

CITY OF BARNSDALL, OKLAHOMA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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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, 2016, 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, 2016, 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, 2016, and our report thereon, dated September 21, 2016, 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 September 30, 2016, 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

September 30, 2016

CITY OF BARNSDALL, OKLAHOMA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS:

Cash	\$ 97,948
Certificates of Deposit	34,000
Receivables:	
Taxes	21,803
	\$153,751
	\$153,751

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 1,013
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NET ASSETS:

Restricted for Capital Improvements – Cemetery	\$ 39,161
Unrestricted	113,577
Total Net Assets	\$152,738
	\$153,751

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, 2016

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRI- BUTIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government	\$428,678	\$ 3,090	\$292,415	\$133,173
Police	182,580	3,165		179,415
Streets	49,227		11,226	38,001
Cemetery	37,613	10,150		27,463
Fire	13,068		4,290	8,778
Library	25,936		14,551	11,385
Managerial	8,571			8,571
Legal	7,856			7,856
Total Governmental Activities	<u>\$753,529</u>	<u>\$16,405</u>	<u>\$322,482</u>	<u>\$414,642</u>
General Revenues:				
Taxes:				
Sales				\$266,879
Franchise				25,833
Other				55,194
Interest				213
Donations				75,500
Miscellaneous				6,214
Transfer from Public Works Authority				6,000
Total General Revenues				<u>\$435,833</u>
Net Change in Net Assets				\$ 21,191
Net Assets – Beginning of Year				<u>\$131,547</u>
Net Assets – End of Year				<u><u>\$152,738</u></u>

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

CITY OF BARNSDALL, OKLAHOMA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2016

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENT FUNDS
<u>Assets</u>			
Cash	\$ 1,568	\$96,380	\$97,948
Certificates of Deposit	--	34,000	34,000
Taxes Receivable	16,352	5,451	21,803
	<u>\$17,920</u>	<u>\$135,831</u>	<u>\$153,751</u>
<u>Liabilities</u>			
Claims Payable	\$ 1,013		\$ 1,013
<u>Net Assets</u>	<u>16,907</u>	<u>135,831</u>	<u>152,738</u>
	<u><u>\$17,920</u></u>	<u><u>\$135,831</u></u>	<u><u>\$153,751</u></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, 2016

	GENERAL FUND	OTHER GOVERNMENT FUNDS	TOTAL GOVERNMENT FUNDS
REVENUE:			
Sales/Use Tax	\$208,817	\$ 58,062	\$266,879
Franchise Tax	25,833		25,833
Assessment		19,741	19,741
Motor Vehicle Tax		11,226	11,226
Cigarette Tax	2,791		2,791
Cemetery Sales	10,150		10,150
Alcoholic Beverage Tax	32,662		32,662
Grants		311,256	311,256
Licenses and Permits	3,090		3,090
Fines and Forfeitures	3,165		3,165
Transfer from Public Works Authority	6,000		6,000
Interest	84	129	213
Donations		75,500	75,500
Miscellaneous	6,214		6,214
Total Revenue	\$298,806	\$475,914	\$774,720
EXPENDITURES:			
General Government	\$ 35,925	\$392,753	\$428,678
Police	182,580		182,580
Managerial	8,571		8,571
Library	18,910	7,026	25,936
Streets	38,133	11,094	49,227
Fire	13,068		13,068
Cemetery	37,613		37,613
Legal	7,856		7,856
Total Expenditures	\$342,656	\$410,873	\$753,529
Excess (Deficiency) of Revenue Over Expenditures	<\$ 43,850>	\$ 65,041	\$ 21,191
Net Assets – Beginning of Year	\$ 60,757	\$ 70,790	\$131,547
Net Assets – End of Year	\$ 16,907	\$135,831	\$152,738

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, 2016

Reconciliation to the Statement of Activities:

Net changes in fund balances – total governmental funds	<u>\$21,191</u>
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Amounts reported for governmental activities in the
Statement of Activities are different because:

No reconciling items

Change in Net Assets of Governmental Activities	<u>\$21,191</u>
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Notes to financial statements are an integral part of these statements.

CITY OF BARNSDALL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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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, 2016

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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, 2016

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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 \$11,550.00 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, 2016

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
INCOME:			
Sales and Use Tax	\$250,000	\$208,817	<\$41,183>
Franchise Tax	33,000	25,833	< 7,167>
Transfer – Public Works Authority	6,000	6,000	--
Other Taxes	30,000	38,543	8,543
Fines	5,000	3,165	< 1,835>
Cemetery	11,000	10,150	< 850>
Interest and Miscellaneous	20,100	6,298	< 13,802>
	<u>\$355,100</u>	<u>\$298,806</u>	<u><\$56,294></u>
EXPENSES:			
Personnel Services	\$246,100	\$237,478	\$ 8,622
Maintenance and Operations	127,800	105,178	22,622
	<u>\$373,900</u>	<u>\$342,656</u>	<u>\$31,244</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, 2016

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND		TOTAL NON-MAJOR GOVERNMENTAL FUNDS
	STREET & ALLEY FUND	CEMETERY CARE FUND	LIBRARY	CAPITAL IMPROVEMENT FUND	GRANT FUNDS	
<u>Assets</u>						
Cash	\$53,381	\$ 5,160	\$7,555	\$27,794	\$2,490	\$96,380
Certificates of Deposit		34,000				34,000
Accounts Receivable	5,451					5,451
	<u>\$58,832</u>	<u>\$39,160</u>	<u>\$7,555</u>	<u>\$27,794</u>	<u>\$2,490</u>	<u>\$135,831</u>
<u>Net Assets</u>						
Restricted for Capital Improvements		\$39,130				\$39,130
Restricted for Maintenance & Operations	\$58,832	30		\$27,794	\$2,490	89,146
Unrestricted			\$7,555			7,555
	<u>\$58,832</u>	<u>\$39,160</u>	<u>\$7,555</u>	<u>\$27,794</u>	<u>\$2,490</u>	<u>\$135,831</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, 2016

	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	\$69,288					\$69,288
Charges for Services		\$ 1,268		\$18,473		19,741
Grants			\$14,551	4,290	\$292,415	311,256
Donations				75,500		75,500
Interest	36	15	11	67		129
	<u>\$69,324</u>	<u>\$ 1,283</u>	<u>\$14,562</u>	<u>\$98,330</u>	<u>\$292,415</u>	<u>\$475,914</u>
<u>Expenditures</u>						
Streets	\$11,094					\$11,094
Cemetery						
Library			\$ 7,026			7,026
Capital Outlay		\$ 6,340		\$89,630	\$296,783	392,753
	<u>\$11,094</u>	<u>\$ 6,340</u>	<u>\$ 7,026</u>	<u>\$89,630</u>	<u>\$296,783</u>	<u>\$410,873</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>\$58,230</u>	<u><\$ 5,057></u>	<u>\$ 7,536</u>	<u>\$ 8,700</u>	<u><\$ 4,368></u>	<u>\$ 65,041</u>
Net Assets – Beginning of Year	<u>\$ 602</u>	<u>\$44,217</u>	<u>\$ 19</u>	<u>\$19,094</u>	<u>\$ 6,858</u>	<u>\$70,790</u>
Net Assets – End of Year	<u>\$58,832</u>	<u>\$39,160</u>	<u>\$ 7,555</u>	<u>\$27,794</u>	<u>\$ 2,490</u>	<u>\$135,831</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, 2016, 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 September 30, 2016. 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

September 30, 2016