

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2013

Ralph Osborn
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CITY OF BRISTOW, OKLAHOMA
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Bristow, Oklahoma

I have audited the accompanying financial statements of the City of Bristow, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Bristow's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation 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 statement that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 judgement, 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bristow as of June 30, 2013, and the respective changes in financial position - modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

Basis of Accounting

I draw attention to Note A 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. My opinion is not modified with respect to that matter.

Other Matters

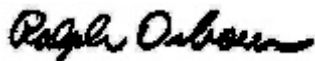
Other information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Bristow, Oklahoma's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 17, 2014, on my consideration of City of Bristow's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards in considering City of Bristow, Oklahoma's* internal control over financial reporting and compliance.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
February 17, 2014

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2013

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 613,869	\$ 922,033	\$ 1,535,902
Investments	76,828	74,129	150,957
Restricted Assets			
Cash - Debt Reserve	-	701,120	701,120
Cash - Debt Service	328,500	620,584	949,084
Cash - Bond Construction	-	1,818,917	1,818,917
Total Current Assets	<u>1,019,197</u>	<u>4,136,783</u>	<u>5,155,980</u>
Non-Current Assets			
Capital Assets			
Land	427,816	347,564	775,380
Other Capital Assets Net of Accumulated Depreciation	<u>3,920,955</u>	<u>7,730,410</u>	<u>11,651,365</u>
Total Non-Current Assets	<u>4,348,771</u>	<u>8,077,974</u>	<u>12,426,745</u>
Total Assets	<u>5,367,968</u>	<u>12,214,757</u>	<u>17,582,725</u>
LIABILITIES			
Current Liabilities			
Due to Others	2,200	-	2,200
Utility Deposits	-	170,501	170,501
Lease Payable, current	30,650	-	30,650
Bonds and Notes Payable, current	315,000	370,645	685,645
Total Current Liabilities	<u>347,850</u>	<u>541,146</u>	<u>888,996</u>
Non-Current Liabilities			
Lease Payable, non-current	51,832	-	51,832
Bond and Notes Payable, non-current	<u>2,025,000</u>	<u>8,511,043</u>	<u>10,536,043</u>
Total Non-Current Liabilities	<u>2,076,832</u>	<u>8,511,043</u>	<u>10,587,875</u>
Total Liabilities	<u>2,424,682</u>	<u>9,052,189</u>	<u>11,476,871</u>
NET ASSETS			
Nonspendable	1,926,289	(900,086)	1,026,203
Restricted			
Debt Service	328,500	1,321,704	1,650,204
Construction	-	1,818,917	1,818,917
Assigned	584,064	922,033	1,506,097
Unassigned	<u>104,433</u>	<u>-</u>	<u>104,433</u>
Total Net Assets	<u>\$ 2,943,286</u>	<u>\$ 3,162,568</u>	<u>\$ 6,105,854</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2013

FUNCTION/PROGRAMS	<u>Expenses</u>	Program Revenue			<u>Revenue</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities					
General Government	\$ 619,737	\$ 57,925	\$ 32,119	\$ 241,775	\$ (287,918)
Public Safety	1,666,122	284,015	-	-	(1,382,107)
Street	406,115	-	41,143	-	(364,972)
Culture and Education	163,559	-	-	-	(163,559)
Public Service	87,323	-	-	-	(87,323)
Parks and Recreation	260,949	15,435	-	-	(245,514)
Cemetery	100,756	34,980	-	-	(65,776)
Hospital	161,877	-	-	-	(161,877)
Total Governmental Activities	<u>3,466,438</u>	<u>392,355</u>	<u>73,262</u>	<u>241,775</u>	<u>(2,759,046)</u>
Business-type Activities					
Sanitation	299,484	350,375	-	-	50,891
Water/Wastewater	2,052,528	1,108,995	-	-	(943,533)
Airport	46,408	27,161	-	13,372	(5,875)
Total Business-Type Activities	<u>2,398,420</u>	<u>1,486,531</u>	<u>-</u>	<u>13,372</u>	<u>(898,517)</u>
Total Primary Government	<u>\$5,864,858</u>	<u>\$1,878,886</u>	<u>\$ 73,262</u>	<u>\$ 255,147</u>	<u>\$ (3,657,563)</u>
Primary Government					
Business					
Governmental					
Activities					
Business					
Type					
Activities					
Total					
CHANGES IN NET ASSETS					
Net (expense) Revenue			\$ (2,759,046)	\$ (898,517)	\$ (3,657,563)
General Revenues					
Taxes					
Sales/Use Tax			3,354,064	-	3,354,064
Franchise			176,856	-	176,856
Cigarette Tax			41,457	-	41,457
Room Tax			9,434	-	9,434
Other			73,212	16,263	89,475
Interest			2,185	2,361	4,546
Transfers			(635,207)	635,207	-
Total General Revenue and Transfers			<u>3,022,001</u>	<u>653,831</u>	<u>3,675,832</u>
Change in Net Assets			262,955	(244,686)	18,269
Net Assets - Beginning			<u>2,680,331</u>	<u>3,407,254</u>	<u>6,087,585</u>
Net Assets - Ending			<u>\$ 2,943,286</u>	<u>\$ 3,162,568</u>	<u>\$ 6,105,854</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General Fund</u>	<u>Hospital</u>	<u>Capital Improvement</u>	<u>General Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalent	\$ 104,433	\$ -	\$ 330,439	\$ 1,446	\$ 177,551	\$ 613,869
Investments	-	-	-	-	76,828	76,828
Restricted Cash	-	328,500	-	-	-	328,500
TOTAL ASSETS	<u>\$ 104,433</u>	<u>\$ 328,500</u>	<u>\$ 330,439</u>	<u>\$ 1,446</u>	<u>\$ 254,379</u>	<u>\$ 1,019,197</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Due Others	\$ -	\$ -	\$ -	\$ -	\$ 2,200	\$ 2,200
Total Liabilities	-	-	-	-	2,200	2,200
Fund Balances						
Assigned	-	328,500	330,439	1,446	252,179	912,564
Unassigned	104,433	-	-	-	-	104,433
Total Fund Balances	<u>104,433</u>	<u>328,500</u>	<u>330,439</u>	<u>1,446</u>	<u>252,179</u>	<u>1,016,997</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104,433</u>	<u>\$ 328,500</u>	<u>\$ 330,439</u>	<u>\$ 1,446</u>	<u>\$ 254,379</u>	<u>\$ 1,019,197</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
WITH THE STATEMENTS OF NET ASSETS
JUNE 30, 2013

Total Fund Balance \$ 1,016,997

Amounts reported in the statement of net
assets are different because:

Capital assets used in governmental activities
are not financial resources therefore are not
reported as assets in governmental funds.

Capital Assets	8,671,684	
Accumulated Depreciation	<u>(4,322,913)</u>	4,348,771

Long-term liabilities are not due and payable
in the current period and therefore are not
reported as liabilities in the fund. Long-term
liabilities at year end consist of:

Bond and Notes Payable	(2,340,000)	
Lease obligation	<u>(82,482)</u>	<u>(2,422,482)</u>

TOTAL NET ASSETS \$ 2,943,286

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Hospital	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue						
Sales/Use Tax	\$ 2,532,066	\$ 631,228	\$ 190,770	\$ -	\$ -	\$ 3,354,064
Franchise Tax	176,856	-	-	-	-	176,856
Gasoline and Auto Tax	41,143	-	-	-	-	41,143
Alcoholic Beverage Tax	22,468	-	-	-	-	22,468
Cigarette Tax	41,457	-	-	-	-	41,457
PILOT (Bristow Housing Auth)	9,651	-	-	-	-	9,651
Cell Tower	36,900	-	-	-	-	36,900
Fire Revenue	70,977	-	-	-	-	70,977
Swimming Pool	15,435	-	-	-	-	15,435
Cemetery	31,212	-	-	-	3,768	34,980
Room Tax	9,434	-	-	-	-	9,434
License and Permits	21,025	-	-	-	-	21,025
Intergovernmental	31,493	-	-	117,485	26,335	175,313
Fines and Forfeits	-	-	-	-	213,038	213,038
Donations	-	-	-	-	66,462	66,462
Other	55,633	-	-	-	877	56,510
Rentals	16,702	-	-	-	-	16,702
Interest	291	17	1,347	7	523	2,185
TOTAL REVENUE	<u>3,112,743</u>	<u>631,245</u>	<u>192,117</u>	<u>117,492</u>	<u>311,003</u>	<u>4,364,600</u>
Expenditures						
Current						
General Government	426,184	-	26,461	-	-	452,645
Public Safety	1,547,778	-	35,200	-	35,772	1,618,750
Street	279,250	-	77,355	-	-	356,605
Culture and Education	140,113	-	-	-	21,412	161,525
Public Service	84,590	-	-	-	-	84,590
Parks and Recreation	219,474	-	-	-	-	219,474
Cemetery	90,720	-	1,643	-	61,322	153,685
Hospital	-	37,049	-	-	-	37,049
Debt Service:						
Principal Payment	-	2,660,527	-	-	-	2,660,527
Interest and fees	-	56,027	-	-	-	56,027
Bond Cost	-	68,801	-	-	-	68,801
TOTAL EXPENDITURES	<u>2,788,109</u>	<u>2,822,404</u>	<u>140,659</u>	<u>-</u>	<u>118,506</u>	<u>5,869,678</u>
Excess (deficiency) of revenue over expenditures	<u>324,634</u>	<u>(2,191,159)</u>	<u>51,458</u>	<u>117,492</u>	<u>192,497</u>	<u>(1,505,078)</u>
Other financing sources (uses)						
Bond Proceeds	-	2,513,188	-	-	-	2,513,188
Total Bond Proceeds	<u>-</u>	<u>2,513,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,513,188</u>
Transfer In	645,084	-	-	-	28,272	673,356
Transfer Out	(953,848)	-	(36,873)	(117,485)	(200,357)	(1,308,563)
Total Transfers	<u>(308,764)</u>	<u>-</u>	<u>(36,873)</u>	<u>(117,485)</u>	<u>(172,085)</u>	<u>(635,207)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(308,764)</u>	<u>2,513,188</u>	<u>(36,873)</u>	<u>(117,485)</u>	<u>(172,085)</u>	<u>1,877,981</u>
Net change in fund balance	15,870	322,029	14,585	7	20,412	372,903
Fund Balances, beginning	88,563	6,471	315,854	1,439	231,767	644,094
Fund Balances, ending	<u>\$ 104,433</u>	<u>\$ 328,500</u>	<u>\$ 330,439</u>	<u>\$ 1,446</u>	<u>\$ 252,179</u>	<u>\$ 1,016,997</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Net Changes in Fund Balances - Total Governmental Funds \$ 372,903

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation Expense	(329,046)	
Capital Outlay	<u>82,031</u>	(247,015)

The proceeds of debt issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bonds and lease obligation principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activity. This is the amount by which debt proceeds exceeds debt payments.

Debt Service Principal	(2,458,603)	
Bond Proceeds	2,513,188	
Debt payments	<u>82,482</u>	<u>137,067</u>

CHANGE IN NET ASSETS \$ 262,955

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2013

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 879,931	\$ 42,102	\$ 922,033
Investments	74,129	-	74,129
Restricted Assets			
Cash-Debt Reserve	701,120	-	701,120
Cash-Debt Service	620,584	-	620,584
Cash-Bond Construction	<u>1,818,917</u>	<u>-</u>	<u>1,818,917</u>
TOTAL CURRENT ASSETS	<u>4,094,681</u>	<u>42,102</u>	<u>4,136,783</u>
Non-Current Assets			
Capital Assets			
Land	69,889	277,675	347,564
Capital Assets, Net of Accumulated Depreciation	<u>7,001,625</u>	<u>728,785</u>	<u>7,730,410</u>
TOTAL NON-CURRENT ASSETS	<u>7,071,514</u>	<u>1,006,460</u>	<u>8,077,974</u>
TOTAL ASSETS	<u>11,166,195</u>	<u>1,048,562</u>	<u>12,214,757</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	170,501	-	170,501
Bonds and Notes Payable, current	<u>370,645</u>	<u>-</u>	<u>370,645</u>
TOTAL CURRENT LIABILITIES	<u>541,146</u>	<u>-</u>	<u>541,146</u>
Non-Current Liabilities			
Bonds and Notes Payable, non-current	<u>8,511,043</u>	<u>-</u>	<u>8,511,043</u>
TOTAL NON-CURRENT LIABILITIES	<u>8,511,043</u>	<u>-</u>	<u>8,511,043</u>
TOTAL LIABILITIES	<u>9,052,189</u>	<u>-</u>	<u>9,052,189</u>
NET ASSETS			
Nonspendable	(1,906,546)	1,006,460	(900,086)
Restricted for Debt Service	1,321,704	-	1,321,704
Restricted for Bond Construction	1,818,917	-	1,818,917
Assigned	<u>879,931</u>	<u>42,102</u>	<u>922,033</u>
Net Assets of Business-Type Activities	<u>\$ 2,114,006</u>	<u>\$ 1,048,562</u>	<u>\$ 3,162,568</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 811,567	\$ -	\$ 811,567
Wastewater Charges	278,473	-	278,473
Sanitation Charges	350,375	-	350,375
Penalty	3,350	-	3,350
Taps	15,605	-	15,605
Rentals	-	19,876	19,876
Fuel Sales	-	7,285	7,285
Other	7,967	2,596	10,563
TOTAL OPERATING REVENUE	<u>1,467,337</u>	<u>29,757</u>	<u>1,497,094</u>
<u>OPERATING EXPENSES</u>			
Personal Services and Benefits	671,789	-	671,789
Sanitation Contractor	299,484	-	299,484
Maintenance and Supplies	181,900	3,068	184,968
Fuel Costs	-	5,779	5,779
Other Operating Expenses	456,993	4,966	461,959
Depreciation	307,640	32,595	340,235
TOTAL OPERATING EXPENSES	<u>1,917,806</u>	<u>46,408</u>	<u>1,964,214</u>
OPERATING INCOME (LOSS)	<u>(450,469)</u>	<u>(16,651)</u>	<u>(467,120)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	13,372	13,372
Insure OK Reimbursement	5,700	-	5,700
Investment Income	2,324	37	2,361
Premium Repayment	(27,450)	-	(27,450)
Interest and fees on Notes Payable	(406,881)	-	(406,881)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(426,307)</u>	<u>13,409</u>	<u>(412,898)</u>
Income Before Transfers	(876,776)	(3,242)	(880,018)
Transfer to Other Funds	(2,355,696)	-	(2,355,696)
Transfer from Other Funds	<u>2,990,903</u>	<u>-</u>	<u>2,990,903</u>
TOTAL TRANSFERS	<u>635,207</u>	<u>-</u>	<u>635,207</u>
Change in Net Assets	(241,569)	(3,242)	(244,811)
TOTAL NET ASSETS, BEGINNING	<u>2,355,575</u>	<u>1,051,804</u>	<u>3,407,379</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,114,006</u>	<u>\$ 1,048,562</u>	<u>\$ 3,162,568</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 1,474,951	\$ 29,757	\$ 1,504,708
Cash Payments to Employees	(671,789)	-	(671,789)
Cash Payments to Suppliers for Goods and Services	<u>(938,377)</u>	<u>(13,813)</u>	<u>(952,190)</u>
Net Cash Provided (Used) by Operating Activities	<u>(135,215)</u>	<u>15,944</u>	<u>(119,271)</u>
Cash Flows from Non-Capital Financing Activities			
Insure OK Reimbursement	5,700	-	5,700
Transfer In	2,990,903	-	2,990,903
Transfer Out	<u>(2,355,696)</u>	<u>-</u>	<u>(2,355,696)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>640,907</u>	<u>-</u>	<u>640,907</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	13,372	13,372
Acquisition of Fixed Assets	(289,924)	(8,500)	(298,424)
Disposition of Fixed Assets	5,398	-	5,398
Premium Repayment	(27,450)	-	(27,450)
Principal Paid on Notes and Bonds Payable	(3,035,646)	-	(3,035,646)
Interest Paid on Notes and Bonds Payable and Fiscal Fees	<u>(406,881)</u>	<u>-</u>	<u>(406,881)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(3,754,503)</u>	<u>4,872</u>	<u>(3,749,631)</u>
Cash Flows from Investing Activities			
Interest Revenue	<u>2,324</u>	<u>37</u>	<u>2,361</u>
Net Cash Provided by Investing Activities	<u>2,324</u>	<u>37</u>	<u>2,361</u>
Net Increase in Cash and Cash Equivalents	(3,246,487)	20,853	(3,225,634)
Cash and Cash Equivalents, Beginning	<u>7,341,168</u>	<u>21,249</u>	<u>7,362,417</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,094,681</u>	<u>\$ 42,102</u>	<u>\$ 4,136,783</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ (450,469)	\$ (16,651)	\$ (467,120)
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	307,640	32,595	340,235
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	<u>7,614</u>	<u>-</u>	<u>7,614</u>
Net Cash Provided by Operating Activities	<u>\$ (135,215)</u>	<u>\$ 15,944</u>	<u>\$ (119,271)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bristow, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The City is a charter city in which the citizens elect the mayor at large and eight council members by wards. The financial statements of the City have been prepared in conformity with the modified cash basis. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the government are described below.

Financial Reporting Entity

The accompanying financial statements present the activities of the City of Bristow. The City has considered all potential component units for which the City is financially accountable and other organizations for which the nature and significance of their relationships with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Gasb has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City.

Component Units

Component units are legally separate organizations for which the City is financially accountable as described above. A blended component unit is a separate legal entity that meets the component unit criteria above. In addition, the blended component units provide services that almost exclusively benefit the City even though they do not provide services directly to the City. These component units are blended into those of the City by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is reported separate from City fund types in the financial statements.

Blended Component Units

The Municipal Authority of the City of Bristow, Oklahoma - The Authority provides water, sewer, and sanitation services in the City. Trustees of the Authority are made up of the mayor and City Council of Bristow. Financial transactions occur between the City and Authority on a regular basis.

Bristow Hospital Authority - The Authority contracts with Bristow Medical Center Operating Company to operate the local hospital. A portion of the sales tax collected by the city is dedicated to the hospital. The City transfers sales tax receipts from the General Fund to the Hospital Authority to pay debt principal and interest.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Related Organizations

Related organizations are excluded from the financial reporting entity because the City's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Related organizations are described as follows:

Bristow Industrial Authority - Promotes economic development in the City. The Board of Trustees consists of the mayor of the City and other members appointed by the City Council.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the City as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services with report fees, fines and forfeitures, and other charges to users of the City's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions on these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the City are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for nonmajor funds.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item B below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- A. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- B. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements of proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Fund Types and Major Funds

The City reports the following major governmental funds:

General Fund - The general fund reports as the primary fund of the City. This fund is used to account for all financial resources not reported in other funds.

Capital Improvements - The fund accounts for capitol projects of the City.

General Grants - The fund accounts for major grant projects.

Hospital Authority - The fund reports activity related to the City hospital.

Proprietary Funds - The City reports the following major enterprise funds:

Municipal Authority - The Authority provides certain utility services for the City.

Airport - The fund accounts for operation of the municipal airport.

Budgetary Accounting and Control

The Mayor submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the City Council for review, and public hearings are held to address priorities and allocation of resources. In June, the City Council adopts the annual fiscal year budgets for the City operating funds. Once approved, the City Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Public trusts submit budget and other planning documents to their respective governing bodies.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by sources. Expenditures are budgeted by department and class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. Budget revisions at this level are subject to final review by the City Council. The legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval.

The budgets for the governmental funds and proprietary fund operations are 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. Any budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Investments

The City follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The City considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits, government bonds, U.S. government notes and securities. Money held by trustee banks for use in retiring bonds is usually held in United States government securities.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds. Encumbrances outstanding at year end are cancelled under the modified cash basis. The encumbrance is added to the subsequent year expenses when paid.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The City has not maintained inventory records, however, the value of inventory on hand at June 30, 2013 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements. Under the modified cash basis, prepaids are not reported. The expense is included in the period the liability is paid.

Capital Assets, Depreciation, and Amortization

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported and comprehensively reported in the government-wide financial statements. The City maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The City generally capitalizes assets with a cost of \$2,500 or more as purchase and construction outlays occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	5-60
Improvements, other than buildings	2-50
Mobile equipment	3-40
Furniture, machinery, and equipment	3-30
Utility system	5-60

Compensated Absences

Full-time, permanent employees are granted personal leave in varying amounts to specified maximums depending on tenure with the City. The City does not record a liability for accrued compensated absences. The amount paid for compensated absences is expensed as paid.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the City will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the City, and are held by counterparty or the counterparty's trust department but not in the name of the City. The City's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2013, all of the City's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The City had deposits at financial institutions with a carrying amount of approximately \$5,155,980 at June 30, 2013. The bank balance of the deposits at June 30, 2013 was approximately \$5,227,810.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2013.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the City's interest rate risk. As of June 30, 2013, the City's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - INTERFUND RECEIVABLES AND PAYABLES

The City did not report any interfund receivables or payables at June 30, 2013.

NOTE D - RESTRICTED CASH

The City is reported the following restricted cash:

Debt Reserve	\$	701,120
Debt Service		949,084
Bond Construction		<u>1,818,917</u>
Total		<u>\$ 3,469,121</u>

The debt reserve is held for use in retiring the outstanding revenue bonds. Also see Note O.

NOTE E - CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated Land
	Buildings	Infrastructure & Furniture, Improvements Other Than Buildings	Machinery, and Equipment	Totals	
PRIMARY GOVERNMENT					
Governmental Activities					
Balance, June 30, 2012	\$ 1,996,944	\$ 3,668,788	\$ 2,669,777	\$ 8,335,509	\$ 427,816
Increases	-	-	82,031	82,031	-
Decreases	-	-	(23,672)	(23,672)	-
Balance, June 30, 2013	<u>1,996,944</u>	<u>3,668,788</u>	<u>2,728,136</u>	<u>8,393,868</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2012	1,175,115	1,540,402	1,447,803	4,163,320	
Increases	123,560	70,329	135,157	329,046	
Decreases	-	-	(19,453)	(19,453)	
Balance, June 30, 2013	<u>1,298,675</u>	<u>1,610,731</u>	<u>1,563,507</u>	<u>4,472,913</u>	
Governmental Activities					
Capital Assets, Net	<u>\$ 698,269</u>	<u>\$ 2,058,057</u>	<u>\$ 1,164,629</u>	<u>\$ 3,920,955</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2012	\$ 824,129	\$10,137,966	\$ 1,056,145	\$12,018,240	\$ 347,564
Increases	-	257,751	40,673	298,424	-
Decreases	-	-	(5,398)	(5,398)	-
Balance, June 30, 2013	<u>824,129</u>	<u>10,395,717</u>	<u>1,091,420</u>	<u>12,311,266</u>	<u>347,564</u>
Accumulated Depreciation					
Balance, June 30, 2012	473,805	3,100,875	665,941	4,240,621	
Increases	21,962	275,563	48,108	345,633	
Decreases	-	-	(5,398)	(5,398)	
Balance, June 30, 2013	<u>495,767</u>	<u>3,376,438</u>	<u>708,651</u>	<u>4,580,856</u>	
Business-type Activities					
Capital Assets, Net	<u>\$ 328,362</u>	<u>\$ 7,019,279</u>	<u>\$ 382,769</u>	<u>\$ 7,730,410</u>	<u>\$ 347,564</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 1,026,631</u>	<u>\$ 9,077,336</u>	<u>\$ 1,547,398</u>	<u>\$11,651,365</u>	<u>\$ 775,380</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the primary government as follows:

<u>GOVERNMENT ACTIVITIES</u>		<u>BUSINESS-TYPE ACTIVITIES</u>	
General Government	\$ 126,380	Water/Wastewater	\$ 313,038
Public Safety	87,812	Airport	32,595
Street	49,510		
Culture and Education	2,034		
Parks and Recreation	41,475		
Public Service	2,733		
Cemetery	19,102		

NOTE F - SALES TAX

Sales tax revenue is 76.85% of non-utility revenue of the City. The City Sales tax rate is 5%. The amount is appropriated to various funds in the following manner:

City General Fund	2.20%
Municipal Authority	1.00%
Hospital	1.00%
Building Fund	.50%
Capital Improvement	.30%

NOTE G - CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the City for the year ended June 30, 2013:

	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
Balance, July 1, 2012	\$2,542,860	\$11,830,000	\$ 112,922	\$14,485,782
Additions	-	2,545,000	-	2,545,000
Retirements	(2,471,173)	(3,225,000)	(30,440)	(5,726,613)
Balance, June 30, 2013	<u>\$ 71,687</u>	<u>\$11,150,000</u>	<u>\$ 82,482</u>	<u>\$11,304,169</u>

NOTE H - BRISTOW HOSPITAL AUTHORITY BONDS PAYABLE

The following is a summary of sales tax revenue bond transactions of Bristow Hospital Authority for the year ended June 30, 2013.

	<u>Payable at July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2013</u>
2012 Revenue Bonds	\$ -	\$ 2,545,000	\$ (205,000)	\$ 2,340,000
	<u>\$ -</u>	<u>\$ 2,545,000</u>	<u>\$ (205,000)</u>	<u>\$ 2,340,000</u>

The bonds payable as of June 30, 2013 are as follows:

\$2,545,000 Bristow Hospital Authority Sales Tax Revenue Bonds Series 2012 in annual installments with 1.25-3.25% interest secured by sales tax appropriations made by the City of Bristow	\$ 2,340,000
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CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Debt service principal and interest requirements for outstanding bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 315,000	\$ 58,236	\$ 373,236
2015	320,000	53,513	373,513
2016	325,000	47,114	372,114
2017	330,000	39,800	369,800
2018	340,000	31,550	371,550
2019-2020	710,000	33,900	743,900
TOTAL	\$ 2,340,000	\$ 264,113	\$ 2,604,113

The Authority paid interest in the amount of \$38,507 on its outstanding bonds during the fiscal year.

NOTE I - PROPRIETARY FUND REVENUE BONDS PAYABLE

The following is a summary of revenue bond transactions of the Municipal Authority for the year ended June 30, 2013.

	<u>Payable at</u>			<u>Balance at</u>
	<u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2013</u>
2004 Revenue Bonds	\$ 2,975,000	\$ -	\$ (2,975,000)	\$ -
2010 Revenue Bonds	6,055,000	-	(45,000)	6,010,000
2012 Revenue Bonds	2,800,000	-	-	2,800,000
	<u>\$ 11,830,000</u>	<u>\$ -</u>	<u>\$ (3,020,000)</u>	<u>\$ 8,810,000</u>

The bonds payable as of June 30, 2013 are as follows:

\$6,055,000 Utility System Refunding Revenue Bonds, Series 2010 in annual installments with 2.75-5.15% interest secured by Authority revenue and real and personal property	\$ 6,010,000
\$2,800,000 Utility System Refunding Revenue Bonds, Series 2012 in annual installments with 1.25-3.00% interest secured by Authority revenue and real and personal property	<u>2,800,000</u>
Total	\$ <u>8,810,000</u>

Debt service principal and interest requirements for outstanding bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2014	\$ 355,000	\$ 354,029	\$ 709,029
2015	350,000	341,765	691,765
2016	380,000	335,815	715,815
2017	390,000	328,099	718,099
2018	395,000	319,518	714,518
2019-2023	2,155,000	1,424,065	3,579,065
2024-2028	2,420,000	920,633	3,340,633
2029-2031	2,365,000	216,686	2,581,686
TOTAL	\$ 8,810,000	\$ 4,240,610	\$ 13,050,610

The Authority paid interest in the amount of \$403,131 on its outstanding bonds during the fiscal year.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE J - NOTES PAYABLE PROPRIETARY FUND

The Authority obtained a Community Development Block Grant loan number 8670 in the amount of \$82,907 from the Oklahoma Department of Commerce for the purpose of making utility system improvements. The loan is repayable over 20 years beginning on completion of the draw down. The Authority is required to make 240 equal monthly payments of \$345. The loan does not bear interest. The balance due on the loan at June 30, 2013 was \$31,436.

The Authority obtained a Community Development Block Grant loan number 12102 in the amount of \$115,000 from the Oklahoma Department of Commerce for the purpose of making utility system improvements to its facilities. The loan is repayable over 10 years beginning September 1, 2006. The Authority is required to make 120 equal monthly payments of \$958. The loan does not bear interest. The balance due on the loan at June 30, 2013 was \$40,251.

NOTE K - DEBT SERVICE COVERAGE

The revenue bond indentures require the Authority maintain a schedule of rates or charges for services sufficient to provide funds which together with other revenues pledged will provide net revenues available for debt service equal to at least 150% of the annual debt service requirement for the 2010 and 2012 bond issues.

Operating income (loss)		\$ (450,469)
Sales tax appropriations		2,861,544
Net revenue		<u>2,411,075</u>
Required net revenue		345,383
Excess/(deficit)		<u>\$ 2,065,692</u>
Ratio		<u>6.98 to 1</u>

NOTE L - LEASE OBLIGATIONS

The Authority has entered into a lease agreement as lessee for financing the acquisition of equipment. The lease agreement qualifies as a capital lease for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

<u>Year ending June 30</u>	<u>Fire Truck</u>	<u>Total</u>
2014	\$ 35,200	\$ 35,200
2015	35,200	35,200
2016	<u>25,798</u>	<u>25,798</u>
Total minimum lease payments	96,198	96,198
Less: Amount representing interest	<u>13,716</u>	<u>13,716</u>
Present value of future minimum lease payments	<u>\$ 82,482</u>	<u>\$ 82,482</u>

NOTE M - COMPENSATED ABSENCES

The City and Authority have not reported an amount for accrued compensated absences. Under the modified cash basis of accounting, payments for vacation and sick leave are expensed as paid.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

NOTE N - PENSION OBLIGATIONS

Oklahoma Police and Firefighter's Pension and Retirement Systems

City of Bristow participates in two statewide, cost-sharing multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Oklahoma Police Pension And Retirement System</u>	<u>Oklahoma Firefighter's Pension And Retirement System</u>
Eligibility to Participate	All full-time officers employed by a participating Municipality; not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary Firefighters of a participating municipality hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute	State Statute
Plan members' contribution rate	8% of covered payroll	8% of covered payroll
City's contribution rate	13% of covered payroll	13% of covered payroll
Period required to vest	10 years	10 years
Benefits and eligibility for distribution (full time) a	20 years of credited service, 2 ½% of final average salary Multiplied by the years of Credited service with a maximum Of 30 years considered; If vested At or after age 50, Or after 10 But before 20 years of credited service, with reduced benefits	20 years credited service, 2 ½% of Final average salary multiplied by The years of credited service with Maximum of 30 years considered; If Vested, at or after Age 50, or after 10 but before 20 years of Credited service, with reduced Benefits.
Benefits and eligibility for distribution service. (Volunteer) considered		20 years credited service equal to \$5.46 per month per year of With a maximum of 30years
Deferred retirement option	Yes, 20 years credited service With additional option to Participate in deferred option Plan for a maximum of 5 years	Yes, 20 years credited service With continued service for 30 or More years
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes	Yes
Disability	Yes	Yes
Cost of living allowances	Yes	Yes

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Contributions required by State Statute:

<u>Fiscal Year</u>	<u>Oklahoma Police Pension And Retirement System</u>		<u>Oklahoma Firefighter's Pension And Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2013	\$ 43,479	100%	\$ 33,436	100%
2012	42,234	100%	32,829	100%
2011	33,433	100%	35,385	100%

Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from the respective state retirement systems.

Oklahoma Municipal Retirement Fund

The City allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The following is a summary of eligibility factor, contribution methods, and benefit provision:

Oklahoma Municipal Retirement Fund

Eligibility	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
Employer contributions	14.09% of pay.
Employee contributions	5.25% of pay.
Service	
Credited Service	The last period of continuous employment with the employer excluding any periods before the effective date of the plan specified in the adoption agreement.
Vesting	Credited service plus transferred service from other OMRF employees.
Benefit Eligibility	5 or more years of vesting service.
Final Average Compensation	The average of the 5 highest consecutive annual salaries out of the last 10 years of service.
Accrued Benefit	Plan AA 2.625% of final average compensation multiplied by the number of years of credited service.
Normal Retirement Age	Age 65 with 5 or more years of vesting service.
Normal Retirement Eligibility	Termination of employment on or after normal retirement age.
Benefit	The accrued benefit payable immediately.
Early Retirement Eligibility	Termination after age 55 with 5 or more years of vesting.
Benefit	The accrued benefit payable starting at normal retirement, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2013

Disability Retirement Eligibility Total and permanent disability after 5 or more years of service.

Benefit The accrued benefit is payable upon disablement without Reduction for early payment.

Termination Before Retirement Age

Before Vesting Return of employee contributions with interest.

After Vesting The accrued benefit payable starting at age 65, or a reduced benefit payable at an early retirement age.

Oklahoma Municipal Retirement Fund

In-service Death

Before vesting Return of member contributions with interest.

After vesting (married participants only) 50% of the accrued benefit is payable to the spouse until death or remarriage.

After Vesting (other participants) 50% of the accrued benefit is payable for 60 months certain.

Payment Options

Normal form The normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain.

Optional forms Disability retirement benefits are paid only under the normal form.

Other retirement benefits are available under actuarially Equivalent optional forms:

- Joint and 50% survivor annuity
- Joint and 66-2/3rds last survivor annuity
- Joint and 100% survivor annuity

Cost of Living Benefits in payment status are adjusted each July 1st based on the percentage change in the CPI. The maximum increase is 3% per year.

Three years contributions schedule as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>
2013	\$ 141,636
2012	117,900
2011	114,426

NOTE O - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF BRISTOW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

NOTE P - FEDERAL STATE GRANTS

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE Q - SUBSEQUENT EVENTS

The City has evaluated subsequent events and contingencies through February 17, 2014, the date which financial statements were available. The City believes there are no items needing disclosure.

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Revenue				
Sales/Use Tax	\$ 3,495,615	\$ 3,340,616	\$ 2,532,066	\$ (808,550)
Franchise Tax	196,000	167,755	176,856	9,101
Gasoline and Auto Tax	40,000	30,874	41,143	10,269
Alcoholic Beverage Tax	23,000	21,843	22,468	625
Cigarette Tax	45,300	41,481	41,457	(24)
PILOT (Bristow Housing Authority)	12,000	12,000	9,651	(2,349)
Cell Tower Revenue	40,000	35,000	36,900	1,900
Fire Revenue	50,000	26,578	70,977	44,399
Swimming Pool	16,000	13,500	15,435	1,935
Cemetery	32,600	30,495	31,212	717
Room Tax	9,200	8,446	9,434	988
License and Permits	18,750	20,979	21,025	46
Intergovernmental	10,000	35,100	31,493	(3,607)
Fines and Forfeits	200,000	191,741	-	(191,741)
Donations	1,000	-	-	-
Other	13,400	62,300	55,633	(6,667)
Rental	15,000	14,502	16,702	2,200
Insure OK Reimbursement	1,000	-	-	-
Interest	500	220	291	71
TOTAL REVENUE	4,219,365	4,053,430	3,112,743	(940,687)
Expenditures				
Current				
MANAGERIAL DEPARTMENT				
Personal Services	32,580	32,780	31,872	908
Materials and Supplies	14,500	19,671	19,251	420
TOTAL MANAGERIAL DEPARTMENT	47,080	52,451	51,123	1,328
CLERK/PURCHASING DEPARTMENT				
Personal Services	227,450	226,010	220,194	5,816
TOTAL CLERK/PURCHASING DEPT	227,450	226,010	220,194	5,816
TREASURER DEPARTMENT				
Personal Services	66,415	64,280	63,743	537
Other Service and Charges	50	750	750	0
TOTAL TREASURER DEPARTMENT	66,465	65,030	64,493	537
ATTORNEY DEPARTMENT				
Personal Services	26,755	25,785	25,102	683
TOTAL ATTORNEY DEPARTMENT	26,755	25,785	25,102	683
MUNICIPAL JUDGE DEPARTMENT				
Personal Services	11,175	11,175	11,082	93
Other Service and Charges	50	35	40	(5)
TOTAL MUNICIPAL JUDGE DEPT	11,225	11,210	11,122	88

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

Expenditures, (continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Current				
GENERAL GOVERNMENT DEPARTMENT				
Personal Services	5,700	10,725	6,253	4,472
Other Service and Charges	16,200	16,300	19,450	(3,150)
Materials and Supplies	64,560	87,423	64,671	22,752
TOTAL GENERAL GOVERNMENT DEPT	86,460	114,448	90,374	24,074
POLICE DEPARTMENT				
Personal Services	879,000	844,650	831,913	12,737
Other Service and Charges	21,300	17,790	19,032	(1,242)
Materials and Supplies	86,700	86,510	83,931	2,579
TOTAL POLICE DEPARTMENT	987,000	948,950	934,876	14,074
FIRE DEPARTMENT				
Personal Services	480,510	476,745	471,181	5,564
Other Service and Charges	8,100	7,600	7,785	(185)
Materials and Supplies	41,650	46,460	44,295	2,165
TOTAL FIRE DEPARTMENT	530,260	530,805	523,261	7,544
STREET DEPARTMENT				
Personal Services	186,750	146,400	144,299	2,101
Other Service and Charges	54,850	68,350	66,908	1,442
Materials and Supplies	66,500	88,500	68,042	20,458
TOTAL STREET DEPARTMENT	308,100	303,250	279,249	24,001
ANIMAL CONTROL DEPARTMENT				
Personal Services	36,085	19,805	18,323	1,482
Materials and Supplies	5,050	33,000	30,641	2,359
Capital Outlay	0	4,500	4,456	44
TOTAL ANIMAL CONTROL DEPARTMENT	41,135	57,305	53,420	3,885
SENIOR CITIZENS DEPARTMENT				
Personal Services	44,110	39,800	39,117	683
Materials and Supplies	10,950	5,000	0	5,000
TOTAL SENIOR CITIZENS DEPT	55,060	44,800	39,117	5,683
LIBRARY DEPARTMENT				
Personal Services	125,585	128,280	128,155	125
Other Service and Charges	2,600	2,600	1,702	898
Materials and Supplies	10,800	12,000	10,256	1,744
TOTAL LIBRARY DEPARTMENT	138,985	142,880	140,113	2,767

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Expenditures, (continued)				
Current				
CEMETERY DEPARTMENT				
Personal Services	56,070	83,500	82,153	1,347
Other Service and Charges	300	0	0	0
Materials and Supplies	10,700	10,700	8,256	2,132
TOTAL CEMETERY DEPARTMENT	67,070	94,200	90,721	3,479
SPORTS COMPLEX DEPARTMENT				
Other Service and Charges	0	500	790	(290)
Materials and Supplies	5,400	5,000	4,705	295
TOTAL SPORTS COMPLEX DEPT	5,400	5,500	5,495	5
POOL DEPARTMENT				
Personal Services	23,220	23,440	27,023	(3,583)
Other Service and Charges	7,550	7,700	6,939	761
Materials and Supplies	16,000	15,000	7,984	7,016
TOTAL POOL DEPARTMENT	46,770	46,140	41,946	4,194
INSPECTION DEPARTMENT				
Personal Services	61,055	46,520	44,473	2,047
Other Service and Charges	1,300	900	798	102
Materials and Supplies	3,800	1,700	202	1,498
TOTAL INSPECTION DEPARTMENT	66,155	49,120	45,473	3,647
PARK DEPARTMENT				
Personal Services	157,065	155,435	153,473	1,962
Other Service and Charges	3,200	1,800	2,244	(444)
Materials and Supplies	27,500	19,300	16,313	2,987
TOTAL PARK DEPARTMENT	187,765	176,535	172,030	4,505
TOTAL EXPENDITURES	2,788,135	2,894,419	2,788,109	106,310
Excess (deficiency) of revenue over expenditures	1,320,230	1,159,011	324,634	(834,377)
Other financing sources (uses)				
Transfer In	575,000	575,000	645,084	70,084
Transfer Out	(1,863,545)	(1,793,926)	(953,848)	840,078
TOTAL OTHER FINANCING SOURCES (USES)	(1,288,545)	(1,218,926)	(308,764)	910,162
Net change in fund balance	31,685	(59,915)	15,870	75,785
Fund Balances, beginning	214,514	34,980	88,563	53,583
Fund Balances, ending	\$ 246,199	\$ (24,935)	\$ 104,433	\$ 129,268

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013

Budgetary Accounting

The annual operating budgets are prepared and presented on modified cash basis of accounting. Per City ordinance, the City utilizes encumbrance accounting during the year on a limited basis for certain purchase orders and other commitments for the expenditure of funds which are recorded in order to reserve a portion of the applicable appropriation. Encumbrances outstanding at the year end are not considered expenditures for budgetary purposes, and are considered lapsed, as are all unused appropriations. Any open purchase orders to be honored in the subsequent budget year are re-appropriated and re-encumbered in the next year's budget. As a result, no reserve for encumbrances is reported at year end.

For the year ended June 30, 2013, the City complied in all material respects with the applicable budget laws relating to expenditures and appropriations at the legal level of control.

CITY OF BRISTOW, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	<u>Cemetery</u>	<u>Cemetery Care</u>	<u>Police Training</u>	<u>Court</u>	<u>Library</u>	<u>Jones Found- ation</u>	<u>Special Fire</u>	<u>Grant Match</u>	<u>L.E. Grant</u>	<u>TOTAL NONMAJOR FUNDS</u>
ASSETS										
Cash and Cash Equivalents	\$ 43,942	\$ 20,284	\$ 6,540	\$ 2,919	\$ 3,998	\$ 3,651	\$ 4,177	\$ 92,040	\$ -	\$177,551
Investments	<u>-</u>	<u>50,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,376</u>	<u>-</u>	<u>76,828</u>
TOTAL ASSETS	<u>\$ 43,942</u>	<u>\$ 70,736</u>	<u>\$ 6,540</u>	<u>\$ 2,919</u>	<u>\$ 3,998</u>	<u>\$ 3,651</u>	<u>\$ 4,177</u>	<u>\$118,416</u>	<u>\$ -</u>	<u>\$254,379</u>
LIABILITIES										
Due to Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,200</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,200</u>
FUND BALANCES										
Assigned	<u>43,942</u>	<u>70,736</u>	<u>6,540</u>	<u>719</u>	<u>3,998</u>	<u>3,651</u>	<u>4,177</u>	<u>118,416</u>	<u>-</u>	<u>252,179</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 43,942</u>	<u>\$ 70,736</u>	<u>\$ 6,540</u>	<u>\$ 2,919</u>	<u>\$ 3,998</u>	<u>\$ 3,651</u>	<u>\$ 4,177</u>	<u>\$118,416</u>	<u>\$ -</u>	<u>\$254,379</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	L.E. Grant	Total Nonmajor Funds
REVENUES										
Cemetery Sales	\$ -	\$ 3,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,768
Intergovernmental	-	-	-	-	6,087	-	9,681	10,567	-	26,335
Fines and Forfeits	-	-	-	213,038	-	-	-	-	-	213,038
Donations	50,000	-	-	-	-	16,462	-	-	-	66,462
Other	-	-	877	-	-	-	-	-	-	877
Interest	98	242	-	19	-	6	-	158	-	523
TOTAL REVENUES	50,098	4,010	877	213,057	6,087	16,468	9,681	10,725	-	311,003
EXPENDITURES										
Current										
Cemetery	61,322	-	-	-	-	-	-	-	-	61,322
Culture and Education	-	-	-	-	5,902	15,510	-	-	-	21,412
Public Safety	-	-	15,137	13,112	-	-	7,523	-	-	35,772
TOTAL EXPENDITURES	61,322	-	15,137	13,112	5,902	15,510	7,523	-	-	118,506
Excess of Revenues Over (Under) Expenditures	(11,224)	4,010	(14,260)	199,945	185	958	2,158	10,725	-	192,497
Other Financing Sources (Uses)										
Transfer In	-	-	10,272	-	-	-	-	18,000	-	28,272
Transfer Out	-	-	-	(200,272)	-	-	-	-	(85)	(200,357)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,272	(200,272)	-	-	-	18,000	(85)	(172,085)
Net Change in Fund Balance	(11,224)	4,010	(3,988)	(327)	185	958	2,158	28,725	(85)	20,412
Fund Balance - Beginning	55,166	66,726	10,528	1,046	3,813	2,693	2,019	89,691	85	231,767
Fund Balance - Ending	<u>\$ 43,942</u>	<u>\$ 70,736</u>	<u>\$ 6,540</u>	<u>\$ 719</u>	<u>\$ 3,998</u>	<u>\$ 3,651</u>	<u>\$ 4,177</u>	<u>\$118,416</u>	<u>\$-</u>	<u>\$252,179</u>

The accompanying notes are an integral part of these financial 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 Honorable Mayor and Members of the City Council
City of Bristow
Bristow, Oklahoma

I 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 business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, modified cash basis, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise City of Bristow's basic financial statements and have issued my report thereon dated February 17, 2014 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

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

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

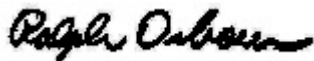
Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Bristow, Oklahoma's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
February 17, 2014