

CITY OF BARNSDALL, OKLAHOMA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Barnsdall, Oklahoma

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the City of Barnsdall, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as shown on pages 1 to 16, which collectively comprise a portion of the City's basic financial statements required by accounting principles generally accepted in the United States of America.

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

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

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

To the City Council  
City of Barnsdall, Oklahoma

### **Basis for Adverse Opinion**

Management has not presented government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component units. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements of the City of Barnsdall, Oklahoma's governmental activities, business-type activities, and discretely presented component units have not been determined.

As discussed in Note seven to the financial statements, management has not recorded certain general infrastructure assets in governmental activities and, accordingly, has not recorded depreciation expense on those assets. Accounting principles generally accepted in the United States of America require that those general infrastructure assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities. The amount by which this departure would affect the assets, net positions, and expenses of the governmental activities has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the City of Barnsdall, Oklahoma, as of June 30, 2015, or the changes in financial position 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's budgetary comparison information on page 12 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.

### **Other Information**

The City of Barnsdall, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of Barnsdall Public Works Authority, City of Barnsdall, Oklahoma, as of and for the year ended June 30, 2015, and our report thereon, dated August 18, 2015, expressed an unmodified opinion on those financial statements.

To the City Council  
City of Barnsdall, Oklahoma

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2015, on our consideration of the City of Barnsdall, Oklahoma'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 on internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Barnsdall, Oklahoma's internal control over financial reporting and compliance.



Certified Public Accountant  
Tulsa, Oklahoma

August 25, 2015

CITY OF BARNSDALL, OKLAHOMA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015

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ASSETS:

Cash	\$ 82,674
Certificates of Deposit	34,000
Receivables:	
Taxes	15,683
	\$132,357
	\$132,357

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 810
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## NET ASSETS:

Restricted for Capital Improvements – Cemetery	\$ 43,162
Unrestricted	88,385
Total Net Assets	\$131,547
	\$132,357

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 YEAR ENDED JUNE 30, 2015

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRI- BUTIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government	\$ 70,277	\$ 2,350		\$ 67,927
Police	183,208	1,901		181,307
Streets	91,594		\$11,746	79,848
Cemetery	41,135	10,702		30,433
Fire	11,392		4,484	6,908
Library	21,525		5,119	16,406
Managerial	7,808			7,808
Legal	10,079			10,079
Total Governmental Activities	<u>\$437,018</u>	<u>\$14,953</u>	<u>\$21,349</u>	<u>\$400,716</u>
General Revenues:				
Taxes:				
Sales				\$233,217
Franchise				26,310
Other				66,591
Interest				310
Sale of Land				84,032
Miscellaneous				19,608
Transfer from Public Works Authority				12,000
Total General Revenues				<u>\$442,068</u>
Net Change in Net Assets				\$ 41,352
Net Assets – Beginning of Year				<u>\$ 90,195</u>
Net Assets – End of Year				<u><u>\$131,547</u></u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2015

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENT FUNDS
<u>Assets</u>			
Cash	\$45,884	\$36,790	\$ 82,674
Certificates of Deposit	--	34,000	34,000
Taxes Receivable	15,683		15,683
	<u>\$61,567</u>	<u>\$70,790</u>	<u>\$132,357</u>
<u>Liabilities</u>			
Claims Payable	\$ 810		\$ 810
	<u>60,757</u>	<u>70,790</u>	<u>131,547</u>
<u>Net Assets</u>	<u>\$61,567</u>	<u>\$70,790</u>	<u>\$132,357</u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	OTHER GOVERNMENT FUNDS	TOTAL GOVERNMENT FUNDS
<b>REVENUE:</b>			
Sales/Use Tax	\$233,217		\$233,217
Franchise Tax	26,310		26,310
Assessment		\$ 33,486	33,486
Motor Vehicle Tax		11,746	11,746
Cigarette Tax	2,338		2,338
Cemetery Sales	10,702		10,702
Alcoholic Beverage Tax	30,767		30,767
Grants		9,603	9,603
Licenses and Permits	2,350		2,350
Fines and Forfeitures	1,901		1,901
Transfer from Public Works Authority	12,000		12,000
Interest	132	178	310
Sale of Land	84,032		84,032
Miscellaneous	19,608		19,608
	<u>\$423,357</u>	<u>\$ 55,013</u>	<u>\$478,370</u>
Total Revenue			
<b>EXPENDITURES:</b>			
General Government	\$32,002	\$ 38,275	\$ 70,277
Police	183,208		183,208
Managerial	7,808		7,808
Library	16,357	5,168	21,525
Streets	76,676	14,918	91,594
Fire	11,392		11,392
Cemetery	27,135	14,000	41,135
Legal	10,079		10,079
	<u>\$364,657</u>	<u>\$ 72,361</u>	<u>\$437,018</u>
Total Expenditures			
Excess (Deficiency) of Revenue Over Expenditures	\$ 58,700	<\$ 17,348>	\$ 41,352
Net Assets – Beginning of Year	\$ 2,057	\$ 88,138	\$ 90,195
Net Assets – End of Year	<u>\$ 60,757</u>	<u>\$ 70,790</u>	<u>\$131,547</u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Reconciliation to the Statement of Activities:

Net changes in fund balances – total governmental funds	<u>\$41,352</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
<u>No reconciling items</u>	
Change in Net Assets of Governmental Activities	<u>\$41,352</u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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1. Reporting Entity

In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by generally accepted accounting principles as applied to government units. The basic, but not only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the section governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the Reporting Entity:

Barnsdall Public Works Authority

The Authority was created for the purpose of financing installation of water and service lines and providing utility services to the residents of the City of Barnsdall. The Authority has issued notes which do not constitute debt of the City. Trustees for the Authority are members of the City Board of Trustees.

2. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report.

CITY OF BARNSDALL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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2. Fund Accounting - Continued

Governmental Funds

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund has a year to year subordinate pledge of a one percent sales tax on the Barnsdall Public Works Authority note.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City.

3. Basis of Accounting

The funds of the City are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are generally recognized when the related fund liability is incurred.

4. Annual Budget

The budget for the governmental fund is prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

5. Cash

For the purposes of the combined balance sheet, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. All deposits are F.D.I.C. insured or collateralized.

6. Claims Payable

Claims payable represent commitments related to performed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

CITY OF BARNSDALL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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7. General Fixed Assets

As the City acquires fixed assets such as land, buildings, and equipment, the related costs are charged as capital outlay expenditures of the respective fund. No depreciation is recorded.

8. Money Purchase Plan

The City's employees with two year service receive a payment into a money purchase plan. In this year \$5,854.00 was the cost of the plan. The City has no future liability.

9. Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

CITY OF BARNSDALL, OKLAHOMA  
STATEMENT OF ACTIVITIES – BUDGET TO ACTUAL  
YEAR ENDED JUNE 30, 2015

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
<b>INCOME:</b>			
Sales and Use Tax	\$260,000	\$233,217	<\$ 26,783>
Franchise Tax	35,000	26,310	< 8,690>
Transfer – Public Works Authority	18,000	12,000	< 6,000>
Other Taxes	30,000	35,455	5,455
Fines	4,100	1,901	< 2,199>
Cemetery	10,300	10,702	402
Interest and Miscellaneous	25,500	103,772	78,272
	<u>\$382,900</u>	<u>\$423,357</u>	<u>\$40,457</u>
<b>EXPENSES:</b>			
Personnel Services	\$269,810	\$260,981	\$ 8,829
Maintenance and Operations	147,150	103,676	43,474
	<u>\$416,960</u>	<u>\$364,657</u>	<u>\$52,303</u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENT FUNDS  
 JUNE 30, 2015

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND		TOTAL NON- MAJOR GOVERN- MENTAL FUNDS
	STREET & ALLEY FUND	CEMETERY CARE FUND	LIBRARY	CAPITAL IMPROVE- MENT FUND	GRANT FUNDS	
<u>Assets</u>						
Cash	\$602	\$10,217	\$19	\$19,094	\$6,858	\$36,790
Certificates of Deposit		34,000				34,000
	<u>\$602</u>	<u>\$44,217</u>	<u>\$19</u>	<u>\$19,094</u>	<u>\$6,858</u>	<u>\$70,790</u>
<u>Net Assets</u>						
Restricted for Capital Improvements		\$43,162				\$43,162
Restricted for Maintenance & Operations	\$602	1,055		\$19,094	\$6,858	27,609
Unrestricted			\$19			19
	<u>\$602</u>	<u>\$44,217</u>	<u>\$19</u>	<u>\$19,094</u>	<u>\$6,858</u>	<u>\$70,790</u>

Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES  
 AND CHANGES IN NET ASSETS  
 NON-MAJOR GOVERNMENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND		TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	STREET & ALLEY FUND	CEMETERY CARE FUND	LIBRARY	CAPITAL IMPROVEMENT FUND	GRANT FUNDS	
<u>Revenues</u>						
Taxes	\$11,746					\$11,746
Charges for Services		\$ 1,498		\$31,988		33,486
Grants			\$ 5,119	4,484	\$ 0	9,603
Interest		141		37		178
	<u>\$11,746</u>	<u>\$ 1,639</u>	<u>\$ 5,119</u>	<u>\$36,509</u>	<u>\$ 0</u>	<u>\$55,013</u>
<u>Expenditures</u>						
Streets	\$14,918					\$14,918
Cemetery		\$14,000				14,000
Library			\$ 5,168			5,168
Capital Outlay		7,519		\$30,756	\$ 0	38,275
	<u>\$14,918</u>	<u>\$21,519</u>	<u>\$ 5,168</u>	<u>\$30,756</u>	<u>\$ 0</u>	<u>\$72,361</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>&lt;\$ 3,172&gt;</u>	<u>&lt;\$19,880&gt;</u>	<u>&lt;\$ 49&gt;</u>	<u>\$ 5,753</u>	<u>\$ 0</u>	<u>&lt;\$17,348&gt;</u>
Net Assets – Beginning of Year	<u>\$ 3,774</u>	<u>\$64,097</u>	<u>\$ 68</u>	<u>\$13,341</u>	<u>\$6,858</u>	<u>\$88,138</u>
Net Assets – End of Year	<u>\$ 602</u>	<u>\$44,217</u>	<u>\$ 19</u>	<u>\$19,094</u>	<u>\$6,858</u>	<u>\$70,790</u>

Notes to financial statements are an integral part of these statements.

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 City Council  
City of Barnsdall, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Barnsdall, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Barnsdall, Oklahoma's basic financial statements, and have issued our report thereon dated August 25, 2015. It was adverse due to capital assets and depreciation being omitted, the omission of government-wide financial statements, and the management discussion and analysis was not presented.

**Internal Control Over Financial Reporting**

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

To the City Council  
City of Barnsdall, Oklahoma

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Barnsdall, Oklahoma'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 audits, 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 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.



Certified Public Accountant  
Tulsa, Oklahoma

August 25, 2015