

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2011

Ralph Osborn
Certified Public Accountant
500 South Chestnut
P. O. Box 1015
Bristow, Oklahoma 74010

CITY OF BRISTOW, OKLAHOMA
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INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma as of and for the year ended June 30, 2011, which collectively comprise the City of Bristow, Oklahoma's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Bristow, Oklahoma's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The financial statements do not include financial data for City of Bristow, Oklahoma's legally separate component unit Bristow Medical Center Operating Company. The financial statements of Bristow Medical Center Operating Company were audited by other auditors who released their December 31, 2010 report on February 14, 2012.

As discussed in Note A, City of Bristow, Oklahoma prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, except for the effects of not including financial information for Bristow Medical Center Operating Company as a discretely presented component unit, as described above, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Bristow, Oklahoma as of June 30, 2011, and the respective changes in financial position-modified cash basis and cash flows where appropriate, thereof, for the year ended, in conformity with the basis of accounting described in Note A.

The City of Bristow, Oklahoma has not presented Management's Discussion and Analysis or budgetary comparisons that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 7, 2012, on my consideration of City of Bristow, Oklahoma'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* and should be considered in assessing the results of my audit.

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 fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
May 7, 2012

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business Type Activities	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 351,239	\$ 443,146	\$ 794,385
Investments	516,809	1,107,629	1,624,438
Restricted Assets			
Cash - Debt Reserve	-	1,405,508	1,405,508
Cash - Bond Construction	-	2,584,435	2,584,435
Total Current Assets	868,048	5,540,718	8,408,766
Non-Current Assets			
Capital Assets			
Land	427,816	277,675	705,491
Other Capital Assets Net of Accumulated Depreciation	3,254,802	7,492,718	10,747,520
Total Non-Current Assets	3,682,618	7,770,393	11,453,011
Total Assets	4,550,666	13,311,111	17,861,777
LIABILITIES			
Current Liabilities			
Due to Others	4,135	-	4,135
Utility Deposits	-	159,201	159,201
Lease Payable, current	27,095	-	27,095
Bonds and Notes Payable, current	-	210,636	210,636
Total Current Liabilities	31,230	369,837	401,067
Non-Current Liabilities			
Lease Payable, non-current	121,790	-	121,790
Bond and Notes Payable, non-current	-	9,117,342	9,117,342
Total Non-Current Liabilities	153,020	9,117,342	9,239,132
Total Liabilities	153,020	9,487,179	9,640,199
NET ASSETS			
Investments in Capital Assets, Net of Related Debt	3,533,733	(1,577,585)	1,956,148
Restricted			
Debt Service	-	1,405,508	1,405,508
Construction	-	2,584,435	2,584,435
Assigned	652,761	1,411,574	2,064,335
Unrestricted	211,152	-	211,152
Total Net Assets	\$ 4,397,646	\$ 3,823,932	\$ 8,221,578

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, 2011

FUNCTION/PROGRAMS	Program Revenue				Revenue
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ 407,546	\$ 114,061	\$ 44,453	\$ 165,467	\$ (83,565)
Public Safety	1,434,004	236,340	4,398	-	(1,193,266)
Street	407,050	-	42,300	-	(364,750)
Culture and Education	136,219	-	5,733	-	(130,486)
Public Service	103,813	-	-	-	(103,813)
Parks and Recreation	245,341	15,608	-	-	(229,733)
Cemetery	60,053	41,125	-	-	(18,928)
Total Governmental Activities	<u>2,794,026</u>	<u>407,134</u>	<u>96,884</u>	<u>165,467</u>	<u>(2,124,541)</u>
Business-type Activities					
Sanitation	304,876	354,192	-	-	49,316
Water/Wastewater	1,586,341	1,025,054	-	-	(561,287)
Airport	59,503	30,153	-	131,967	102,617
Total Business-Type Activities	<u>1,950,720</u>	<u>1,409,399</u>	<u>-</u>	<u>131,967</u>	<u>(409,354)</u>
Total Primary Government	<u>\$4,744,746</u>	<u>\$1,816,533</u>	<u>\$ 96,884</u>	<u>\$ 297,434</u>	<u>\$ (2,533,895)</u>

CHANGES IN NET ASSETS	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (expense) Revenue			\$ (2,533,895)
General Revenues			
Taxes			
Sales/Use Tax		3,204,320	3,204,320
Franchise		180,103	180,103
Cigarette Tax		44,684	44,684
Room Tax		7,754	7,754
Other		83,201	83,201
Interest		5,576	28,436
Transfers	(1,397,501)	782,843	(614,658)
Total General Revenue and Transfers	<u>2,128,137</u>	<u>811,279</u>	<u>2,939,416</u>
Change in Net Assets		3,596	405,521
Net Assets - Beginning	<u>4,394,050</u>	<u>3,422,007</u>	<u>7,816,057</u>
Net Assets - Ending	<u>\$ 4,397,646</u>	<u>\$ 3,823,932</u>	<u>\$ 8,221,578</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, 2011

	<u>General Fund</u>	<u>Capital Improvement</u>	<u>General Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalent	\$ 165,207	\$ 30,216	\$ 1,434	\$ 154,382	\$ 351,239
Investments	<u>45,945</u>	<u>271,986</u>	<u>-</u>	<u>198,878</u>	<u>516,809</u>
TOTAL ASSETS	<u>\$ 211,152</u>	<u>\$ 302,202</u>	<u>\$ 1,434</u>	<u>\$ 353,260</u>	<u>\$ 868,048</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Due Others	\$ -	\$ -	\$ -	\$ 4,135	\$ 4,135
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,135</u>	<u>4,135</u>
 Fund Balances					
Assigned	-	302,202	1,434	349,125	652,761
Unassigned	<u>211,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,152</u>
Total Fund Balances	<u>211,152</u>	<u>302,202</u>	<u>1,434</u>	<u>349,125</u>	<u>863,913</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 211,152</u>	<u>\$ 302,202</u>	<u>\$ 1,434</u>	<u>\$ 353,260</u>	<u>\$ 868,048</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, 2011

Total Fund Balance \$ 863,913

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	7,388,518	
Accumulated Depreciation	<u>(3,705,900)</u>	3,682,618

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:

Lease obligation	<u>(148,885)</u>	
TOTAL NET ASSETS		<u>\$ 4,397,646</u>

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, 2011

	General Fund	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue					
Sales/Use Tax	\$ 3,019,923	\$ 184,397	\$ -	\$ -	\$ 3,204,320
Franchise Tax	180,103	-	-	-	180,103
Gasoline and Auto Tax	42,300	-	-	-	42,300
Alcoholic Beverage Tax	23,205	-	-	-	23,205
Cigarette Tax	44,684	-	-	-	44,684
Fire Revenue	80,021	-	-	-	80,021
Swimming Pool	15,608	-	-	-	15,608
Cemetery	35,572	-	-	5,553	41,125
Room Tax	7,754	-	-	-	7,754
License and Permits	19,922	-	-	-	19,922
Intergovernmental	21,248	2,568	162,899	10,131	196,846
Fines and Forfeits	444	-	-	155,875	156,319
Donations	10,231	-	-	65,926	76,157
Other	73,776	-	-	9,425	83,201
Sale of Equipment	17,982	-	-	-	17,982
Interest	1,216	2,235	8	2,117	5,576
	<u>3,593,989</u>	<u>189,200</u>	<u>162,907</u>	<u>249,027</u>	<u>4,195,123</u>
TOTAL REVENUE					
Expenditures					
Current					
General Government	336,365	36,785	26,342	-	399,492
Public Safety	1,310,885	48,610	-	25,746	1,385,241
Street	356,885	4,599	-	-	361,484
Culture and Education	113,868	-	-	19,277	133,145
Public Service	101,080	-	-	-	101,080
Parks and Recreation	204,653	-	-	-	204,653
Cemetery	49,411	9,675	-	10,520	69,606
	<u>2,473,147</u>	<u>99,669</u>	<u>26,342</u>	<u>55,543</u>	<u>2,654,701</u>
TOTAL EXPENDITURES					
Excess (deficiency) of revenue over expenditures	<u>1,120,842</u>	<u>89,531</u>	<u>136,565</u>	<u>193,484</u>	<u>1,540,422</u>
Other financing sources (uses)					
Transfer In	2,531,803	-	-	25,443	2,557,246
Transfer Out	<u>(3,618,448)</u>	<u>(52,299)</u>	<u>(136,557)</u>	<u>(147,443)</u>	<u>(3,954,747)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,086,645)</u>	<u>(52,299)</u>	<u>(136,557)</u>	<u>(122,000)</u>	<u>(1,397,501)</u>
Net change in fund balance	34,197	37,232	8	71,484	142,921
Fund Balances, beginning	<u>176,955</u>	<u>264,970</u>	<u>1,426</u>	<u>277,641</u>	<u>720,992</u>
Fund Balances, ending	<u>\$ 211,152</u>	<u>\$ 302,202</u>	<u>\$ 1,434</u>	<u>\$ 349,125</u>	<u>\$ 863,913</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, 2011

Net Changes in Fund Balances - Total Governmental Funds \$ 142,921

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	(187,880)	
Loss on assets retired	(16,605)	
Capital Outlay	41,605	(162,880)

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 payments		23,555
CHANGE IN NET ASSETS		\$ 3,596

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, 2011

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 418,969	\$ 24,177	\$ 443,146
Investments	1,107,629	-	1,107,629
Restricted Assets			
Cash-Debt Reserve	1,405,508	-	1,405,508
Cash-Bond Construction	<u>2,584,435</u>	<u>-</u>	<u>2,584,435</u>
TOTAL CURRENT ASSETS	<u>5,516,541</u>	<u>24,177</u>	<u>5,540,718</u>
Non-Current Assets			
Capital Assets			
Land	-	277,675	277,675
Capital Assets, Net of Accumulated Depreciation	<u>6,750,624</u>	<u>742,094</u>	<u>7,492,718</u>
TOTAL NON-CURRENT ASSETS	<u>6,750,624</u>	<u>1,019,769</u>	<u>7,770,393</u>
TOTAL ASSETS	<u>12,267,165</u>	<u>1,043,946</u>	<u>13,311,111</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	159,201	-	159,201
Bonds and Notes Payable, current	<u>210,636</u>	<u>-</u>	<u>210,636</u>
TOTAL CURRENT LIABILITIES	<u>369,837</u>	<u>-</u>	<u>369,837</u>
Non-Current Liabilities			
Bonds and Notes Payable, non-current	<u>9,117,342</u>	<u>-</u>	<u>9,117,342</u>
TOTAL NON-CURRENT LIABILITIES	<u>9,117,342</u>	<u>-</u>	<u>9,117,342</u>
TOTAL LIABILITIES	<u>9,487,179</u>	<u>-</u>	<u>9,487,179</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	(2,597,354)	1,019,769	(1,577,585)
Restricted for Debt Service	1,405,508	-	1,405,508
Restricted for Bond Construction	2,584,435	-	2,584,435
Assigned	<u>1,387,397</u>	<u>24,177</u>	<u>1,411,574</u>
Net Assets of Business-Type Activities	<u>\$ 2,779,986</u>	<u>\$ 1,043,946</u>	<u>\$ 3,823,932</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, 2011

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 727,547	\$ -	\$ 727,547
Wastewater Charges	261,763	-	261,763
Sanitation Charges	354,192	-	354,192
Penalty	18,052	-	18,052
Rentals	-	18,251	18,251
Fuel Sales	-	11,902	11,902
Other	17,692	-	17,692
	<u>1,379,246</u>	<u>30,153</u>	<u>1,409,399</u>
<u>OPERATING EXPENSES</u>			
Personal Services and Benefits	496,548	-	496,548
Sanitation Contractor	304,876	-	304,876
Maintenance and Supplies	140,201	4,451	144,652
Fuel Costs	-	14,741	14,741
Other Operating Expenses	273,321	10,223	283,544
Depreciation	253,828	30,088	283,916
	<u>1,468,774</u>	<u>59,503</u>	<u>1,528,277</u>
OPERATING INCOME (LOSS)	<u>(89,528)</u>	<u>(29,350)</u>	<u>(118,878)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	131,967	131,967
Investment Income	28,373	63	28,436
Interest and fees on Notes Payable	(422,443)	-	(422,443)
	<u>(394,070)</u>	<u>132,030</u>	<u>(262,040)</u>
Income Before Transfers	(483,598)	102,680	(380,918)
Transfer to Other Funds	(2,225,405)	-	(2,225,405)
Transfer from Other Funds	3,008,248	-	3,008,248
	<u>782,843</u>	<u>-</u>	<u>782,843</u>
Change in Net Assets	299,245	102,680	401,925
TOTAL NET ASSETS, BEGINNING	<u>2,480,741</u>	<u>941,266</u>	<u>3,422,007</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,779,986</u>	<u>\$ 1,043,946</u>	<u>\$ 3,823,932</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, 2011

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 1,382,021	\$ 30,153	\$ 1,412,174
Cash Payments to Employees	(496,548)	-	(496,548)
Cash Payments to Suppliers for Goods and Services	<u>(718,398)</u>	<u>(29,415)</u>	<u>(747,813)</u>
Net Cash Provided (Used) by Operating Activities	<u>167,075</u>	<u>738</u>	<u>167,813</u>
Cash Flows from Non-Capital Financing Activities			
Transfer In	1,110,843	-	1,110,843
Transfer Out	<u>(328,000)</u>	<u>-</u>	<u>(328,000)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>782,843</u>	<u>-</u>	<u>782,843</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	131,967	131,967
Acquisition of Fixed Assets	(2,501,705)	(115,666)	(2,617,371)
Principal Paid on Notes and Bonds Payable	(160,645)	-	(160,645)
Interest Paid on Notes and Bonds Payable and Fiscal Fees	<u>(422,443)</u>	<u>-</u>	<u>(422,443)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(3,084,793)</u>	<u>16,301</u>	<u>(3,068,492)</u>
Cash Flows from Investing Activities			
Added to Investments	(10,135)	-	(10,135)
Interest Revenue	<u>28,373</u>	<u>63</u>	<u>28,436</u>
Net Cash Provided by Investing Activities	<u>18,238</u>	<u>63</u>	<u>18,301</u>
Net Increase in Cash and Cash Equivalents	(2,116,637)	17,102	(2,099,535)
Cash and Cash Equivalents, Beginning	<u>6,525,549</u>	<u>7,075</u>	<u>6,532,624</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,408,912</u>	<u>\$ 24,177</u>	<u>\$ 4,433,089</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ (89,528)	\$ (29,350)	\$ (118,878)
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	253,828	30,088	283,916
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	<u>2,775</u>	<u>-</u>	<u>2,775</u>
Net Cash Provided by Operating Activities	<u>\$ 167,075</u>	<u>\$ 738</u>	<u>\$ 167,813</u>

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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 Airport Authority - The Airport Authority manages the local airport. The Authority is dependent on the City for financing.

Bristow Hospital Authority - The Authority is part of the management of the local hospital. Members of the Board of Trustees are the same as the mayor and City Council of the City. The Authority did not have financial activity separate from Bristow Medical Center Operating Company.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Discretely Presented Component Unit

Bristow Medical Center Operating Company - The Company operates the local hospital. The Company receives a portion of the sales tax collected in the City. The Company will issue separately audited financial statements. These were not completed as of the date of the City financial audit completion.

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 distinguished 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, 2011

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, 2011

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.

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, 2011

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, 2011 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, 2011

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, 2011, 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 \$6,226,766 at June 30, 2011. The bank balance of the deposits at June 30, 2011 was approximately \$6,316,849.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2011.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011, the City's deposits consisted of demand deposits and certificates of deposit with a maturity of 13 months or less.

NOTE C - INTERFUND RECEIVABLES AND PAYABLES

The City did not report any interfund receivables or payables at June 30, 2011.

NOTE D - RESTRICTED CASH

The Authority has reported the following restricted cash:

Debt Reserve	\$ 1,405,508
Bond Construction	<u>2,584,435</u>
Total	<u>\$ 3,989,943</u>

The debt reserve is held for use in retiring the outstanding revenue bonds.

NOTE E - CAPITAL ASSETS

Changes in 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, 2010	\$ 1,138,944	\$ 3,570,891	\$ 2,325,405	\$ 7,035,240	\$ 427,816
Increases	-	-	41,605	41,605	-
Decreases	-	-	(116,143)	(116,143)	-
Balance, June 30, 2011	<u>1,138,944</u>	<u>3,570,891</u>	<u>2,250,867</u>	<u>6,960,702</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2010	879,969	1,403,413	1,334,176	3,617,558	
Increases	21,587	67,882	98,411	187,880	
Decreases	-	-	(99,538)	(99,538)	
Balance, June 30, 2011	<u>901,556</u>	<u>1,471,295</u>	<u>1,333,049</u>	<u>3,705,900</u>	
Governmental Activities					
Capital Assets, Net	<u>\$ 237,388</u>	<u>\$ 2,099,596</u>	<u>\$ 917,818</u>	<u>\$ 3,254,802</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2010	\$ 818,206	\$ 7,106,825	\$ 861,099	\$ 8,786,130	\$ 277,675
Increases	-	2,455,670	161,701	2,617,371	-
Decreases	-	-	-	-	-
Balance, June 30, 2011	<u>818,206</u>	<u>9,562,495</u>	<u>1,022,800</u>	<u>11,403,501</u>	<u>277,675</u>
Accumulated Depreciation					
Balance, June 30, 2010	430,320	2,614,143	582,404	3,626,867	
Increases	21,668	223,615	38,633	283,916	
Decreases	-	-	-	-	
Balance, June 30, 2011	<u>451,988</u>	<u>2,837,758</u>	<u>621,037</u>	<u>3,910,783</u>	
Business-type Activities					
Capital Assets, Net	<u>\$ 366,218</u>	<u>\$ 6,724,737</u>	<u>\$ 401,763</u>	<u>\$ 7,492,718</u>	<u>\$ 277,675</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 603,606</u>	<u>\$ 8,824,333</u>	<u>\$ 1,319,581</u>	<u>\$10,747,520</u>	<u>\$ 705,491</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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	\$ 16,054	Water/Wastewater	\$ 253,828
Public Safety	69,123	Airport	30,088
Street	45,566		
Culture and Education	3,074		
Parks and Recreation	40,688		
Public Service	2,733		
Cemetery	10,642		

NOTE F - CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2011:

	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
Balance, July 1, 2010	\$ 118,623	\$ 9,370,000	\$ 172,440	\$ 9,661,063
Additions	-	-	-	-
Retirements	<u>(15,645)</u>	<u>(145,000)</u>	<u>(23,555)</u>	<u>(184,200)</u>
Balance, June 30, 2011	<u>\$ 102,978</u>	<u>\$ 9,225,000</u>	<u>\$ 148,885</u>	<u>\$ 9,476,863</u>

NOTE G - PROPRIETARY FUND REVENUE BONDS PAYABLE

The following is a summary of revenue bond transactions of the Authority for the year ended June 30, 2011.

	<u>Payable at July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2011</u>
2005 Revenue Bonds	\$ 3,315,000	\$ -	\$ (145,000)	\$ 3,170,000
2010 Revenue Bonds	<u>6,055,000</u>	<u>-</u>	<u>-</u>	<u>6,055,000</u>
	<u>\$ 9,370,000</u>	<u>\$ -</u>	<u>\$ (145,000)</u>	<u>\$ 9,225,000</u>

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

The bonds payable as of June 30, 2011 are as follows:

\$3,655,000 Utility System Refunding Revenue Bonds, Series 2005 in annual installments with 4.05-4.75% interest secured by Authority revenue and real and personal property	\$ 3,170,000
\$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	6,055,000
Total	\$ 9,225,000

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>
2012	\$ 195,000	\$ 566,537	\$ 761,537
2013	275,000	433,090	708,090
2014	305,000	422,538	727,538
2015	290,000	410,580	700,580
2016	330,000	398,630	728,630
2017-2021	2,235,000	1,762,310	3,997,310
2022-2026	2,195,000	1,202,363	3,397,363
2027-2031	3,400,000	600,263	4,000,263
TOTAL	\$ 9,225,000	\$ 5,796,311	\$ 15,021,311

The Authority paid interest in the amount of \$422,443 on its outstanding bonds during the fiscal year.

NOTE H - 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, 2011 was \$39,728.

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, 2011 was \$63,250.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

NOTE I - 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 bond issue and 125% of the average annual debt service for the 2005 issue.

Operating income (loss)	\$ (89,528)
Sales tax appropriations	<u>2,819,392</u>
Net revenue	2,729,864
Required net revenue	<u>1,069,160</u>
Excess/(deficit)	<u>\$ 1,660,704</u>

NOTE J - 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 the 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>
2012	\$ 35,200	\$ 35,200
2013	35,200	35,200
2014	35,200	35,200
2015	35,200	35,200
2016	<u>17,600</u>	<u>17,600</u>
Total minimum lease payments	158,400	158,400
Less: Amount representing interest	<u>9,515</u>	<u>9,515</u>
Present value of future minimum lease payments	<u>\$ 148,885</u>	<u>\$ 148,885</u>

NOTE K - 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.

NOTE L - 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.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

	<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)	20 years of credited service, 2 ¼% 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 ¼% 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.
Benefits and eligibility for distribution (Volunteer)		20 years credited service equal to \$5.46 per month per year of service. With a maximum of 30years considered
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, <u>post-retirement</u>)	Yes	Yes
Disability	Yes	Yes
Cost of living allowances	Yes	Yes

Contributions required by State Statute:

	<u>Oklahoma Police Pension And Retirement System</u>		<u>Oklahoma Firefighter's Pension And Retirement System</u>	
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2010	\$ 30,806	100%	\$ 32,354	100%
2009	33,433	100%	35,385	100%
2008	31,247	100%	35,305	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.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

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	14.42% 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.
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.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

Oklahoma Municipal Retirement Fund, (continued)

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 1 st 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>
2010	\$ 114,426
2009	146,704
2008	92,886

NOTE M - 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.

NOTE N - 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.

CITY OF BRISTOW, OKLAHOMA
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	L.E. Grant	TOTAL NONMAJOR FUNDS
ASSETS									
Cash and Cash Equivalents	\$ 39,976	\$ 17,017	\$ 3,337	\$ 3,564	\$ 11,399	\$ 1,756	\$ 65,117	\$ 85	\$ 154,382
Investments	<u>122,649</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,141</u>	<u>-</u>	<u>198,878</u>
TOTAL ASSETS	<u>\$ 162,625</u>	<u>\$ 17,017</u>	<u>\$ 3,337</u>	<u>\$ 3,564</u>	<u>\$ 11,399</u>	<u>\$ 1,756</u>	<u>\$ 91,258</u>	<u>\$ 85</u>	<u>\$ 353,260</u>
LIABILITIES									
Due to Others	\$ -	\$ -	\$ 4,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,135
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>4,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,135</u>
FUND BALANCES									
Assigned	<u>162,625</u>	<u>17,017</u>	<u>(798)</u>	<u>3,564</u>	<u>11,399</u>	<u>1,756</u>	<u>91,258</u>	<u>85</u>	<u>349,125</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 162,625</u>	<u>\$ 17,017</u>	<u>\$ 3,337</u>	<u>\$ 3,564</u>	<u>\$ 11,399</u>	<u>\$ 1,756</u>	<u>\$ 91,258</u>	<u>\$ 85</u>	<u>\$ 353,260</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, 2011

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Foundation	Special Fire	Grant Match	L.E. Grant	Total Nonmajor Funds
REVENUES										
Cemetery Sales	\$ -	\$ 5,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,553
Intergovernmental	-	-	-	-	5,733	-	4,398	-	-	10,131
Fines and Forfeits	-	-	-	155,875	-	-	-	-	-	155,875
Donations	50,000	-	-	-	-	15,926	-	-	-	65,926
Other	-	-	9,425	-	-	-	-	-	-	9,425
Interest	1,001	637	-	32	-	28	-	419	-	2,117
TOTAL REVENUES	51,001	6,190	9,425	155,907	5,733	15,954	4,398	419	-	249,027
EXPENDITURES										
Current										
Cemetery	10,520	-	-	-	-	-	-	-	-	10,520
Culture and Education	-	-	-	-	4,846	14,431	-	-	-	19,277
Public Safety	-	-	10,671	9,824	-	-	5,251	-	-	25,746
TOTAL EXPENDITURES	10,520	-	10,671	9,824	4,846	14,431	5,251	-	-	55,543
Excess of Revenues Over (Under) Expenditures	40,481	6,190	(1,246)	146,083	887	1,523	(853)	419	-	193,484
Other Financing Sources (Uses)										
Transfer In	-	-	7,443	-	-	-	-	18,000	-	25,443
Transfer Out	-	-	-	(147,443)	-	-	-	-	-	(147,443)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	7,443	(147,443)	-	-	-	18,000	-	(122,000)
Net Change in Fund Balance	40,481	6,190	6,197	(1,360)	887	1,523	(853)	18,419	-	71,484
Fund Balance - Beginning	122,144	56,029	10,820	562	2,677	9,876	2,609	72,839	85	277,641
Fund Balance - Ending	\$162,625	\$ 62,219	\$ 17,017	\$ (798)	\$ 3,564	\$11,399	\$ 1,756	\$91,258	\$ 85	\$349,125

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

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 the accompanying financial statements-modified cash basis, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City of Bristow, Oklahoma's basic financial statements, and have issued my report thereon dated May 7, 2012 which did not include Management's Discussion and Analysis or budgetary comparison schedules and was adverse due to the omission of a discretely presented component unit. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered City of Bristow, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Bristow, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of City of Bristow, Oklahoma's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Ralph Osborn".

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
May 7, 2012