

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

Ralph Osborn
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CITY OF BRISTOW, OKLAHOMA
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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
City of Bristow
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, 2012, 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.

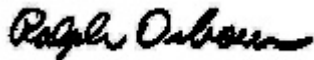
As discussed in Note A, City of Bristow, Oklahoma prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, 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, 2012, 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 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 June 17, 2013, 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
June 17, 2013

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2012

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 597,534	\$ 421,760	\$ 1,019,294
Investments	51,137	864,635	915,772
Restricted Assets			
Cash - Debt Reserve	-	701,120	701,120
Cash - Debt Service	-	3,352,181	3,352,181
Cash - Bond Construction	-	2,031,095	2,031,095
Total Current Assets	<u>648,671</u>	<u>7,370,791</u>	<u>8,019,462</u>
Non-Current Assets			
Capital Assets			
Land	427,816	347,564	775,380
Other Capital Assets Net of Accumulated Depreciation	<u>4,172,189</u>	<u>7,769,119</u>	<u>11,941,308</u>
Total Non-Current Assets	<u>4,600,005</u>	<u>8,116,683</u>	<u>12,716,688</u>
Total Assets	<u>5,248,676</u>	<u>15,487,474</u>	<u>20,736,150</u>
LIABILITIES			
Current Liabilities			
Due to Others	2,595	-	2,595
Utility Deposits	-	162,887	162,887
Lease Payable, current	30,650	-	30,650
Bonds and Notes Payable, current	-	290,645	290,645
Total Current Liabilities	<u>33,245</u>	<u>453,532</u>	<u>486,777</u>
Non-Current Liabilities			
Lease Payable, non-current	82,272	-	82,272
Bond and Notes Payable, non-current	-	11,626,688	11,626,688
Total Non-Current Liabilities	<u>82,272</u>	<u>11,626,688</u>	<u>11,708,960</u>
Total Liabilities	<u>115,517</u>	<u>12,080,220</u>	<u>12,195,737</u>
NET ASSETS			
Nonspendable	4,487,083	(3,963,537)	523,546
Restricted			
Debt Service	-	4,053,301	4,053,301
Construction	-	2,031,095	2,031,095
Assigned	549,892	1,286,395	1,836,287
Unassigned	<u>96,184</u>	<u>-</u>	<u>96,184</u>
Total Net Assets	<u>\$ 5,133,159</u>	<u>\$ 3,407,254</u>	<u>\$ 8,540,413</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, 2012

FUNCTION/PROGRAMS	Expenses	Program Revenue			Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ 613,731	\$ 54,864	\$ 41,361	\$ 937,393	\$ 419,887
Public Safety	1,649,675	290,042	21,013	-	(1,338,620)
Street	439,400	-	33,643	-	(405,757)
Culture and Education	160,861	-	15,448	-	(145,413)
Public Service	116,467	-	-	-	(116,467)
Parks and Recreation	255,878	12,823	-	-	(243,055)
Cemetery	83,092	32,223	-	-	(50,869)
Total Governmental Activities	<u>3,319,104</u>	<u>389,952</u>	<u>111,465</u>	<u>937,393</u>	<u>(1,880,294)</u>
Business-type Activities					
Sanitation	307,847	353,930	-	-	46,083
Water/Wastewater	1,841,003	1,009,717	-	-	(831,286)
Airport	64,488	32,607	-	27,859	(4,022)
Total Business-Type Activities	<u>2,213,338</u>	<u>1,396,254</u>	<u>-</u>	<u>27,859</u>	<u>(789,225)</u>
Total Primary Government	<u>\$5,532,442</u>	<u>\$1,786,206</u>	<u>\$ 111,465</u>	<u>\$ 965,252</u>	<u>\$ (2,669,519)</u>
			<u>Primary Government</u>		
			Governmental	Business	
			Activities	Type	Total
CHANGES IN NET ASSETS					
Net (expense) Revenue			\$ (1,880,294)	\$ (789,225)	\$ (2,669,519)
General Revenues					
Taxes					
Sales/Use Tax			3,423,109	-	3,423,109
Franchise			165,752	-	165,752
Cigarette Tax			47,694	-	47,694
Room Tax			8,955	-	8,955
Other			41,144	22,526	63,670
Interest			3,826	29,783	33,609
Bond Cost			-	(87,765)	(87,765)
Bond Discount			-	(42,000)	(42,000)
Bond Premium			-	6,786	6,786
Transfers			(1,080,890)	443,219	(637,671)
Total General Revenue and Transfers			<u>2,609,590</u>	<u>372,549</u>	<u>2,982,139</u>
Change in Net Assets			729,296	(416,676)	312,620
Net Assets - Beginning			<u>4,403,863</u>	<u>3,823,930</u>	<u>8,227,793</u>
Net Assets - Ending			<u>\$ 5,133,159</u>	<u>\$ 3,407,254</u>	<u>\$ 8,540,413</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, 2012

	<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	\$ 96,184	\$ 315,854	\$ 1,439	\$ 184,057	\$ 597,534
Investments	-	-	-	51,137	51,137
TOTAL ASSETS	<u>\$ 96,184</u>	<u>\$ 315,854</u>	<u>\$ 1,439</u>	<u>\$ 235,194</u>	<u>\$ 648,671</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Due Others	\$ -	\$ -	\$ -	\$ 2,595	\$ 2,595
Total Liabilities	-	-	-	2,595	2,595
Fund Balances					
Assigned	-	315,854	1,439	232,599	549,892
Unassigned	96,184	-	-	-	96,184
Total Fund Balances	<u>96,184</u>	<u>315,854</u>	<u>1,439</u>	<u>232,599</u>	<u>646,076</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 96,184</u>	<u>\$ 315,854</u>	<u>\$ 1,439</u>	<u>\$ 235,194</u>	<u>\$ 648,671</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, 2012

Total Fund Balance \$ 646,076

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

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

Capital Assets	8,613,325	
Accumulated Depreciation	<u>(4,013,320)</u>	4,600,005

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>(112,922)</u>
TOTAL NET ASSETS		<u>\$ 5,133,159</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, 2012

	General Fund	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue					
Sales/Use Tax	\$ 3,229,866	\$ 193,243	\$ -	\$ -	\$ 3,423,109
Franchise Tax	165,752	-	-	-	165,752
Gasoline and Auto Tax	33,643	-	-	-	33,643
Alcoholic Beverage Tax	21,765	-	-	-	21,765
Cigarette Tax	47,694	-	-	-	47,694
PIILOT (Bristow Housing Auth)	9,965	-	-	-	9,965
Cell Tower	37,313	-	-	-	37,313
Fire Revenue	70,044	-	-	-	70,044
Swimming Pool	12,823	-	-	-	12,823
Cemetery	27,926	-	-	4,297	32,223
Room Tax	8,955	-	-	-	8,955
License and Permits	17,551	-	-	-	17,551
Intergovernmental	9,631	10,000	88,393	16,305	124,329
Fines and Forfeits	-	-	-	219,998	219,998
Donations	-	-	-	10,156	10,156
Other	13,861	-	-	185	14,046
Rentals	11,850	-	-	-	11,850
Insure OK Reimbursement	15,248	-	-	-	15,248
Interest	525	2,026	5	1,270	3,826
TOTAL REVENUE	3,734,412	205,269	88,398	252,211	4,280,290
Expenditures					
Current					
General Government	443,444	48,232	-	-	491,676
Public Safety	1,700,976	59,892	-	41,600	1,802,468
Street	374,389	76,633	-	-	451,022
Culture and Education	134,387	-	-	23,920	158,307
Public Service	113,734	-	-	-	113,734
Parks and Recreation	222,670	-	-	-	222,670
Cemetery	61,910	16,535	-	97,897	176,342
TOTAL EXPENDITURES	3,051,510	201,292	-	163,417	3,416,219
Excess (deficiency) of revenue over expenditures	682,902	3,977	88,398	88,794	864,071
Other financing sources (uses)					
Transfer In	2,739,187	9,675	-	28,210	2,777,072
Transfer Out	(3,536,040)	-	(88,393)	(233,529)	(3,857,962)
TOTAL OTHER FINANCING SOURCES (USES)	(796,853)	9,675	(88,393)	(205,319)	(1,080,890)
Net change in fund balance	(113,951)	13,652	5	(116,525)	(216,819)
Fund Balances, beginning	210,135	302,202	1,434	349,124	862,895
Fund Balances, ending	\$ 96,184	\$ 315,854	\$ 1,439	\$ 232,599	\$ 646,076

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, 2012

Net Changes in Fund Balances - Total Governmental Funds \$ (216,819)

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	(307,420)	
Capital Outlay	<u>1,224,807</u>	917,387

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.

Lease proceeds	(59,160)	
Debt payments	<u>87,888</u>	<u>28,728</u>

CHANGE IN NET ASSETS		<u>\$ 729,296</u>
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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, 2012

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 400,510	\$ 21,250	\$ 421,760
Investments	864,635	-	864,635
Restricted Assets			
Cash-Debt Reserve	701,120	-	701,120
Cash-Debt Service	3,352,181	-	3,352,181
Cash-Bond Construction	<u>2,031,095</u>	<u>-</u>	<u>2,031,095</u>
TOTAL CURRENT ASSETS	<u>7,349,541</u>	<u>21,250</u>	<u>7,370,791</u>
Non-Current Assets			
Capital Assets			
Land	69,889	277,675	347,564
Capital Assets, Net of Accumulated Depreciation	<u>7,016,099</u>	<u>753,020</u>	<u>7,769,119</u>
TOTAL NON-CURRENT ASSETS	<u>7,085,988</u>	<u>1,030,695</u>	<u>8,116,683</u>
TOTAL ASSETS	<u>14,435,529</u>	<u>1,051,945</u>	<u>15,487,474</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	162,887	-	162,887
Bonds and Notes Payable, current	<u>290,645</u>	<u>-</u>	<u>290,645</u>
TOTAL CURRENT LIABILITIES	<u>453,532</u>	<u>-</u>	<u>453,532</u>
Non-Current Liabilities			
Bonds and Notes Payable, non-current	<u>11,626,688</u>	<u>-</u>	<u>11,626,688</u>
TOTAL NON-CURRENT LIABILITIES	<u>11,626,688</u>	<u>-</u>	<u>11,626,688</u>
TOTAL LIABILITIES	<u>12,080,220</u>	<u>-</u>	<u>12,080,220</u>
NET ASSETS			
Nonspendable	(4,129,597)	1,030,695	(3,098,902)
Restricted for Debt Service	4,053,301	-	4,053,301
Restricted for Bond Construction	2,031,095	-	2,031,095
Assigned	<u>400,510</u>	<u>21,250</u>	<u>421,760</u>
Net Assets of Business-Type Activities	<u>\$ 2,355,309</u>	<u>\$ 1,051,945</u>	<u>\$ 3,407,254</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, 2012

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 724,613	\$ -	\$ 724,613
Wastewater Charges	260,359	-	260,359
Sanitation Charges	353,930	-	353,930
Penalty	17,022	-	17,022
Taps	7,723	-	7,723
Rentals	-	17,801	17,801
Fuel Sales	-	14,806	14,806
Other	13,491	550	14,041
TOTAL OPERATING REVENUE	<u>1,377,138</u>	<u>33,157</u>	<u>1,410,295</u>
<u>OPERATING EXPENSES</u>			
Personal Services and Benefits	600,711	-	600,711
Sanitation Contractor	307,847	-	307,847
Maintenance and Supplies	159,751	7,117	166,868
Fuel Costs	-	12,013	12,013
Other Operating Expenses	337,967	13,862	351,829
Depreciation	298,340	31,496	329,836
TOTAL OPERATING EXPENSES	<u>1,704,616</u>	<u>64,488</u>	<u>1,769,104</u>
OPERATING INCOME (LOSS)	<u>(327,478)</u>	<u>(31,331)</u>	<u>(358,809)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	27,859	27,859
Insure OK Reimbursement	8,485	-	8,485
Investment Income	29,751	32	29,783
Bond Cost	(87,765)	-	(87,765)
Bond Discount	(42,000)	-	(42,000)
Bond Premium	6,786	-	6,786
Interest and fees on Notes Payable	(444,234)	-	(444,234)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(528,977)</u>	<u>27,891</u>	<u>(501,086)</u>
Income Before Transfers	(856,455)	(3,440)	(859,895)
Transfer to Other Funds	(2,563,187)	-	(2,563,187)
Transfer from Other Funds	<u>2,994,967</u>	<u>11,439</u>	<u>3,006,406</u>
TOTAL TRANSFERS	<u>431,780</u>	<u>11,439</u>	<u>443,219</u>
Change in Net Assets	(424,675)	7,999	(416,676)
TOTAL NET ASSETS, BEGINNING	<u>2,779,984</u>	<u>1,043,946</u>	<u>3,823,930</u>
TOTAL NET ASSETS, ENDING	<u>\$ 2,355,309</u>	<u>\$ 1,051,945</u>	<u>\$ 3,407,254</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, 2012

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 1,380,824	\$ 33,157	\$ 1,413,981
Cash Payments to Employees	(600,711)	-	(600,711)
Cash Payments to Suppliers for Goods and Services	<u>(805,565)</u>	<u>(32,992)</u>	<u>(838,557)</u>
Net Cash Provided (Used) by Operating Activities	<u>(25,452)</u>	<u>165</u>	<u>(25,287)</u>
Cash Flows from Non-Capital Financing Activities			
Insure OK Reimbursement	8,485	-	8,485
Transfer In	2,994,967	11,439	3,006,406
Transfer Out	<u>(2,563,187)</u>	<u>-</u>	<u>(2,563,187)</u>
Net Cash Provided by Non-Capital Financing Activities	<u>440,265</u>	<u>11,439</u>	<u>451,704</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	27,859	27,859
Acquisition of Fixed Assets	(633,704)	(42,422)	(676,126)
Proceeds from Bond	2,800,000	-	2,800,000
Bond Cost	(87,765)	-	(87,765)
Bond Discount	(42,000)	-	(42,000)
Bond Premium	6,786	-	6,786
Principal Paid on Notes and Bonds Payable	(210,645)	-	(210,645)
Interest Paid on Notes and Bonds Payable and Fiscal Fees	<u>(444,234)</u>	<u>-</u>	<u>(444,234)</u>
Net Cash Used for Capital and Related Financing Activities	<u>1,388,438</u>	<u>(14,563)</u>	<u>1,373,875</u>
Cash Flows from Investing Activities			
Interest Revenue	<u>29,751</u>	<u>32</u>	<u>29,783</u>
Net Cash Provided by Investing Activities	<u>29,751</u>	<u>32</u>	<u>29,783</u>
Net Increase in Cash and Cash Equivalents	1,833,002	(2,927)	1,830,075
Cash and Cash Equivalents, Beginning	<u>5,516,539</u>	<u>24,177</u>	<u>5,540,716</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,349,541</u>	<u>\$ 21,250</u>	<u>\$ 7,370,791</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ (327,478)	\$ (31,331)	\$ (358,809)
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	298,340	31,496	329,836
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	<u>3,686</u>	<u>-</u>	<u>3,686</u>
Net Cash Provided by Operating Activities	<u>\$ (25,452)</u>	<u>\$ 165</u>	<u>\$ (25,287)</u>

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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 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 to the Operating Company. The City is not obligated beyond the transfer.

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, 2012

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, 2012

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, 2012

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, 2012 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, 2012

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, 2012, 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 \$8,019,462 at June 30, 2012. The bank balance of the deposits at June 30, 2012 was approximately \$8,042,043.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2012.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, 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, 2012.

NOTE D - RESTRICTED CASH

The Authority has reported the following restricted cash:

Debt Reserve	\$ 701,120
Debt Service	3,352,181
Bond Construction	<u>2,031,095</u>
Total	<u>\$ 6,084,396</u>

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

NOTE E - CAPITAL ASSETS

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

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated Land
	Buildings	Infrastructure & Furniture, Improvements Other Than Buildings	Machinery, and Equipment	Totals	
PRIMARY GOVERNMENT					
Governmental Activities					
Balance, June 30, 2011	\$ 1,138,944	\$ 3,570,891	\$ 2,250,867	\$ 6,960,702	\$ 427,816
Increases	708,000	97,897	418,910	1,224,807	-
Decreases	-	-	-	-	-
Balance, June 30, 2012	<u>1,846,944</u>	<u>3,668,788</u>	<u>2,669,777</u>	<u>8,185,509</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2011	901,556	1,471,295	1,333,049	3,705,900	
Increases	123,559	69,107	114,754	307,420	
Decreases	-	-	-	-	
Balance, June 30, 2012	<u>1,025,115</u>	<u>1,540,402</u>	<u>1,447,803</u>	<u>4,013,320</u>	
Governmental Activities					
Capital Assets, Net	<u>\$ 821,829</u>	<u>\$ 2,128,386</u>	<u>\$ 1,221,974</u>	<u>\$ 4,172,189</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2011	\$ 818,206	\$ 9,562,495	\$ 1,022,800	\$11,403,501	\$ 277,675
Increases	5,923	566,969	33,345	606,237	69,889
Decreases	-	-	-	-	-
Balance, June 30, 2012	<u>824,129</u>	<u>10,129,464</u>	<u>1,056,145</u>	<u>12,009,738</u>	<u>347,564</u>
Accumulated Depreciation					
Balance, June 30, 2011	451,988	2,837,758	621,037	3,910,783	
Increases	21,817	263,115	44,904	329,836	
Decreases	-	-	-	-	
Balance, June 30, 2012	<u>473,805</u>	<u>3,100,873</u>	<u>665,941</u>	<u>4,240,619</u>	
Business-type Activities					
Capital Assets, Net	<u>\$ 350,324</u>	<u>\$ 7,028,591</u>	<u>\$ 390,204</u>	<u>\$ 7,769,119</u>	<u>\$ 347,564</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 1,172,153</u>	<u>\$ 9,156,977</u>	<u>\$ 1,612,178</u>	<u>\$11,941,308</u>	<u>\$ 775,380</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 122,055	Water/Wastewater	\$ 298,197
Public Safety	78,150	Airport	31,639
Street	47,538		
Culture and Education	2,554		
Parks and Recreation	41,082		
Public Service	2,733		
Cemetery	13,308		

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, 2012:

	<u>Notes Payable</u>	<u>Bonds Payable</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
Balance, July 1, 2011	\$ 102,978	\$ 9,225,000	\$ 141,650	\$ 9,469,628
Additions	-	2,800,000	59,160	2,859,160
Retirements	<u>(15,645)</u>	<u>(195,000)</u>	<u>(87,888)</u>	<u>(298,533)</u>
Balance, June 30, 2012	<u>\$ 87,333</u>	<u>\$11,830,000</u>	<u>\$ 112,922</u>	<u>\$12,030,255</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, 2012.

	<u>Payable at July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2012</u>
2004 Revenue Bonds	\$ 3,170,000	\$ -	\$ (195,000)	\$ 2,975,000
2011 Revenue Bonds	6,055,000	-	-	6,055,000
2012 Revenue Bonds	<u>-</u>	<u>2,800,000</u>	<u>-</u>	<u>2,800,000</u>
	<u>\$ 9,225,000</u>	<u>\$ 2,800,000</u>	<u>\$ (195,000)</u>	<u>\$11,830,000</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

The bonds payable as of June 30, 2012 are as follows:

\$3,655,000 Utility System Refunding Revenue Bonds, Series 2004 in annual installments with 4.05-4.75% interest secured by Authority revenue and real and personal property	\$ 2,975,000
\$6,055,000 Utility System Refunding Revenue Bonds, Series 2011 in annual installments with 2.75-5.15% interest secured by Authority revenue and real and personal property	6,055,000
\$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	2,800,000
Total	<u>\$ 11,830,000</u>

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

Year Ending June 30	Principal	Interest	Totals
2013	\$ 275,000	\$ 460,200	\$ 735,200
2014	610,000	472,130	1,082,130
2015	615,000	448,944	1,063,944
2016	660,000	431,273	1,091,273
2017	680,000	411,159	1,091,159
2018-2022	3,790,000	1,676,159	5,466,159
2023-2027	2,305,000	1,037,185	3,342,185
2028-2031	2,895,000	352,131	3,247,131
TOTAL	<u>\$ 11,830,000</u>	<u>\$ 5,289,181</u>	<u>\$ 17,119,181</u>

The Authority paid interest in the amount of \$437,234 on its outstanding bonds during the fiscal year. Also see Note O.

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, 2012 was \$35,582.

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, 2012 was \$51,751.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

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 2011 and 2012 bond issues and 125% of the average annual debt service for the 2005 issue.

Operating income (loss)	\$ (327,478)
Sales tax appropriations	<u>2,898,369</u>
Net revenue	2,570,891
Required net revenue	<u>1,102,800</u>
Excess/(deficit)	<u>\$ 1,468,091</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>
2013	\$ 35,200	\$ 35,200
2014	35,200	35,200
2015	35,200	35,200
2016	<u>25,798</u>	<u>25,798</u>
Total minimum lease payments	131,398	131,398
Less: Amount representing interest	<u>18,476</u>	<u>18,476</u>
Present value of future minimum lease payments	<u>\$ 112,922</u>	<u>\$ 112,922</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, 2012

	<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 ½% of final average salary Multiplied by the years of Credited service with a maximum Of 30 years considered; If vested At or after age 50, Or after 10 But before 20 years of credited service, with reduced benefits	20 years credited service, 2 ½% of Final average salary multiplied by The years of credited service with 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, post-retirement)	Yes	Yes
Disability	Yes	Yes
Cost of living allowances	Yes	Yes

Contributions required by State Statute:

<u>Fiscal Year</u>	<u>Oklahoma Police Pension And Retirement System</u>		<u>Oklahoma Firefighter's Pension And Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2012	\$ 42,234	100%	\$ 32,829	100%
2011	33,433	100%	35,385	100%
2010	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, 2012

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	14.44% 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, 2012

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>
2012	\$ 117,900
2011	114,426
2010	146,704

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
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

NOTE O - SUBSEQUENT EVENTS

The City has evaluated subsequent events and contingencies through June 17, 2013, the date which financial statements were available. The City believes the following requires disclosure.

In July 2012, the Authority paid \$3,068,804 from the Debt Service account held at the trustee bank toward retiring the outstanding principal and interest on the \$3,655,000 Utility System Refunding Revenue Bond, Series 2004.

On September 1, 2012, the City issued the Bristow Hospital Authority Sales Tax Revenue Bonds, Taxable Refunding Series 2012 in the amount of \$2,545,000 to finance hospital and medical purposes of the City of Bristow and certain other enumerated projects.

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Revenue				
Sales/Use Tax	\$ 3,236,710	\$ 3,384,234	\$ 3,229,866	\$ (154,368)
Franchise Tax	184,000	194,000	165,752	(28,248)
Gasoline and Auto Tax	42,000	40,000	33,643	(6,357)
Alcoholic Beverage Tax	22,000	22,000	21,765	(235)
Cigarette Tax	45,000	45,300	47,694	2,394
PILOT (Bristow Housing Authority)	11,000	11,000	9,965	(1,035)
Cell Tower Revenue	30,000	40,000	37,313	(2,687)
Fire Revenue	55,000	50,000	70,044	20,044
Swimming Pool	16,000	16,000	12,823	(3,177)
Cemetery	40,800	35,700	27,926	(7,774)
Room Tax	7,500	9,200	8,955	(245)
License and Permits	19,600	17,600	17,551	(49)
Intergovernmental	25,000	10,000	9,631	(369)
Fines and Forfeits	220,000	200,000	-	(200,000)
Donations	6,000	2,000	-	(2,000)
Other	18,500	16,050	13,861	(2,189)
Rental	15,000	15,000	11,850	(3,150)
Insure OK Reimbursement	5,000	2,000	15,248	13,248
Interest	1,100	600	525	(75)
TOTAL REVENUE	<u>4,000,210</u>	<u>4,110,684</u>	<u>3,734,412</u>	<u>(376,272)</u>
Expenditures				
Current				
MANAGERIAL DEPARTMENT				
Personal Services	43,471	32,840	31,251	1,589
Materials and Supplies	14,500	14,500	13,950	550
TOTAL MANAGERIAL DEPARTMENT	<u>57,971</u>	<u>47,340</u>	<u>45,201</u>	<u>2,139</u>
CLERK/PURCHASING DEPARTMENT				
Personal Services	181,320	239,550	237,059	2,491
TOTAL CLERK/PURCHASING DEPT	<u>181,320</u>	<u>239,550</u>	<u>237,059</u>	<u>2,491</u>
TREASURER DEPARTMENT				
Personal Services	62,710	65,575	65,286	289
Other Service and Charges	50	50	-	50
TOTAL TREASURER DEPARTMENT	<u>62,760</u>	<u>65,625</u>	<u>65,286</u>	<u>339</u>
ATTORNEY DEPARTMENT				
Personal Services	23,950	25,500	24,451	1,049
TOTAL ATTORNEY DEPARTMENT	<u>23,950</u>	<u>25,500</u>	<u>24,451</u>	<u>1,049</u>
MUNICIPAL JUDGE DEPARTMENT				
Personal Services	11,165	11,165	11,124	41
Other Service and Charges	35	35	35	-
TOTAL MUNICIPAL JUDGE DEPT	<u>11,200</u>	<u>11,200</u>	<u>11,159</u>	<u>41</u>

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

Expenditures, (continued)	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Current				
GENERAL GOVERNMENT DEPARTMENT				
Personal Services	4,815	5,700	5,114	586
Other Service and Charges	28,700	75,585	75,481	104
Materials and Supplies	15,700	16,200	15,303	897
TOTAL GENERAL GOVERNMENT DEPT	<u>49,215</u>	<u>97,485</u>	<u>95,898</u>	<u>1,587</u>
POLICE DEPARTMENT				
Personal Services	691,700	844,520	830,368	14,152
Other Service and Charges	14,050	16,700	16,220	480
Materials and Supplies	83,250	123,700	117,948	5,752
TOTAL POLICE DEPARTMENT	<u>789,000</u>	<u>984,920</u>	<u>964,536</u>	<u>20,384</u>
FIRE DEPARTMENT				
Personal Services	456,960	456,360	449,255	7,105
Other Service and Charges	8,100	7,600	6,064	1,536
Materials and Supplies	31,010	44,810	42,233	2,577
TOTAL FIRE DEPARTMENT	<u>496,070</u>	<u>508,770</u>	<u>497,552</u>	<u>11,218</u>
STREET DEPARTMENT				
Personal Services	235,625	265,575	252,791	12,784
Other Service and Charges	62,000	54,850	52,713	2,137
Materials and Supplies	81,000	77,000	68,885	8,115
TOTAL STREET DEPARTMENT	<u>378,625</u>	<u>397,425</u>	<u>374,389</u>	<u>23,036</u>
ANIMAL CONTROL DEPARTMENT				
Personal Services	35,135	36,085	35,570	515
Materials and Supplies	5,400	5,050	4,677	373
TOTAL ANIMAL CONTROL DEPARTMENT	<u>40,535</u>	<u>41,135</u>	<u>40,247</u>	<u>888</u>
SENIOR CITIZENS DEPARTMENT				
Personal Services	46,935	44,110	41,734	2,376
Materials and Supplies	7,900	10,950	10,832	118
TOTAL SENIOR CITIZENS DEPT	<u>54,835</u>	<u>55,060</u>	<u>52,566</u>	<u>2,494</u>
LIBRARY DEPARTMENT				
Personal Services	105,480	125,585	123,858	1,727
Other Service and Charges	3,200	2,600	2,199	401
Materials and Supplies	16,000	10,800	8,330	2,470
TOTAL LIBRARY DEPARTMENT	<u>124,680</u>	<u>138,985</u>	<u>134,387</u>	<u>4,598</u>

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Expenditures, (continued)				
Current				
CEMETERY DEPARTMENT				
Personal Services	47,800	56,070	55,242	828
Other Service and Charges	300	300	-	300
Materials and Supplies	13,700	10,700	6,668	4,032
TOTAL CEMETERY DEPARTMENT	<u>61,800</u>	<u>67,070</u>	<u>61,910</u>	<u>5,160</u>
SPORTS COMPLEX DEPARTMENT				
Other Service and Charges	5,400	5,400	4,611	789
Materials and Supplies	500	-	-	-
TOTAL SPORTS COMPLEX DEPT	<u>5,900</u>	<u>5,400</u>	<u>4,611</u>	<u>789</u>
POOL DEPARTMENT				
Personal Services	23,877	23,220	24,259	(1,039)
Other Service and Charges	7,550	7,550	6,014	1,536
Materials and Supplies	16,000	16,000	6,347	9,653
TOTAL POOL DEPARTMENT	<u>47,427</u>	<u>46,770</u>	<u>36,620</u>	<u>10,150</u>
INSPECTION DEPARTMENT				
Personal Services	50,525	61,055	57,344	3,711
Other Service and Charges	950	1,300	510	790
Materials and Supplies	2,350	3,800	3,314	486
TOTAL INSPECTION DEPARTMENT	<u>53,825</u>	<u>66,155</u>	<u>61,168</u>	<u>4,987</u>
PARK DEPARTMENT				
Personal Services	120,560	157,065	152,487	4,578
Other Service and Charges	3,200	3,200	2,358	842
Materials and Supplies	40,000	37,500	26,594	10,906
TOTAL PARK DEPARTMENT	<u>163,760</u>	<u>197,765</u>	<u>181,439</u>	<u>16,326</u>
TOTAL EXPENDITURES	<u>2,602,873</u>	<u>2,996,155</u>	<u>2,888,479</u>	<u>107,676</u>
Excess (deficiency) of revenue over expenditures	<u>1,397,337</u>	<u>1,114,529</u>	<u>845,933</u>	<u>(268,596)</u>
Other financing sources (uses)				
Transfer In	350,000	520,000	2,576,156	2,056,156
Transfer Out	(1,742,958)	(1,809,684)	(3,536,040)	(1,726,356)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,392,958)</u>	<u>(1,289,684)</u>	<u>(959,884)</u>	<u>329,800</u>
Net change in fund balance	4,379	(175,155)	(113,951)	61,204
Fund Balances, beginning	210,135	210,135	210,135	-
Fund Balances, ending	<u>\$ 214,514</u>	<u>\$ 34,980</u>	<u>\$ 96,184</u>	<u>\$ 61,204</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, 2012

Budgetary Accounting

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

For the year ended June 30, 2012, 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, 2012

	<u>Cemetery</u>	<u>Cemetery</u> <u>Care</u>	<u>Police</u> <u>Training</u>	<u>Court</u>	<u>Library</u>	<u>Jones</u> <u>Found-</u> <u>ation</u>	<u>Special</u> <u>Fire</u>	<u>Grant</u> <u>Match</u>	<u>L.E.</u> <u>Grant</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>FUNDS</u>
ASSETS										
Cash and Cash Equivalents	\$ 55,166	\$ 42,640	\$ 10,527	\$ 3,641	\$ 3,813	\$ 2,693	\$ 2,019	\$63,473	\$ 85	\$184,057
Investments	<u>-</u>	<u>24,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,636</u>	<u>-</u>	<u>51,137</u>
TOTAL ASSETS	<u>\$ 55,166</u>	<u>\$ 67,141</u>	<u>\$ 10,527</u>	<u>\$ 3,641</u>	<u>\$ 3,813</u>	<u>\$ 2,693</u>	<u>\$ 2,019</u>	<u>\$90,109</u>	<u>\$ 85</u>	<u>\$235,194</u>
LIABILITIES										
Due to Others	\$ -	\$ -	\$ -	\$ 2,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,595
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,595</u>
FUND BALANCES										
Assigned	<u>55,166</u>	<u>67,141</u>	<u>10,527</u>	<u>1,046</u>	<u>3,813</u>	<u>2,693</u>	<u>2,019</u>	<u>90,109</u>	<u>85</u>	<u>232,599</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,166</u>	<u>\$ 67,141</u>	<u>\$ 10,527</u>	<u>\$ 3,641</u>	<u>\$ 3,813</u>	<u>\$ 2,693</u>	<u>\$ 2,019</u>	<u>\$90,109</u>	<u>\$ 85</u>	<u>\$235,194</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, 2012

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	L.E. Grant	Total Nonmajor Funds
REVENUES										
Cemetery Sales	\$ -	\$ 4,297	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,297
Intergovernmental	-	-	-	-	5,292	-	11,013	-	-	16,305
Fines and Forfeits	-	-	-	219,998	-	-	-	-	-	219,998
Donations	-	-	-	-	-	10,156	-	-	-	10,156
Other	-	-	185	-	-	-	-	-	-	185
Interest	113	625	-	22	-	15	-	495	-	1,270
TOTAL REVENUES	113	4,922	185	220,020	5,292	10,171	11,013	495	-	252,211
EXPENDITURES										
Current										
Cemetery	97,897	-	-	-	-	-	-	-	-	97,897
Culture and Education	-	-	-	-	5,043	18,877	-	-	-	23,920
Public Safety	-	-	16,884	13,966	-	-	10,750	-	-	41,600
TOTAL EXPENDITURES	97,897	-	16,884	13,966	5,043	18,877	10,750	-	-	163,417
Excess of Revenues Over (Under) Expenditures	(97,784)	4,922	(16,699)	206,054	249	(8,706)	263	495	-	88,794
Other Financing Sources (Uses)										
Transfer In	-	-	10,210	-	-	-	-	18,000	-	28,210
Transfer Out	(9,675)	-	-	(204,210)	-	-	-	(19,644)	-	(233,529)
TOTAL OTHER FINANCING SOURCES (USES)	(9,675)	-	10,210	(204,210)	-	-	-	(1,644)	-	(205,319)
Net Change in Fund Balance	(107,459)	4,922	(6,489)	1,844	249	(8,706)	263	(1,149)	-	(116,525)
Fund Balance - Beginning	162,625	62,219	17,016	(798)	3,564	11,399	1,756	91,258	85	349,124
Fund Balance - Ending	<u>\$ 55,166</u>	<u>\$ 67,141</u>	<u>\$ 10,527</u>	<u>\$ 1,046</u>	<u>\$ 3,813</u>	<u>\$ 2,693</u>	<u>\$ 2,019</u>	<u>\$90,109</u>	<u>\$ 85</u>	<u>\$232,599</u>

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

I have audited 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, 2012, which collectively comprise the City of Bristow, Oklahoma's basic financial statements, and have issued my report thereon dated June 17, 2013 which did not include Management's Discussion and Analysis. 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.

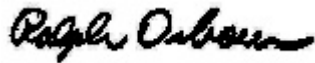
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. 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,



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
June 17, 2013