

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

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, Oklahoma

I have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City'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 statements 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 my 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 modified cash basis financial position 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 as of June 30, 2014, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash 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 opinions are not modified with respect to this matter.

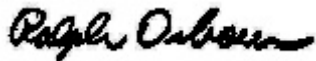
Other Information

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 budgetary comparison and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison and combining 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 budgetary and combining 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 Governemnt Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 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 my 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
November 17, 2014

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2014

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 549,715	\$ 982,899	\$ 1,532,614
Investments	358,971	220,478	579,449
Restricted Assets			
Cash - Debt Reserve	-	701,143	701,143
Cash - Debt Service	1,060,050	614,505	1,674,555
Cash - Bond Construction	-	1,749,338	1,749,338
Total Current Assets	<u>1,968,736</u>	<u>4,268,363</u>	<u>6,237,099</u>
Non-Current Assets			
Capital Assets			
Land	427,816	347,564	775,380
Other Capital Assets Net of Accumulated Depreciation	<u>3,613,180</u>	<u>7,608,070</u>	<u>11,221,250</u>
Total Non-Current Assets	<u>4,040,996</u>	<u>7,955,634</u>	<u>11,996,630</u>
Total Assets	<u>6,009,732</u>	<u>12,223,997</u>	<u>18,233,729</u>
LIABILITIES			
Current Liabilities			
Due to Others	5,135	-	5,135
Utility Deposits	-	174,114	174,114
Lease Payable, current	30,650	-	30,650
Bonds and Notes Payable, current	<u>320,000</u>	<u>365,640</u>	<u>685,640</u>
Total Current Liabilities	<u>355,785</u>	<u>539,754</u>	<u>895,539</u>
Non-Current Liabilities			
Lease Payable, non-current	27,786	-	27,786
Bond and Notes Payable, non-current	<u>1,705,000</u>	<u>8,145,407</u>	<u>9,850,407</u>
Total Non-Current Liabilities	<u>1,732,786</u>	<u>8,145,407</u>	<u>9,878,193</u>
Total Liabilities	<u>2,088,571</u>	<u>8,685,161</u>	<u>10,773,732</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	2,088,571	(555,413)	1,402,147
Restricted			
Debt Service	1,060,050	1,315,648	2,375,698
Construction	-	1,749,338	1,749,338
Unrestricted	<u>903,551</u>	<u>1,029,263</u>	<u>1,932,814</u>
Total Net Position	<u>\$ 3,921,161</u>	<u>\$ 3,538,836</u>	<u>\$ 7,459,997</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, 2014

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	\$ 580,499	\$ 19,959	\$ 33,040	\$ 79,255	\$ (448,245)
Public Safety	1,717,388	285,405	52,690	-	(1,379,293)
Street	369,608	-	40,237	-	(329,371)
Culture and Education	145,321	-	4,314	-	(141,007)
Public Service	70,839	-	-	-	(70,839)
Parks and Recreation	277,461	13,385	-	-	(264,076)
Cemetery	125,436	38,460	-	-	(86,976)
Hospital	146,732	-	-	-	(146,732)
Total Governmental Activities	<u>3,433,284</u>	<u>357,209</u>	<u>130,281</u>	<u>79,255</u>	<u>(2,866,539)</u>
Business-type Activities					
Sanitation	305,591	343,523	-	-	37,932
Water/Wastewater	1,758,274	1,316,103	-	-	(442,171)
Airport	51,606	28,838	-	139,117	116,349
Total Business-Type Activities	<u>2,115,471</u>	<u>1,688,464</u>	<u>-</u>	<u>139,117</u>	<u>(287,890)</u>
Total Primary Government	<u>\$5,548,755</u>	<u>\$2,045,673</u>	<u>\$ 130,281</u>	<u>\$ 218,372</u>	<u>\$ (3,154,429)</u>
Primary Government					
Business					
Governmental					
Activities					
Type					
Activities					
Total					
CHANGES IN NET POSITION					
Net (expense) Revenue			\$ (2,866,539)	\$ (287,890)	\$ (3,154,429)
General Revenues					
Taxes					
Sales/Use Tax			3,500,357	-	3,500,357
Franchise			177,295	-	177,295
Cigarette Tax			39,143	-	39,143
Room Tax			12,524	-	12,524
Sale of Assets			572,649	-	572,649
Donations			18,968	-	18,968
Other			173,953	11,201	185,154
Interest			2,190	1,442	3,632
Transfers			(652,163)	652,163	-
Total General Revenue and Transfers			<u>3,844,916</u>	<u>664,806</u>	<u>4,509,722</u>
Change in Net Position			978,377	376,916	1,355,293
Net Position - Beginning			<u>2,942,784</u>	<u>3,161,920</u>	<u>6,104,704</u>
Net Position - Ending			<u>\$ 3,921,161</u>	<u>\$ 3,538,836</u>	<u>\$ 7,459,997</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, 2014

	<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	\$ 137,456	\$ -	\$ 214,593	\$ 14,460	\$ 183,206	\$ 549,715
Investments	5,308	-	276,303	-	77,360	358,971
Restricted Cash	<u>-</u>	<u>1,060,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,060,050</u>
TOTAL ASSETS	<u>\$ 142,764</u>	<u>\$1,060,050</u>	<u>\$ 490,896</u>	<u>\$ 14,460</u>	<u>\$ 260,566</u>	<u>\$ 1,968,736</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Due Others	\$ -	\$ -	\$ -	\$ -	\$ 5,135	\$ 5,135
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,135</u>	<u>5,135</u>
Fund Balances						
Assigned	-	-	490,896	14,460	255,431	760,787
Restricted	-	1,060,050	-	-	-	1,060,050
Unassigned	<u>142,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,764</u>
Total Fund Balances	<u>142,764</u>	<u>1,060,050</u>	<u>490,896</u>	<u>14,460</u>	<u>255,431</u>	<u>1,963,601</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 142,764</u>	<u>\$ 1,060,050</u>	<u>\$ 490,896</u>	<u>\$ 14,460</u>	<u>\$ 260,566</u>	<u>\$ 1,968,736</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 POSITION
JUNE 30, 2014

Total Fund Balance \$ 1,963,601

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

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

Capital Assets	8,836,185	
Accumulated Depreciation	<u>(4,795,189)</u>	4,040,996

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	(2,025,000)	
Lease obligation	<u>(58,436)</u>	<u>(2,083,436)</u>

TOTAL NET POSITION		<u>\$ 3,921,161</u>
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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, 2014

	General Fund	Hospital	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue						
Sales/Use Tax	\$ 2,678,767	\$ 624,311	\$ 197,279	\$ -	\$ -	\$ 3,500,357
Franchise Tax	177,295	-	-	-	-	177,295
Gasoline and Auto Tax	40,237	-	-	-	-	40,237
Alcoholic Beverage Tax	23,371	-	-	-	-	23,371
Cigarette Tax	39,143	-	-	-	-	39,143
PILOT (Bristow Housing Auth)	9,669	-	-	-	-	9,669
Fire Revenue	102,481	-	-	-	-	102,481
Swimming Pool	13,385	-	-	-	-	13,385
Cemetery	34,751	-	-	-	3,709	38,460
Room Tax	12,524	-	-	-	-	12,524
License and Permits	19,959	-	-	-	-	19,959
Intergovernmental	40,401	-	-	79,255	16,603	136,259
Fines and Forfeits	1,783	-	-	-	181,141	182,924
Donations	1,500	-	-	-	17,468	18,968
Other	58,981	-	98,271	-	-	157,252
Sale of Assets	36,133	536,516	-	-	-	572,649
Rentals	16,701	-	-	-	-	16,701
Interest	313	66	1,186	14	611	2,190
TOTAL REVENUE	<u>3,307,394</u>	<u>1,160,893</u>	<u>296,736</u>	<u>79,269</u>	<u>219,532</u>	<u>5,063,824</u>
Expenditures						
Current						
General Government	445,116	-	11,007	-	-	456,123
Public Safety	1,575,776	-	48,954	-	36,372	1,661,102
Street	316,303	-	5,728	-	-	322,031
Culture and Education	126,078	-	-	-	17,209	143,287
Hospital	32,389	53,105	-	-	-	85,494
Public Service	62,938	-	-	-	5,000	67,938
Parks and Recreation	234,289	-	5,000	-	-	239,289
Cemetery	101,362	-	-	-	11,691	113,053
Debt Service:						
Principal Payment	-	315,000	-	-	-	315,000
Interest and fees	-	61,238	-	-	-	61,238
TOTAL EXPENDITURES	<u>2,894,251</u>	<u>429,343</u>	<u>70,689</u>	<u>-</u>	<u>70,272</u>	<u>3,464,555</u>
Excess (deficiency) of revenue over expenditures	<u>413,143</u>	<u>731,550</u>	<u>226,047</u>	<u>79,269</u>	<u>149,260</u>	<u>1,599,269</u>
Transfer In	611,882	-	-	-	28,161	640,043
Transfer Out	(986,393)	-	(65,589)	(66,255)	(173,969)	(1,292,206)
Total Transfers	<u>(374,511)</u>	<u>-</u>	<u>(65,589)</u>	<u>(66,255)</u>	<u>(145,808)</u>	<u>(652,163)</u>
Net change in fund balance	38,632	731,550	160,458	13,014	3,452	947,106
Fund Balances, beginning	<u>104,132</u>	<u>328,500</u>	<u>330,438</u>	<u>1,446</u>	<u>251,979</u>	<u>1,016,495</u>
Fund Balances, ending	<u>\$ 142,764</u>	<u>\$ 1,060,050</u>	<u>\$ 490,896</u>	<u>\$ 14,460</u>	<u>\$ 255,431</u>	<u>\$ 1,963,601</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, 2014

Net Changes in Fund Balances - Total Governmental Funds \$ 947,106

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 position 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	(322,276)	
Capital Outlay	<u>14,501</u>	(307,775)

The proceeds of debt issuance provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. 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 position and does not affect the statement of activity. This is the amount by which debt proceeds exceeds debt payments.

Debt Service Principal	315,000	
Debt payments	<u>24,046</u>	<u>339,046</u>

CHANGE IN NET POSITION		<u>\$ 978,377</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2014

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 922,147	\$ 60,752	\$ 982,899
Investments	220,478	-	220,478
Restricted Assets			
Cash-Debt Reserve	701,143	-	701,143
Cash-Debt Service	614,505	-	614,505
Cash-Bond Construction	1,749,338	-	1,749,338
TOTAL CURRENT ASSETS	<u>4,207,611</u>	<u>60,752</u>	<u>4,268,363</u>
Non-Current Assets			
Capital Assets			
Land	69,889	277,675	347,564
Capital Assets, Net of Accumulated Depreciation	<u>6,766,724</u>	<u>841,346</u>	<u>7,608,070</u>
TOTAL NON-CURRENT ASSETS	<u>6,836,613</u>	<u>1,119,021</u>	<u>7,955,634</u>
TOTAL ASSETS	<u>11,044,224</u>	<u>1,179,773</u>	<u>12,223,997</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	174,114	-	174,114
Bonds and Notes Payable, current	<u>365,640</u>	<u>-</u>	<u>365,640</u>
TOTAL CURRENT LIABILITIES	<u>539,754</u>	<u>-</u>	<u>539,754</u>
Non-Current Liabilities			
Bonds and Notes Payable, non-current	<u>8,145,407</u>	<u>-</u>	<u>8,145,407</u>
TOTAL NON-CURRENT LIABILITIES	<u>8,145,407</u>	<u>-</u>	<u>8,145,407</u>
TOTAL LIABILITIES	<u>8,685,161</u>	<u>-</u>	<u>8,685,161</u>
NET POSITION			
Nonspendable	(1,628,070)	1,119,021	(509,049)
Restricted for Debt Service	1,315,648	-	1,315,648
Restricted for Bond Construction	1,749,338	-	1,749,338
Assigned	<u>922,147</u>	<u>60,752</u>	<u>982,899</u>
Net Position of Business-Type Activities	<u>\$ 2,359,063</u>	<u>\$ 1,179,773</u>	<u>\$ 3,538,836</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 POSITION -
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 939,874	\$ -	\$ 939,874
Wastewater Charges	350,796	-	350,796
Sanitation Charges	343,523	-	343,523
Penalty	20,673	-	20,673
Taps	4,760	-	4,760
Rentals	-	16,621	16,621
Fuel Sales	-	12,217	12,217
Other	11,201	-	11,201
TOTAL OPERATING REVENUE	<u>1,670,827</u>	<u>28,838</u>	<u>1,699,665</u>
<u>OPERATING EXPENSES</u>			
Water	621,343	-	621,343
Sewer	213,268	-	213,268
Sanitation	305,591	-	305,591
Building	241,756	-	241,756
Airport	-	16,743	16,743
Depreciation	326,954	34,863	361,817
TOTAL OPERATING EXPENSES	<u>1,708,912</u>	<u>51,606</u>	<u>1,760,518</u>
OPERATING INCOME (LOSS)	<u>(38,085)</u>	<u>(22,768)</u>	<u>(60,853)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	139,117	139,117
Investment Income	1,387	55	1,442
Interest and Fees on Notes Payable	(354,953)	-	(354,953)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(353,566)</u>	<u>139,172</u>	<u>(214,394)</u>
Income Before Transfers	(391,651)	116,404	(275,247)
Transfer to Other Funds	(2,400,786)	-	(2,400,786)
Transfer from Other Funds	3,038,141	14,808	3,052,949
TOTAL TRANSFERS	<u>637,355</u>	<u>14,808</u>	<u>652,163</u>
Change in Net Position	245,704	131,212	376,916
TOTAL NET POSITION, BEGINNING	<u>2,113,359</u>	<u>1,048,561</u>	<u>3,161,920</u>
TOTAL NET POSITION, ENDING	<u>\$ 2,359,063</u>	<u>\$ 1,179,773</u>	<u>\$ 3,538,836</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, 2014

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 1,674,440	\$ 28,838	\$ 1,703,278
Cash Payments to Employees	(491,146)	-	(491,146)
Cash Payments to Suppliers for Goods and Services	<u>(890,812)</u>	<u>(16,743)</u>	<u>(907,555)</u>
Net Cash Provided (Used) by Operating Activities	<u>292,482</u>	<u>12,095</u>	<u>304,577</u>
Cash Flows from Non-Capital Financing Activities			
Transfer In	3,038,141	14,808	3,052,949
Transfer Out	<u>(2,400,786)</u>	<u>-</u>	<u>(2,400,786)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>637,355</u>	<u>14,808</u>	<u>652,163</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	139,117	139,117
Acquisition of Fixed Assets	(92,053)	(147,424)	(239,477)
Principal Paid on Notes and Bonds Payable	(370,641)	-	(370,641)
Interest Paid on Notes and Bonds Payable and Fiscal Fees	<u>(354,953)</u>	<u>-</u>	<u>(354,953)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(817,647)</u>	<u>(8,307)</u>	<u>(825,954)</u>
Cash Flows from Investing Activities			
Interest Revenue	<u>1,387</u>	<u>55</u>	<u>1,442</u>
Net Cash Provided by Investing Activities	<u>1,387</u>	<u>55</u>	<u>1,442</u>
Net Increase in Cash and Cash Equivalents	113,577	18,651	132,228
Cash and Cash Equivalents, Beginning	<u>4,094,034</u>	<u>42,101</u>	<u>4,136,135</u>
Cash and Cash Equivalents, Ending	<u>\$ 4,207,611</u>	<u>\$ 60,752</u>	<u>\$ 4,268,363</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ (38,085)	\$ (22,768)	\$ (60,853)
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	326,954	34,863	361,817
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	<u>3,613</u>	<u>-</u>	<u>3,613</u>
Net Cash Provided by Operating Activities	<u>\$ 292,482</u>	<u>\$ 12,095</u>	<u>\$ 304,577</u>

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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 significant accounting policies of the government are described below.

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. The Governmental Accounting Standards Board (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, 2014

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 position 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, 2014

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 Position 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 position (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 position.

Basis of Accounting

In the government-wide Statement of Net Position 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 position/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, 2014

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.

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. Public hearings are held to address priorities and allocation of resources. In June, the City Council adopts the subsequent 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. Budgetary comparison 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, 2014

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, 2014 is not believed to be material.

Prepaids recording 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 \$2,000 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, 2014

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, 2014, 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 \$6,237,099 at June 30, 2014. The bank balance of the deposits at June 30, 2014 was approximately \$6,294,256.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2014.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City Council monitors the investment performance on an ongoing basis to limit the City's interest rate risk. As of June 30, 2014, 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, 2014.

NOTE D - RESTRICTED CASH

The City is reporting the following restricted cash:

Debt Reserve	\$	701,143
Debt Service		1,674,555
Bond Construction		<u>1,749,338</u>
Total		<u>\$ 4,125,036</u>

The debt reserve is held for use in retiring the outstanding revenue bonds. Also see Notes I and J.

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	\$ 2,728,136	\$ 8,393,868	\$ 427,816
Increases	-	-	14,501	14,501	-
Decreases	-	-	-	-	-
Balance, June 30, 2014	<u>1,996,944</u>	<u>3,668,788</u>	<u>2,742,637</u>	<u>8,408,369</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2012	1,298,675	1,610,731	1,563,507	4,472,913	
Increases	123,559	64,549	134,168	322,276	
Decreases	-	-	-	-	
Balance, June 30, 2014	<u>1,422,234</u>	<u>1,675,280</u>	<u>1,697,675</u>	<u>4,795,189</u>	
Governmental Activities					
Capital Assets, Net	<u>\$ 574,710</u>	<u>\$ 1,993,508</u>	<u>\$ 1,044,962</u>	<u>\$ 3,613,180</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2012	\$ 824,129	\$10,395,717	\$ 1,091,420	\$12,311,266	\$ 347,564
Increases	-	194,983	44,492	239,475	-
Decreases	-	-	-	-	-
Balance, June 30, 2014	<u>824,129</u>	<u>10,590,700</u>	<u>1,135,912</u>	<u>12,550,741</u>	<u>347,564</u>
Accumulated Depreciation					
Balance, June 30, 2012	495,767	3,376,436	708,651	4,580,854	
Increases	21,965	289,835	50,017	361,817	
Decreases	-	-	-	-	
Balance, June 30, 2014	<u>517,732</u>	<u>3,666,271</u>	<u>758,668</u>	<u>4,942,671</u>	
Business-type Activities					
Capital Assets, Net	<u>\$ 306,397</u>	<u>\$ 6,924,429</u>	<u>\$ 377,244</u>	<u>\$ 7,608,070</u>	<u>\$ 347,564</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 881,107</u>	<u>\$ 8,917,937</u>	<u>\$ 1,422,206</u>	<u>\$11,221,250</u>	<u>\$ 775,380</u>

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

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	\$ 124,376	Water/Wastewater	\$ 326,954
Public Safety	80,332	Airport	34,863
Street	47,577		
Culture and Education	2,034		
Parks and Recreation	40,982		
Public Service	2,901		
Cemetery	24,074		

NOTE F - SALES TAX

Sales tax revenue is 62.69% 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 - SALES TAX REVENUE

The City, pursuant to Ordinance No. 107-082809 (the "Ordinance"), is levying a sales tax of one percent (1.00%), as approved by the qualified electors of the County at an election held November 10, 2009, in accordance with Title 68, Oklahoma Statutes 2011, Section 1370, as amended (the "Sales Tax Revenues"), which shall be used for the payment of the debt service, including payment of interest and principal and premium. The City and the Bristow Hospital Authority have entered into a Sales Tax Agreement dated as of September 1, 2012 (the "Sales Tax Agreement"), pursuant to which the City agrees, subject to availability and appropriation of funds, to transfer, as received, to the Trustee on behalf of the Authority, and hereby appropriates to the Authority proceeds of the 1 cent Sales Tax Revenues.

<u>FY</u>	<u>Total Collections</u>	<u>1 Cent</u>	<u>Avg Monthly</u>	<u>Change</u>
2013/14	\$ 3,287,975	\$ 657,595	\$ 54,800	3.41%
2012/13	3,179,494	635,899	52,992	-1.28%
2011/12	3,220,710	644,142	53,679	4.79%
2010/11	3,073,290	614,658	51,222	3.70%
2009/10	2,210,942	592,729	49,394	-7.98%
2008/09	2,254,514	644,146	53,678	1.05%
2007/08	2,231,074	637,449	53,120	12.25%
2006/07	1,987,628	567,893	47,324	11.44%

Effective May 2010, the sales tax rate increased from 3.5 cents to 5 cents.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE H - 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, 2014:

	Notes Payable	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2013	\$ 71,687	\$11,150,000	\$ 82,482	\$11,304,169
Additions	-	-	-	-
Retirements	(15,640)	(670,000)	(24,046)	(709,686)
Balance, June 30, 2014	<u>\$ 56,047</u>	<u>\$10,480,000</u>	<u>\$ 58,436</u>	<u>\$10,594,483</u>

NOTE I - 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, 2014.

	Payable at July 1, 2013	Additions	Retirements	Balance at June 30, 2014
2012 Revenue Bonds	\$ 2,340,000	\$ -	\$ (315,000)	\$ 2,025,000
	<u>\$ 2,340,000</u>	<u>\$ -</u>	<u>\$ (315,000)</u>	<u>\$ 2,025,000</u>

The bonds payable as of June 30, 2014 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	\$ 2,025,000
--	--------------

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>
2015	\$ 320,000	\$ 53,512	\$ 373,512
2016	325,000	47,132	372,132
2017	330,000	39,800	369,800
2018	340,000	31,550	371,550
2019	350,000	22,200	372,200
2020	360,000	11,700	371,700
TOTAL	<u>\$ 2,025,000</u>	<u>\$ 205,894</u>	<u>\$ 2,230,894</u>

The Authority paid interest in the amount of \$58,238 and fees in the amount of \$3,000 on its outstanding bonds during the fiscal year.

NOTE J - PROPRIETARY FUND REVENUE BONDS PAYABLE

The following is a summary of revenue bond transactions of the Municipal Authority for the year ended June 30, 2014.

	Payable at July 1, 2013	Additions	Retirements	Balance at June 30, 2014
2010 Revenue Bonds	\$ 6,010,000	\$ -	\$ (50,000)	\$ 5,960,000
2012 Revenue Bonds	2,800,000	-	(305,000)	2,495,000
	<u>\$ 8,810,000</u>	<u>\$ -</u>	<u>\$ (355,000)</u>	<u>\$ 8,455,000</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The bonds payable as of June 30, 2014 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	\$ 5,960,000
\$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	2,495,000
Total	\$ 8,455,000

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

Year Ending June 30	Principal	Interest	Totals
2014	\$ 350,000	\$ 341,765	\$ 691,765
2015	380,000	335,815	715,815
2016	390,000	328,099	718,099
2017	395,000	319,518	714,518
2018	405,000	310,368	715,368
2019-2023	2,190,000	1,344,320	3,534,320
2024-2028	2,540,000	797,388	3,337,388
2029-2031	1,805,000	109,309	1,914,309
TOTAL	\$ 8,455,000	\$ 3,886,582	\$ 12,341,582

The Authority paid interest in the amount of \$349,403 and fees in the amount of \$5,550 on its outstanding bonds during the fiscal year.

NOTE K - 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, 2014 was \$27,297.

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, 2014 was \$28,750.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

NOTE L - 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)	\$ (38,085)
Sales tax appropriations	<u>2,959,178</u>
Net revenue	2,921,093
Required net revenue	<u>709,029</u>
Excess/(deficit)	<u>\$ 2,212,064</u>
Ratio	<u>3.12 to 1</u>

NOTE M - 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>
2015	\$ 35,200	\$ 35,200
2016	<u>25,796</u>	<u>25,796</u>
Total minimum lease payments	60,996	60,996
Less: Amount representing interest	<u>2,560</u>	<u>2,560</u>
Present value of future minimum lease payments	<u>\$ 58,436</u>	<u>\$ 58,436</u>

NOTE N - 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 O - 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, 2014

	<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	9% of covered payroll
City's contribution rate	13% of covered payroll	14% of covered payroll
Period required to vest	10 years	10 years
Benefits and eligibility for distribution (full time)	20 years of credited service, 2 ½% of final average salary Multiplied by the years of	20 years credited service, 2 ½% of Final average salary multiplied by The years of credited service with
a	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	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

Contributions required by State Statue:

Fiscal Year	<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>
2014	\$ 48,621	100%	\$ 40,035	100%
2013	43,479	100%	33,436	100%
2012	42,234	100%	32,829	100%

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

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 Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105 or Oklahoma Police Pension and Retirement System, 11 NW 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116.

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	10.72% 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.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2014

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.

Contributions for the current and two prior years are as follows.

<u>Fiscal Year</u>	<u>Required Contribution</u>
2014	\$ 147,737
2013	141,636
2012	117,900

Annual reports may be obtained from Oklahoma Municipal Retirement System, 525 Central Park Drive, Oklahoma City, OK 73105.

NOTE P - 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. Claims not paid from commercial insurance may be paid from available cash or from a property tax assessment. The 2014 net valuation of taxable property in the City of Bristow was \$17,604,199.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE Q - 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 R - SUBSEQUENT EVENTS

The City has evaluated subsequent events and contingencies through November 17, 2014, the date which financial statements were available. The City is involved in litigation, but the outcome of the litigation cannot be determined at this time.

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Revenue				
Sales/Use Tax	\$ 3,341,300	\$ 3,412,300	\$ 3,500,357	\$ 88,057
Franchise Tax	167,600	167,600	177,295	9,695
Gasoline and Auto Tax	33,000	33,000	40,237	7,237
Alcoholic Beverage Tax	21,800	21,800	23,371	1,571
Cigarette Tax	41,000	41,000	39,143	(1,857)
PILOT (Bristow Housing Authority)	12,000	12,000	9,669	(2,331)
Cell Tower Revenue	35,000	35,000	38,338	3,338
Fire Revenue	70,000	70,000	102,481	32,481
Swimming Pool	13,000	13,000	13,385	385
Cemetery	29,600	35,600	34,751	(849)
Room Tax	8,500	13,000	12,524	(476)
License and Permits	21,400	21,400	19,959	(1,441)
Intergovernmental	-	28,430	40,401	11,971
Fines and Forfeits	190,000	157,235	1,783	(155,452)
Donations	-	1,500	1,500	-
Other	32,200	41,800	20,643	(21,157)
Sale of Assets	-	37,000	36,133	(867)
Rental	14,000	20,000	16,701	(3,299)
Interest	200	200	313	113
TOTAL REVENUE	<u>4,030,600</u>	<u>4,161,865</u>	<u>4,128,984</u>	<u>(32,881)</u>
Expenditures				
MANAGERIAL DEPARTMENT				
Personal Services	32,700	30,800	30,725	75
Materials and Supplies	20,400	15,100	15,005	95
TOTAL MANAGERIAL DEPARTMENT	<u>53,100</u>	<u>45,900</u>	<u>45,730</u>	<u>170</u>
CLERK/PURCHASING DEPARTMENT				
Personal Services	221,800	223,000	222,907	93
TOTAL CLERK/PURCHASING DEPT	<u>221,800</u>	<u>223,000</u>	<u>222,907</u>	<u>93</u>
TREASURER DEPARTMENT				
Personal Services	62,860	63,060	63,030	30
Other Service and Charges	-	750	750	0
TOTAL TREASURER DEPARTMENT	<u>62,860</u>	<u>63,810</u>	<u>63,780</u>	<u>30</u>
ATTORNEY DEPARTMENT				
Personal Services	25,300	25,850	25,426	424
TOTAL ATTORNEY DEPARTMENT	<u>25,300</u>	<u>25,850</u>	<u>25,426</u>	<u>424</u>
MUNICIPAL JUDGE DEPARTMENT				
Personal Services	11,200	11,200	11,123	77
TOTAL MUNICIPAL JUDGE DEPT	<u>11,200</u>	<u>11,200</u>	<u>11,123</u>	<u>77</u>

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
GENERAL GOVERNMENT DEPARTMENT				
Personal Services	7,200	7,800	7,432	368
Other Service and Charges	37,000	47,100	89,348	(42,248)
Materials and Supplies	14,300	17,150	15,919	1,231
TOTAL GENERAL GOVERNMENT DEPT	58,500	72,050	112,699	(40,649)
POLICE DEPARTMENT				
Personal Services	821,685	863,830	858,412	5,418
Other Service and Charges	11,000	29,000	28,501	499
Materials and Supplies	61,500	57,500	57,029	471
TOTAL POLICE DEPARTMENT	894,185	950,330	943,942	6,388
FIRE DEPARTMENT				
Personal Services	470,627	518,637	518,358	279
Other Service and Charges	6,100	8,800	8,796	4
Materials and Supplies	32,760	35,460	35,425	35
Materials and Supplies	-	6,200	6,176	24
TOTAL FIRE DEPARTMENT	509,487	569,097	568,755	342
STREET DEPARTMENT				
Personal Services	137,176	181,385	181,385	-
Other Service and Charges	61,000	66,500	66,480	20
Materials and Supplies	55,500	68,600	68,438	162
TOTAL STREET DEPARTMENT	253,676	316,485	316,303	182
ANIMAL CONTROL DEPARTMENT				
Personal Services	39,528	22,800	22,491	309
Materials and Supplies	4,300	4,200	4,039	161
TOTAL ANIMAL CONTROL DEPARTMENT	43,828	27,000	26,530	470
SENIOR CITIZENS DEPARTMENT				
Personal Services	39,300	28,350	28,240	110
Materials and Supplies	5,000	-	-	-
TOTAL SENIOR CITIZENS DEPT	44,300	28,350	28,240	110
LIBRARY DEPARTMENT				
Personal Services	131,440	117,200	116,306	894
Other Service and Charges	2,600	2,000	1,967	33
Materials and Supplies	12,000	8,100	7,805	295
TOTAL LIBRARY DEPARTMENT	146,040	127,300	126,078	1,222

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
CEMETERY DEPARTMENT				
Personal Services	71,030	93,100	93,067	33
Materials and Supplies	9,000	8,500	8,295	205
TOTAL CEMETERY DEPARTMENT	80,030	101,600	101,362	238
SPORTS COMPLEX DEPARTMENT				
Other Service and Charges	5,000	6,150	6,120	30
Materials and Supplies	500	100	-	100
TOTAL SPORTS COMPLEX DEPT	5,500	6,250	6,120	130
POOL DEPARTMENT				
Personal Services	23,400	27,250	26,945	305
Other Service and Charges	7,700	7,600	7,437	163
Materials and Supplies	15,000	15,000	14,721	279
TOTAL POOL DEPARTMENT	46,100	49,850	49,103	747
INSPECTION DEPARTMENT				
Personal Services	43,466	33,100	32,680	420
Other Service and Charges	900	-	-	-
Materials and Supplies	1,700	2,100	2,018	82
TOTAL INSPECTION DEPARTMENT	46,066	35,200	34,698	502
PARK DEPARTMENT				
Personal Services	136,962	158,320	158,191	129
Other Service and Charges	1,800	2,000	1,947	53
Materials and Supplies	15,100	16,200	16,137	63
Capital Outlay	-	-	2,791	(2,791)
TOTAL PARK DEPARTMENT	153,862	176,520	179,066	(2,546)
HOSPITAL DEPARTMENT				
Other Service and Charges	-	-	32,389	(32,389)
TOTAL HOSPITAL DEPARTMENT	-	-	32,389	(32,389)
TOTAL EXPENDITURES	2,655,834	2,829,792	2,894,251	(64,459)
Excess (deficiency) of revenue over expenditures	1,374,766	1,332,073	1,234,733	(97,340)
Other financing sources (uses)				
Transfer In	410,000	410,000	611,882	201,882
Transfer Out	(1,793,928)	(1,806,125)	(1,807,983)	(1,858)
TOTAL OTHER FINANCING SOURCES (USES)	(1,383,928)	(1,396,125)	(1,196,101)	200,024
Net change in fund balance	(9,162)	(64,052)	38,632	102,684
Fund Balances, beginning	104,132	104,132	104,132	-
Fund Balances, ending	<u>\$ 94,970</u>	<u>\$ 40,080</u>	<u>\$ 142,764</u>	<u>\$ 102,684</u>

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, 2014

Budgetary Accounting

The annual operating budgets are prepared and presented on the 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, 2014, 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, 2014

	<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>TOTAL NONMAJOR FUNDS</u>
ASSETS									
Cash and Cash Equivalents	\$ 32,288	\$ 24,016	\$ 10,400	\$ 5,727	\$ 4,026	\$ 8,201	\$ 8,316	\$ 90,232	\$183,206
Investments	<u>-</u>	<u>50,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,594</u>	<u>77,360</u>
TOTAL ASSETS	<u>\$ 32,288</u>	<u>\$ 74,782</u>	<u>\$ 10,400</u>	<u>\$ 5,727</u>	<u>\$ 4,026</u>	<u>\$ 8,201</u>	<u>\$ 8,316</u>	<u>\$116,826</u>	<u>\$260,566</u>
LIABILITIES									
Due to Others	\$ -	\$ -	\$ -	\$ 5,135	\$ -	\$ -	\$ -	\$ -	\$ 5,135
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,135</u>
FUND BALANCES									
Assigned	<u>32,288</u>	<u>74,782</u>	<u>10,400</u>	<u>592</u>	<u>4,026</u>	<u>8,201</u>	<u>8,316</u>	<u>116,826</u>	<u>255,431</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 32,288</u>	<u>\$ 74,782</u>	<u>\$ 10,400</u>	<u>\$ 5,727</u>	<u>\$ 4,026</u>	<u>\$ 8,201</u>	<u>\$ 8,316</u>	<u>\$116,826</u>	<u>\$260,566</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, 2014

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	Total Nonmajor Funds
REVENUES									
Cemetery Sales	\$ -	\$ 3,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,709
Intergovernmental	-	-	-	-	4,314	-	12,289	-	16,603
Fines and Forfeits	-	-	-	181,141	-	-	-	-	181,141
Donations	-	-	-	-	-	17,468	-	-	17,468
Interest	37	337	-	14	-	5	-	218	611
TOTAL REVENUES	37	4,046	-	181,155	4,314	17,473	12,289	218	219,532
EXPENDITURES									
Current									
Cemetery	11,691	-	-	-	-	-	-	-	11,691
Culture and Education	-	-	-	-	4,286	12,923	-	-	17,209
Public Service	-	-	-	-	-	-	-	5,000	5,000
Public Safety	-	-	6,301	22,121	-	-	8,150	-	36,372
TOTAL EXPENDITURES	11,691	-	6,301	22,121	4,286	12,923	8,150	5,000	70,272
Excess of Revenues Over (Under) Expenditures	(11,654)	4,046	(6,301)	159,034	28	4,550	4,139	(4,782)	149,260
Other Financing Sources (Uses)									
Transfer In	-	-	10,161	-	-	-	-	18,000	28,161
Transfer Out	-	-	-	(159,161)	-	-	-	(14,808)	(173,969)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	10,161	(159,161)	-	-	-	18,000	(145,808)
Net Change in Fund Balance	(11,654)	4,046	3,860	73	28	4,550	4,139	(1,590)	3,252
Fund Balance - Beginning	43,942	70,736	6,540	519	3,998	3,651	4,177	118,416	252,179
Fund Balance - Ending	\$ 32,288	\$ 74,782	\$ 10,400	\$ 592	\$ 4,026	\$ 8,201	\$ 8,316	\$ 116,826	\$ 255,431

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 modified cash basis 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, as of and for the year ended June 30, 2014, 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 November 17, 2014.

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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

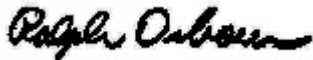
Compliance and Other Matters

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 my 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
November 17, 2014