31, 2023

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,897,952	\$ 2,383,684	\$ 2,039,871	\$ (343,813)
Resources (Inflows):				
Taxes	5,983,835	5,983,835	6,603,220	619,385
Intergovernmental	199,653	199,653	268,986	69,333
Charges for services	1,822,505	1,822,505	1,828,081	5,576
Fines and forfeitures	139,475	139,475	65,654	(73,821)
Licenses and permits	60,297	60,297	45,294	(15,003)
Investment Income	30,300	30,300	203,563	173,263
Miscellaneous	116,408	326,311	154,178	(172,133)
Total Resources (Inflows)	<u>8,352,473</u>	<u>8,562,376</u>	<u>9,168,976</u>	<u>606,600</u>
Amounts available for appropriation	<u>\$ 10,250,425</u>	<u>\$ 10,946,060</u>	<u>\$ 11,208,847</u>	<u>\$ 262,787</u>
Charges to Appropriations (Outflows):				
Managerial	18,941	18,941	18,878	63
City clerk/treasurer	600,869	600,869	524,232	76,637
Public safety	529,897	575,576	496,473	79,103
Police	2,805,742	2,842,836	2,619,060	223,776
Fire	1,967,634	2,040,211	1,963,797	76,414
Sanitation	1,108,825	1,108,825	1,092,302	16,523
Streets & Parks	726,818	1,034,683	589,346	445,337
General government	1,368,149	1,368,149	1,158,889	209,260
City attorney	95,000	95,000	60,754	34,246
Public works	369,052	624,002	350,842	273,160
Municipal court	245,190	245,190	239,520	5,670
Animal control	139,754	139,754	125,703	14,051
Garage	246,024	252,024	251,761	263
Total Charges to Appropriations	<u>10,221,895</u>	<u>10,946,060</u>	<u>9,491,557</u>	<u>1,454,503</u>
Ending Budgetary Fund Balance	<u>\$ 28,530</u>	<u>\$ -</u>	<u>\$ 1,717,290</u>	<u>\$ 1,717,290</u>

Footnotes to Budgetary Comparison Schedules:

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

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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Combining Balance Sheet – Nonmajor Funds (Modified Cash Basis) – December 31, 2023

	Special Revenue Funds				
	Public Safety Sales Tax Fund	E-911 Fund	Sewer Line Maintenance Fund	Debt Service	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 623,590	\$ 39,487	\$ 984,106	\$ 842,832	\$ 2,490,015
Investments	-	-	200,557	-	200,557
Total assets	<u>623,590</u>	<u>39,487</u>	<u>1,184,663</u>	<u>842,832</u>	<u>2,690,572</u>
 Fund balances:					
Restricted	223,070	39,487	1,184,106	842,832	2,289,495
Assigned	400,520	-	557	-	401,077
Total fund balances	<u>623,590</u>	<u>39,487</u>	<u>1,184,663</u>	<u>842,832</u>	<u>2,690,572</u>
Total liabilities and fund balances	<u>\$ 623,590</u>	<u>\$ 39,487</u>	<u>\$ 1,184,663</u>	<u>\$ 842,832</u>	<u>\$ 2,690,572</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Funds (Modified Cash Basis) – Year Ended December 31, 2023

	Special Revenue Funds				
	Public Safety Sales Tax Fund	E-911 Fund	Sewer Line Maintenance Fund	Debt Service	Total Governmental Funds
REVENUES					
Taxes	\$ 986,667	\$ -	\$ -	\$ 803,362	\$ 1,790,029
Charges for services	-	27,189	113,360	-	140,549
Investment earnings	-	-	133	21,965	22,098
Total revenues	<u>986,667</u>	<u>27,189</u>	<u>113,493</u>	<u>825,327</u>	<u>1,952,676</u>
 EXPENDITURES					
Current:					
General government	-	-	-	5,979	5,979
Public Safety	862,568	-	-	-	862,568
Debt Service:					
Principal	-	-	-	630,000	630,000
Interest and other charges	-	-	-	299,075	299,075
Capital Outlay	-	1,945	30,569	-	32,514
Total Expenditures	<u>862,568</u>	<u>1,945</u>	<u>30,569</u>	<u>935,054</u>	<u>1,830,136</u>
Excess (deficiency) of revenues over expenditures	<u>124,099</u>	<u>25,244</u>	<u>82,924</u>	<u>(109,727)</u>	<u>122,540</u>
 Net change in fund balances	124,099	25,244	82,924	(109,727)	122,540
Fund balances - beginning	499,491	14,243	1,101,739	952,559	2,568,032
Fund balances - ending	<u>\$ 623,590</u>	<u>\$ 39,487</u>	<u>\$ 1,184,663</u>	<u>\$ 842,832</u>	<u>\$ 2,690,572</u>

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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Combining Balance Sheet – General Fund Accounts (Modified Cash Basis) – December 31, 2023

	<u>General Fund</u>	<u>EPA Fee Account</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
ASSETS				
Cash and cash equivalents	\$ 1,853,295	\$ 725,409	\$ 995,369	\$ 3,574,073
Due from other funds	263,993	-	-	263,993
Total assets	<u>2,117,288</u>	<u>725,409</u>	<u>995,369</u>	<u>3,838,066</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	231,903	-	-	231,903
Due to bondholders	2,159	-	-	2,159
Deposits subject to refund	165,936	-	-	165,936
Total liabilities	<u>399,998</u>	<u>-</u>	<u>-</u>	<u>399,998</u>
Fund balances:				
Restricted	92,521	725,409	-	817,930
Assigned	1,599,050	-	995,369	2,594,419
Unassigned	25,719	-	-	25,719
Total fund balances	<u>1,717,290</u>	<u>725,409</u>	<u>995,369</u>	<u>3,438,068</u>
Total liabilities and fund balances	<u>\$ 2,117,288</u>	<u>\$ 725,409</u>	<u>\$ 995,369</u>	<u>\$ 3,838,066</u>

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund Accounts (Modified Cash Basis) – Year Ended December 31, 2023

	<u>General Fund</u>	<u>EPA Fee Account</u>	<u>Emergency Account</u>	<u>Total General Fund Accounts</u>
REVENUES				
Taxes	\$ 6,603,220	\$ -	\$ -	\$ 6,603,220
Intergovernmental	268,986	-	54,721	323,707
Licenses and permits	45,294	-	-	45,294
Charges for services	1,828,081	80,350	-	1,908,431
Fines and forfeitures	65,654	-	-	65,654
Investment income	203,563	-	-	203,563
Miscellaneous	154,178	-	-	154,178
Total revenues	<u>9,168,976</u>	<u>80,350</u>	<u>54,721</u>	<u>9,304,047</u>
EXPENDITURES				
Current:				
General government	2,014,514	93,899	-	2,108,413
Public Safety	5,444,553	-	-	5,444,553
Highways and streets	589,346	-	-	589,346
Sanitation	1,092,302	-	-	1,092,302
Public Works	350,842	-	-	350,842
Total Expenditures	<u>9,491,557</u>	<u>93,899</u>	<u>-</u>	<u>9,585,456</u>
Excess (deficiency) of revenues over expenditures	<u>(322,581)</u>	<u>(13,549)</u>	<u>54,721</u>	<u>(281,409)</u>
Net change in fund balances	(322,581)	(13,549)	54,721	(281,409)
Fund balance - beginning	2,039,871	738,958	940,648	3,719,477
Fund balance - ending	<u>\$ 1,717,290</u>	<u>\$ 725,409</u>	<u>\$ 995,369</u>	<u>\$ 3,438,068</u>

CITY OF WARR ACRES, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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INTERNAL CONTROL AND COMPLIANCE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Warr Acres, Oklahoma (the "City"), as of and for the year ended December 31, 2023, 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 25, 2024. Our report included an emphasis-of-matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on 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) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Arlidge & Associates PC.

Oklahoma City, Oklahoma
July 25, 2024

