

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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CITY OF BRISTOW, OKLAHOMA  
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JUNE 30, 2016

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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, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, as of and for the year ended June 30, 2016, 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 opinion.

### Opinion

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, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma as of June 30, 2016, 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.

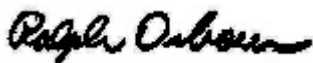
Other Information

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 schedule of expenditure of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Cod of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The budgetary comparison, combining nonmajor fund financial statements, and schedule of expenditure of federal awards 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 comparison, combining nonmajor fund financial statements, and schedule of expenditure of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated January 3, 2017, 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  
January 3, 2017

CITY OF BRISTOW, OKLAHOMA  
STATEMENT OF NET POSITION  
MODIFIED CASH BASIS  
JUNE 30, 2016

|  | <u>Primary Government</u>          |   |                     |
|--|------------------------------------|---|---------------------|
|  | <u>Governmental<br/>Activities</u> | <u>Business<br/>Type<br/>Activities</u> | <u>Total</u>        |
| <b>ASSETS</b>  |                                    |   |                     |
| <b>Current Assets</b>                                      |                                    |   |                     |
| Cash and Cash Equivalents                                  | \$ 972,451                         | \$ 689,220                              | \$ 1,661,671        |
| Investments  | 361,741                            | 276,799                                 | 638,540             |
| <b>Restricted Assets</b>                                   |                                    |   |                     |
| Cash - Debt Reserve  | -                                  | 701,143                                 | 701,143             |
| Cash - Debt Service  | 1,128,103                          | 557,184                                 | 1,685,287           |
| Cash - Bond Construction                                   | 464,126                            | 823,512                                 | 1,287,638           |
| Total Current Assets                                       | <u>2,926,421</u>                   | <u>3,047,858</u>                        | <u>5,974,279</u>    |
| <b>Non-Current Assets</b>                                  |                                    |   |                     |
| <b>Capital Assets</b>                                      |                                    |   |                     |
| Land   | 427,816                            | 347,564                                 | 775,380             |
| Other Capital Assets Net of<br>Accumulated Depreciation    | <u>4,582,007</u>                   | <u>8,340,002</u>                        | <u>12,922,009</u>   |
| Total Non-Current Assets                                   | <u>5,009,823</u>                   | <u>8,687,566</u>                        | <u>13,697,389</u>   |
| <b>Total Assets</b>  | <u>7,936,244</u>                   | <u>11,735,424</u>                       | <u>19,671,668</u>   |
| <b>LIABILITIES</b>   |                                    |   |                     |
| <b>Current Liabilities</b>                                 |                                    |   |                     |
| Utility Deposits   | -                                  | 198,681                                 | 198,681             |
| Bonds and Notes Payable, current                           | <u>330,000</u>                     | <u>405,633</u>                          | <u>735,633</u>      |
| Total Current Liabilities                                  | <u>330,000</u>                     | <u>604,314</u>                          | <u>934,314</u>      |
| <b>Non-Current Liabilities</b>                             |                                    |   |                     |
| Bond and Notes Payable, non-current                        | <u>1,050,000</u>                   | <u>7,344,464</u>                        | <u>8,394,464</u>    |
| Total Non-Current Liabilities                              | <u>1,050,000</u>                   | <u>7,344,464</u>                        | <u>8,394,464</u>    |
| <b>Total Liabilities</b>                                   | <u>1,380,000</u>                   | <u>7,948,778</u>                        | <u>9,328,778</u>    |
| <b>NET POSITION</b>  |                                    |   |                     |
| <b>Invested in Capital Assets,<br/>Net of Related Debt</b> |                                    |   |                     |
|  | 3,629,823                          | 937,469                                 | 4,567,292           |
| <b>Restricted</b>  |                                    |   |                     |
| Debt Service   | 1,128,103                          | 557,184                                 | 1,685,287           |
| Construction   | 464,126                            | 823,512                                 | 1,287,638           |
| Reserve  | -                                  | 701,143                                 | 701,143             |
| <b>Unrestricted</b>  | <u>1,334,192</u>                   | <u>767,338</u>                          | <u>2,101,530</u>    |
| <b>Total Net Position</b>                                  | <u>\$ 6,556,244</u>                | <u>\$ 3,786,646</u>                     | <u>\$10,342,890</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, 2016

| FUNCTION/PROGRAMS                   | Program Revenue |                            |  |  | Revenue       |
|-------------------------------------|-----------------|----------------------------|--|--|---------------|
|                                     | Expenses        | Charges<br>For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |               |
| Governmental Activities             |                 |                            |  |  |               |
| General Government                  | \$ 600,766      | \$ 37,476                  | \$ 23,922                                | \$ 1,328,328                           | \$ 788,960    |
| Public Safety                       | 1,774,155       | 229,400                    | 4,290                                    | -                                      | (1,540,465)   |
| Street                              | 513,411         | -                          | 39,444                                   | -                                      | (473,967)     |
| Culture and Education               | 150,517         | -                          | 7,032                                    | -                                      | (143,485)     |
| Public Service                      | 69,463          | -                          | -  | -                                      | (69,463)      |
| Parks and Recreation                | 200,899         | 13,720                     | -  | -                                      | (187,179)     |
| Cemetery                            | 138,642         | 27,785                     | -  | -                                      | (110,857)     |
| Hospital                            | 92,213          | -                          | -  | -                                      | (92,213)      |
| Total Governmental<br>Activities    | 3,540,066       | 308,381                    | 74,688                                   | 1,328,328                              | (1,828,669)   |
| Business-type Activities            |                 |                            |  |  |               |
| Sanitation                          | 502,218         | 533,254                    | -  | -                                      | 31,036        |
| Water/Wastewater                    | 1,742,710       | 1,379,430                  | -  | -                                      | (363,280)     |
| Airport                             | 49,242          | 22,275                     | -  | -                                      | (26,967)      |
| Total Business-Type<br>Activities   | 2,294,170       | 1,934,959                  | -  | -                                      | (359,211)     |
| Total Primary Government            | \$5,834,236     | \$2,243,340                | \$ 74,688                                | \$ 1,328,328                           | \$(2,187,880) |
|                                     |                 |                            | Primary Government                       |  |               |
|                                     |                 |                            | Governmental<br>Activities               | Business<br>Type<br>Activities         | Total         |
| CHANGES IN NET POSITION             |                 |                            |  |  |               |
| Net (expense) Revenue               |                 |                            | \$(1,828,669)                            | \$ (359,211)                           | \$(2,187,880) |
| General Revenues                    |                 |                            |  |  |               |
| Taxes                               |                 |                            |  |  |               |
| Sales/Use Tax                       |                 |                            | 3,490,889                                | -                                      | 3,490,889     |
| Franchise                           |                 |                            | 169,564                                  | -                                      | 169,564       |
| Cigarette Tax                       |                 |                            | 39,822                                   | -                                      | 39,822        |
| Room Tax                            |                 |                            | 6,381                                    | -                                      | 6,381         |
| Taxes in Lieu                       |                 |                            | 11,244                                   | -                                      | 11,244        |
| Cell tower revenue                  |                 |                            | 36,900                                   | -                                      | 36,900        |
| Donations                           |                 |                            | 67,304                                   | -                                      | 67,304        |
| Other                               |                 |                            | 38,653                                   | 15,165                                 | 53,818        |
| Interest                            |                 |                            | 4,306                                    | 3,509                                  | 7,815         |
| Transfers                           |                 |                            | (247,511)                                | 247,511                                | -             |
| Total General Revenue and Transfers |                 |                            | 3,617,552                                | 266,185                                | 3,883,737     |
| Change in Net Position              |                 |                            | 1,788,883                                | (93,026)                               | 1,695,857     |
| Net Position - Beginning            |                 |                            | 4,767,361                                | 3,879,672                              | 8,647,033     |
| Net Position - Ending               |                 |                            | \$ 6,556,244                             | \$ 3,786,646                           | \$10,342,890  |

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

CITY OF BRISTOW, OKLAHOMA  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

|  | <u>General<br/>Fund</u>  | <u>Hospital</u>           | <u>Capital<br/>Improvement</u> | <u>General<br/>Grants</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|--------------------------|---------------------------|--------------------------------|---------------------------|---|---|
| <b>ASSETS</b>                                  |                          |                           |                                |                           |   |   |
| Cash and Cash Equivalent                       | \$ 123,837               | \$ -                      | \$ 201,679                     | \$ 1,880                  | \$ 645,055                              | \$ 972,451                              |
| Investments                                    | 5,340                    | -                         | 278,266                        | -                         | 78,135                                  | 361,741                                 |
| Restricted Cash                                | <u>-</u>                 | <u>1,592,229</u>          | <u>-</u>                       | <u>-</u>                  | <u>-</u>                                | <u>1,592,229</u>                        |
| <b>TOTAL ASSETS</b>                            | <u><b>\$ 129,177</b></u> | <u><b>\$1,592,229</b></u> | <u><b>\$ 479,945</b></u>       | <u><b>\$ 1,880</b></u>    | <u><b>\$ 723,190</b></u>                | <u><b>\$ 2,926,421</b></u>              |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |                          |                           |                                |                           |   |   |
| <b>Liabilities</b>                             |                          |                           |                                |                           |   |   |
| Due Others                                     | <u>\$ -</u>              | <u>\$ -</u>               | <u>\$ -</u>                    | <u>\$ -</u>               | <u>\$ -</u>                             | <u>\$ -</u>                             |
| <b>Total Liabilities</b>                       | <u>-</u>                 | <u>-</u>                  | <u>-</u>                       | <u>-</u>                  | <u>-</u>                                | <u>-</u>                                |
| <b>Fund Balances</b>                           |                          |                           |                                |                           |   |   |
| Restricted                                     | -                        | 1,592,229                 | -                              | -                         | -                                       | 1,592,229                               |
| Unrestricted                                   | <u>129,177</u>           | <u>-</u>                  | <u>479,945</u>                 | <u>1,880</u>              | <u>723,190</u>                          | <u>1,334,192</u>                        |
| <b>Total Fund Balances</b>                     | <u>129,177</u>           | <u>1,592,229</u>          | <u>479,945</u>                 | <u>1,880</u>              | <u>723,190</u>                          | <u>2,926,421</u>                        |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCES</b> | <u><b>\$ 129,177</b></u> | <u><b>\$1,592,229</b></u> | <u><b>\$ 479,945</b></u>       | <u><b>\$ 1,880</b></u>    | <u><b>\$ 723,190</b></u>                | <u><b>\$ 2,926,421</b></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, 2016

Total Fund Balance \$ 2,926,421

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           | 10,482,943         |           |
| Accumulated Depreciation | <u>(5,473,120)</u> | 5,009,823 |

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 | <u>(1,380,000)</u> | <u>(1,380,000)</u> |
|------------------------|--------------------|--------------------|

|                    |  |                     |
|--------------------|--|---------------------|
| TOTAL NET POSITION |  | <u>\$ 6,556,244</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, 2016

|   | General<br>Fund   | Hospital            | Capital<br>Improvement | General<br>Grants  | Other<br>Governmental<br>Funds | Governmental<br>Funds |
|---|-------------------|---------------------|------------------------|--------------------|--------------------------------|-----------------------|
| <b>Revenue</b>  |                   |                     |                        |                    |                                |                       |
| Sales Tax   | \$ 2,464,506      | \$ 666,083          | \$ 199,825             | \$ -               | \$ -                           | \$ 3,330,414          |
| Use Tax   | 160,475           | -                   | -                      | -                  | -                              | 160,475               |
| Franchise Tax   | 169,564           | -                   | -                      | -                  | -                              | 169,564               |
| Gasoline and Auto Tax                                       | 39,444            | -                   | -                      | -                  | -                              | 39,444                |
| Alcoholic Beverage Tax                                      | 23,922            | -                   | -                      | -                  | -                              | 23,922                |
| Cigarette Tax   | 39,822            | -                   | -                      | -                  | -                              | 39,822                |
| PILOT (Bristow Housing Auth)                                | 11,244            | -                   | -                      | -                  | -                              | 11,244                |
| Cell Tower Revenue  | 36,900            | -                   | -                      | -                  | -                              | 36,900                |
| Fire Revenue  | 51,886            | -                   | -                      | -                  | -                              | 51,886                |
| Swimming Pool   | 13,720            | -                   | -                      | -                  | -                              | 13,720                |
| Cemetery  | 24,079            | -                   | -                      | -                  | 3,706                          | 27,785                |
| Room Tax  | 6,381             | -                   | -                      | -                  | -                              | 6,381                 |
| License and Permits   | 16,674            | -                   | -                      | -                  | -                              | 16,674                |
| Intergovernmental   | 17,299            | -                   | -                      | 1,233,208          | 89,143                         | 1,339,650             |
| Fines and Forfeits  | 4,323             | -                   | -                      | -                  | 173,191                        | 177,514               |
| Donations   | -                 | -                   | 5,000                  | -                  | 62,304                         | 67,304                |
| Other   | 18,907            | -                   | 390                    | 1,000              | 1,283                          | 21,580                |
| Rentals   | 20,802            | -                   | -                      | -                  | -                              | 20,802                |
| Insurance Refunds   | 17,073            | -                   | -                      | -                  | -                              | 17,073                |
| Interest  | 722               | 1,662               | 1,324                  | 59                 | 539                            | 4,306                 |
| <b>TOTAL REVENUE</b>  | <u>3,137,743</u>  | <u>667,745</u>      | <u>206,539</u>         | <u>1,234,267</u>   | <u>330,166</u>                 | <u>5,576,460</u>      |
| <b>Expenditures</b>   |                   |                     |                        |                    |                                |                       |
| <b>Current</b>  |                   |                     |                        |                    |                                |                       |
| General Government  | 442,727           | -                   | 16,370                 | 13,000             | -                              | 472,097               |
| Public Safety   | 1,704,475         | -                   | 17,735                 | 263                | 36,374                         | 1,758,847             |
| Street  | 1,395,144         | -                   | 9,169                  | -                  | -                              | 1,404,313             |
| Culture and Education                                       | 124,820           | -                   | -                      | -                  | 23,663                         | 148,483               |
| Hospital  | 5,782             | 36,318              | -                      | -                  | -                              | 42,100                |
| Public Service  | 66,730            | -                   | -                      | -                  | -                              | 66,730                |
| Parks and Recreation  | 158,709           | -                   | -                      | -                  | -                              | 158,709               |
| Cemetery  | 113,144           | -                   | -                      | -                  | 11,776                         | 124,920               |
| <b>Debt Service:</b>  |                   |                     |                        |                    |                                |                       |
| Principal Payment   | -                 | 325,000             | -                      | -                  | -                              | 325,000               |
| Interest and fees   | -                 | 50,113              | -                      | -                  | -                              | 50,113                |
| <b>TOTAL EXPENDITURES</b>                                   | <u>4,011,531</u>  | <u>411,431</u>      | <u>43,274</u>          | <u>13,263</u>      | <u>71,813</u>                  | <u>4,551,312</u>      |
| <b>Excess (deficiency) of<br/>revenue over expenditures</b> | <u>(873,788)</u>  | <u>256,314</u>      | <u>163,265</u>         | <u>1,221,004</u>   | <u>258,353</u>                 | <u>1,025,148</u>      |
| Transfer In   | 1,871,102         | -                   | -                      | -                  | 525,479                        | 2,396,581             |
| Transfer Out  | (999,124)         | -                   | (116,541)              | (1,221,493)        | (305,934)                      | (2,644,092)           |
| <b>Total Transfers</b>                                      | <u>871,978</u>    | <u>-</u>            | <u>(116,541)</u>       | <u>(1,221,493)</u> | <u>219,545</u>                 | <u>(247,511)</u>      |
| <b>Net change in fund balance</b>                           | <u>(1,810)</u>    | <u>256,314</u>      | <u>46,724</u>          | <u>(1,489)</u>     | <u>477,898</u>                 | <u>777,637</u>        |
| <b>Fund Balances, beginning</b>                             | <u>130,987</u>    | <u>1,335,915</u>    | <u>433,221</u>         | <u>3,369</u>       | <u>245,292</u>                 | <u>2,148,784</u>      |
| <b>Fund Balances, ending</b>                                | <u>\$ 129,177</u> | <u>\$ 1,592,229</u> | <u>\$ 479,945</u>      | <u>\$ 1,880</u>    | <u>\$ 723,190</u>              | <u>\$ 2,926,421</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, 2016

Net Changes in Fund Balances - Total Governmental Funds \$ 777,637

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 | (392,934)        |         |
| Capital Outlay       | <u>1,053,877</u> | 660,943 |

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 | 325,000       |                |
| Debt payments          | <u>25,303</u> | <u>350,303</u> |

|                        |  |                     |
|------------------------|--|---------------------|
| CHANGE IN NET POSITION |  | <u>\$ 1,788,883</u> |
|------------------------|--|---------------------|

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, 2016

|  | <u>Municipal<br/>Authority</u> | <u>Airport</u>      | <u>Total</u>        |
|--|--------------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                      |                                |                     |                     |
| Current Assets                                     |                                |                     |                     |
| Cash and Cash Equivalents                          | \$ 636,679                     | \$ 52,541           | \$ 689,220          |
| Investments  | 276,799                        | -                   | 276,799             |
| Restricted Assets                                  |                                |                     |                     |
| Cash-Debt Reserve                                  | 701,143                        | -                   | 701,143             |
| Cash-Debt Service                                  | 557,184                        | -                   | 557,184             |
| Cash-Bond Construction                             | 823,512                        | -                   | 823,512             |
| TOTAL CURRENT ASSETS                               | <u>2,995,317</u>               | <u>52,541</u>       | <u>3,047,858</u>    |
| Non-Current Assets                                 |                                |                     |                     |
| Capital Assets                                     |                                |                     |                     |
| Land   | 69,889                         | 277,675             | 347,564             |
| Capital Assets, Net of<br>Accumulated Depreciation | <u>7,470,554</u>               | <u>869,448</u>      | <u>8,340,002</u>    |
| TOTAL NON-CURRENT ASSETS                           | <u>7,540,443</u>               | <u>1,147,123</u>    | <u>8,687,566</u>    |
| TOTAL ASSETS                                       | <u>10,535,760</u>              | <u>1,199,664</u>    | <u>11,735,424</u>   |
| <b>LIABILITIES</b>                                 |                                |                     |                     |
| Current Liabilities                                |                                |                     |                     |
| Utility Deposits                                   | 198,681                        | -                   | 198,681             |
| Bonds and Notes Payable, current                   | 405,633                        | -                   | 405,633             |
| TOTAL CURRENT LIABILITIES                          | <u>604,314</u>                 | <u>-</u>            | <u>604,314</u>      |
| Non-Current Liabilities                            |                                |                     |                     |
| Bonds and Notes Payable, non-current               | <u>7,344,464</u>               | <u>-</u>            | <u>7,344,464</u>    |
| TOTAL NON-CURRENT LIABILITIES                      | <u>7,344,464</u>               | <u>-</u>            | <u>7,344,464</u>    |
| TOTAL LIABILITIES                                  | <u>7,948,778</u>               | <u>-</u>            | <u>7,948,778</u>    |
| <b>NET POSITION</b>                                |                                |                     |                     |
| Net Investment in Capital Assets                   | (209,654)                      | 1,147,123           | 937,469             |
| Restricted:  |                                |                     |                     |
| Debt Service                                       | 557,184                        | -                   | 557,184             |
| Bond Construction                                  | 823,512                        | -                   | 823,512             |
| Reserve  | 701,143                        | -                   | 701,143             |
| Unrestricted                                       | <u>714,797</u>                 | <u>52,541</u>       | <u>767,338</u>      |
| Net Position of Business-Type Activities           | <u>\$ 2,586,982</u>            | <u>\$ 1,199,664</u> | <u>\$ 3,786,646</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, 2016

|   | <u>Municipal</u><br><u>Authority</u> | <u>Airport</u>      | <u>Total</u>        |
|---|--------------------------------------|---------------------|---------------------|
| <u>OPERATING REVENUES</u>                 |                                      |                     |                     |
| Charges for Services                      |                                      |                     |                     |
| Water Charges                             | \$ 968,766                           | \$ -                | \$ 968,766          |
| Wastewater Charges                        | 380,641                              | -                   | 380,641             |
| Sanitation Charges                        | 533,254                              | -                   | 533,254             |
| Penalty                                   | 26,023                               | -                   | 26,023              |
| Taps                                      | 4,000                                | -                   | 4,000               |
| Rentals                                   | -                                    | 16,635              | 16,635              |
| Fuel Sales                                | -                                    | 4,963               | 4,963               |
| Other                                     | 15,165                               | 677                 | 15,842              |
| TOTAL OPERATING REVENUE                   | <u>1,927,849</u>                     | <u>22,275</u>       | <u>1,950,124</u>    |
| <u>OPERATING EXPENSES</u>                 |                                      |                     |                     |
| Water                                     | 592,610                              | -                   | 592,610             |
| Sewer                                     | 166,957                              | -                   | 166,957             |
| Sanitation                                | 502,218                              | -                   | 502,218             |
| Building                                  | 277,444                              | -                   | 277,444             |
| Airport                                   | -                                    | 18,968              | 18,968              |
| Depreciation                              | 361,134                              | 30,274              | 391,408             |
| TOTAL OPERATING EXPENSES                  | <u>1,900,363</u>                     | <u>49,242</u>       | <u>1,949,605</u>    |
| OPERATING INCOME (LOSS)                   | <u>27,486</u>                        | <u>(26,967)</u>     | <u>519</u>          |
| <u>NON-OPERATING REVENUE (EXPENSES)</u>   |                                      |                     |                     |
| Investment Income                         | 3,442                                | 67                  | 3,509               |
| Interest and Fees on Notes Payable        | (344,565)                            | -                   | (344,565)           |
| TOTAL NON-OPERATING REVENUE<br>(EXPENSES) | <u>(341,123)</u>                     | <u>67</u>           | <u>(341,056)</u>    |
| Income Before Transfers                   | (313,637)                            | (26,900)            | (340,537)           |
| Transfer to Other Funds                   | (3,116,249)                          | -                   | (3,116,249)         |
| Transfer from Other Funds                 | 3,269,681                            | 94,079              | 3,363,760           |
| TOTAL TRANSFERS                           | <u>153,432</u>                       | <u>94,079</u>       | <u>247,511</u>      |
| Change in Net Position                    | (160,205)                            | 67,179              | (93,026)            |
| TOTAL NET POSITION, BEGINNING             | <u>2,747,187</u>                     | <u>1,132,485</u>    | <u>3,879,672</u>    |
| TOTAL NET POSITION, ENDING                | <u>\$ 2,586,982</u>                  | <u>\$ 1,199,664</u> | <u>\$ 3,786,646</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, 2016

|  | <u>Municipal<br/>Authority</u> | <u>Airport</u>   | <u>Total</u>        |
|--|--------------------------------|------------------|---------------------|
| Cash Flows from Operating activities   |                                |                  |                     |
| Cash Received from customers   | \$ 1,934,760                   | \$ 22,275        | \$ 1,957,035        |
| Cash Payments to Employees   | (592,610)                      | -                | (592,610)           |
| Cash Payments to Suppliers<br>for Goods and Services   | <u>(946,619)</u>               | <u>(18,968)</u>  | <u>(965,587)</u>    |
| Net Cash Provided (Used) by<br>Operating Activities  | <u>395,531</u>                 | <u>3,307</u>     | <u>398,838</u>      |
| Cash Flows from Non-Capital<br>Financing Activities  |                                |                  |                     |
| Transfers, net   | <u>153,432</u>                 | <u>94,079</u>    | <u>247,511</u>      |
| Net Cash Provided by Non-Capital<br>Financing Activities   | <u>153,432</u>                 | <u>94,079</u>    | <u>247,511</u>      |
| Cash Flows from Capital and<br>Related Financing Activities  |                                |                  |                     |
| Acquisition of Fixed Assets  | (440,357)                      | (94,079)         | (534,436)           |
| Principal Paid on Notes and Bonds Payable  | (395,300)                      | -                | (395,300)           |
| Interest Paid on Notes and Bonds Payable<br>and Fiscal Fees  | <u>(344,565)</u>               | <u>-</u>         | <u>(344,565)</u>    |
| Net Cash Used for Capital and<br>Related Financing Activities  | <u>(1,180,222)</u>             | <u>(94,079)</u>  | <u>(1,274,301)</u>  |
| Cash Flows from Investing Activities   |                                |                  |                     |
| Interest Revenue   | <u>3,442</u>                   | <u>67</u>        | <u>3,509</u>        |
| Net Cash Provided by<br>Investing Activities   | <u>3,442</u>                   | <u>67</u>        | <u>3,509</u>        |
| Net Increase/(Decrease) in<br>Cash and Cash Equivalents  | (627,817)                      | 3,374            | (624,443)           |
| Cash and Cash Equivalents, Beginning   | <u>3,623,134</u>               | <u>49,167</u>    | <u>3,672,301</u>    |
| Cash and Cash Equivalents, Ending  | <u>\$ 2,995,317</u>            | <u>\$ 52,541</u> | <u>\$ 3,047,858</u> |
| Reconciliation of Operating Income<br>(Loss) to Net Cash Provided by<br>(Used) by Operating Activities |                                |                  |                     |
| Operating Income (Loss)  | \$ 27,486                      | \$ (26,967)      | \$ 519              |
| Adjustments to Reconcile<br>Operating Income to Net Cash:  |                                |                  |                     |
| Depreciation   | 361,134                        | 30,274           | 391,408             |
| Used by Operating Activities:  |                                |                  |                     |
| Changes in Assets and Liabilities:   |                                |                  |                     |
| Increase in Utility Deposits   | <u>6,911</u>                   | <u>-</u>         | <u>6,911</u>        |
| Net Cash Provided by Operating Activities  | <u>\$ 395,531</u>              | <u>\$ 3,307</u>  | <u>\$ 398,838</u>   |

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

CITY OF BRISTOW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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 manages activity associated with hospital property owned by the City. The operations of the hospital were sold to an operating company in a previous year. 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, 2016

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, 2016

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, 2016

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, 2016

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, 2016 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, 2016

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, 2016, the City had a total of \$859,096 held in the bank that was not covered by either federal deposit insurance or was not fully collateralized. It is my understanding that the bank has been made aware of the need to increase collateral on these deposits.

Deposits

The City had deposits at financial institutions with a carrying amount of approximately \$5,974,279 at June 30, 2016. The bank balance of the deposits at June 30, 2016 was approximately \$5,976,013.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2016.

CITY OF BRISTOW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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, 2016, 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, 2016.

**NOTE D - RESTRICTED CASH**

The City is reporting the following restricted cash:

|                   |    |                            |
|-------------------|----|----------------------------|
| Debt Reserve      | \$ | 701,143                    |
| Debt Service      |    | 1,685,287                  |
| Bond Construction |    | <u>1,287,638</u>           |
| <b>Total</b>      |    | <b><u>\$ 3,674,068</u></b> |

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<br>Assets Not<br>Depreciated<br>Land |
|---|-----------------------------|--|--------------------------------|---------------------|--|
|   | Buildings                   | Infrastructure & Furniture,<br>Improvements<br>Other Than<br>Buildings | Machinery,<br>and<br>Equipment | Totals              |  |
| <b>PRIMARY GOVERNMENT</b>                       |                             |  |                                |                     |  |
| <b>Governmental Activities</b>                  |                             |  |                                |                     |  |
| Balance, June 30, 2015                          | \$ 2,625,792                | \$ 3,664,731   | \$ 2,710,727                   | \$ 9,001,250        | \$ 427,816                                   |
| Increases                                       | -                           | 998,982  | 54,895                         | 1,053,877           | -  |
| Decreases                                       | -                           | -  | -                              | -                   | -  |
| Balance, June 30, 2016                          | <u>2,625,792</u>            | <u>4,663,713</u>   | <u>2,765,622</u>               | <u>10,055,127</u>   | <u>427,816</u>                               |
| <b>Accumulated Depreciation</b>                 |                             |  |                                |                     |  |
| Balance, June 30, 2015                          | 1,554,081                   | 1,749,589  | 1,776,516                      | 5,080,186           |  |
| Increases                                       | 138,482                     | 131,566  | 122,886                        | 392,934             |  |
| Decreases                                       | -                           | -  | -                              | -                   |  |
| Balance, June 30, 2016                          | <u>1,692,563</u>            | <u>1,881,155</u>   | <u>1,899,402</u>               | <u>5,473,120</u>    |  |
| Governmental Activities<br>Capital Assets, Net  | <u>\$ 933,229</u>           | <u>\$ 2,782,558</u>  | <u>\$ 866,220</u>              | <u>\$ 4,582,007</u> | <u>\$ 427,816</u>                            |
| <b>Business-type Activities</b>                 |                             |  |                                |                     |  |
| Balance, June 30, 2015                          | \$ 824,129                  | \$11,558,349   | \$ 1,135,913                   | \$13,518,391        | \$ 347,564                                   |
| Increases                                       | -                           | 526,932  | 7,502                          | 534,434             | -  |
| Decreases                                       | -                           | -  | -                              | -                   | -  |
| Balance, June 30, 2016                          | <u>824,129</u>              | <u>12,085,281</u>  | <u>1,143,415</u>               | <u>14,052,825</u>   | <u>347,564</u>                               |
| <b>Accumulated Depreciation</b>                 |                             |  |                                |                     |  |
| Balance, June 30, 2015                          | 539,697                     | 3,974,486  | 807,232                        | 5,321,415           |  |
| Increases                                       | 21,965                      | 325,423  | 44,020                         | 391,408             |  |
| Decreases                                       | -                           | -  | -                              | -                   |  |
| Balance, June 30, 2016                          | <u>561,662</u>              | <u>4,299,909</u>   | <u>851,252</u>                 | <u>5,712,823</u>    |  |
| Business-type Activities<br>Capital Assets, Net | <u>\$ 262,467</u>           | <u>\$ 7,785,372</u>  | <u>\$ 292,163</u>              | <u>\$ 8,340,002</u> | <u>\$ 347,564</u>                            |
| <b>PRIMARY GOVERNMENT</b>                       |                             |  |                                |                     |  |
| Capital Assets, Net                             | <u>\$ 1,195,696</u>         | <u>\$10,567,930</u>  | <u>\$ 1,158,383</u>            | <u>\$12,922,009</u> | <u>\$ 775,380</u>                            |

CITY OF BRISTOW, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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           | \$ 136,988 | Water/Wastewater                | \$ 361,134 |
| Public Safety                | 75,411     | Airport                         | 30,274     |
| Street                       | 108,080    |                                 |            |
| Culture and Education        | 2,034      |                                 |            |
| Parks and Recreation         | 42,190     |                                 |            |
| Public Service               | 2,733      |                                 |            |
| Cemetery                     | 25,498     |                                 |            |

NOTE F - SALES TAX

Sales tax revenue is 59.72% 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> |
|-----------|--------------------------|---------------|--------------------|---------------|
| 2015/16   | \$ 3,330,414             | \$ 666,083    | \$ 55,507          | 0.60%         |
| 2014/15   | 3,310,442                | 662,088       | 55,174             | 0.68%         |
| 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, 2016

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, 2016:

|                        | Notes<br>Payable | Bonds<br>Payable    | Capital Lease<br>Obligation | Total               |
|------------------------|------------------|---------------------|-----------------------------|---------------------|
| Balance, July 1, 2015  | \$ 40,397        | \$ 9,810,000        | \$ 25,303                   | \$ 9,875,700        |
| Additions              | -                | -                   | -                           | -                   |
| Retirements            | (15,300)         | (705,000)           | (25,303)                    | (745,603)           |
| Balance, June 30, 2016 | <u>\$ 25,097</u> | <u>\$ 9,105,000</u> | <u>\$ -</u>                 | <u>\$ 9,130,097</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, 2016.

|                    | Payable at<br>July 1, 2015 | Additions   | Retirements         | Balance at<br>June 30, 2016 |
|--------------------|----------------------------|-------------|---------------------|-----------------------------|
| 2012 Revenue Bonds | \$ 1,705,000               | \$ -        | \$ (325,000)        | \$ 1,380,000                |
|                    | <u>\$ 1,705,000</u>        | <u>\$ -</u> | <u>\$ (325,000)</u> | <u>\$ 1,380,000</u>         |

The bonds payable as of June 30, 2016 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 | \$ 1,380,000 |
|--|--------------|

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>       |
|----------------------------|---------------------|-------------------|---------------------|
| 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>\$ 1,380,000</u> | <u>\$ 105,250</u> | <u>\$ 1,485,250</u> |

The Authority paid interest in the amount of \$47,113 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, 2016.

|                    | Payable at<br>July 1, 2015 | Additions   | Retirements         | Balance at<br>June 30, 2016 |
|--------------------|----------------------------|-------------|---------------------|-----------------------------|
| 2010 Revenue Bonds | \$ 5,935,000               | \$ -        | \$ (50,000)         | \$ 5,885,000                |
| 2012 Revenue Bonds | 2,170,000                  | -           | (330,000)           | 1,840,000                   |
|                    | <u>\$ 8,105,000</u>        | <u>\$ -</u> | <u>\$ (380,000)</u> | <u>\$ 7,725,000</u>         |

CITY OF BRISTOW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

The bonds payable as of June 30, 2016 are as follows:

|  |              |
|--|--------------|
| \$6,055,000 Utility System Refunding Revenue Bonds,<br>Series 2010 in annual installments with 2.75-5.15%<br>interest secured by Authority revenue and real and<br>personal property | \$ 5,885,000 |
| \$2,800,000 Utility System Refunding Revenue Bonds,<br>Series 2012 in annual installments with 1.25-3.00%<br>interest secured by Authority revenue and real and<br>personal property | 1,840,000    |
| Total  | \$ 7,725,000 |

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

| Year Ending June 30 | Principal    | Interest     | Totals        |
|---------------------|--------------|--------------|---------------|
| 2017                | \$ 390,000   | \$ 328,099   | \$ 718,099    |
| 2018                | 395,000      | 319,518      | 714,518       |
| 2019                | 405,000      | 310,368      | 715,368       |
| 2020                | 415,000      | 300,610      | 715,610       |
| 2021                | 525,000      | 288,843      | 813,843       |
| 2022-2026           | 2,195,000    | 1,148,094    | 3,343,094     |
| 2027-2031           | 3,400,000    | 513,470      | 3,913,470     |
| TOTAL               | \$ 7,725,000 | \$ 3,209,002 | \$ 10,934,002 |

The Authority paid interest in the amount of \$335,815 and fees in the amount of \$8,750 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, 2016 was \$19,347.

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, 2016 was \$5,750.

CITY OF BRISTOW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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)  | \$ 27,486           |
| Sales tax appropriations | <u>2,664,332</u>    |
| Net revenue              | 2,691,818           |
| Required net revenue     | <u>739,865</u>      |
| Excess/(deficit)         | <u>\$ 1,951,953</u> |
| Ratio                    | <u>3.63 to 1</u>    |

NOTE M - HOSPITAL ESCROW

In February 2016, the Hospital Authority entered into a construction cost sharing agreement with Bristow Endeavor Healthcare, LLC for the purpose of improvements of the hospital facilities. Each party agreed to deposit \$500,000 (total of \$1,000,000) into an escrow account and named Bank of Oklahoma as the escrow agent. The Hospital Authority has included half of the project revenue and expenditures in the financial statements. At June 30, 2016, the balance of the Hospital Authority's portion of the funds held in escrow was \$464,126.

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, 2016

|  | <u>Oklahoma Police Pension<br/>And Retirement System</u>   | <u>Oklahoma Firefighter's Pension<br/>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 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 Statue:

| Fiscal Year | <u>Oklahoma Police Pension<br/>And Retirement System</u> |                                   | <u>Oklahoma Firefighter's Pension<br/>And Retirement System</u> |                                   |
|-------------|--|-----------------------------------|---|-----------------------------------|
|             | <u>Required<br/>Contribution</u>                         | <u>Percentage<br/>Contributed</u> | <u>Required<br/>Contribution</u>                                | <u>Percentage<br/>Contributed</u> |
| 2016        | \$ 49,392  | 100%                              | \$ 46,318   | 100%                              |
| 2015        | 50,986   | 100%                              | 42,211  | 100%                              |
| 2014        | 48,621   | 100%                              | 40,035  | 100%                              |

CITY OF BRISTOW, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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 63<sup>rd</sup> 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            | 9.57% 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<br>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, 2016

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 1<sup>st</sup> 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> |
|--------------------|------------------------------|
| 2016               | \$ 80,971                    |
| 2015               | 103,567                      |
| 2014               | 147,737                      |

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 2016 net valuation of taxable property in the City of Bristow was \$19,193,612.

CITY OF BRISTOW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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 January 3, 2017, the date which financial statements were available. The City believes there are not any items to disclose.

CITY OF BRISTOW, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

|                                    | Budgeted<br>Amounts |                  | Actual<br>Amounts  | Variance with<br>Final Budget |
|------------------------------------|---------------------|------------------|--------------------|-------------------------------|
|                                    | Original            | Final            | Budgetary<br>Basis | Positive<br>(Negative)        |
| <b>Revenue</b>                     |                     |                  |                    |                               |
| Sales Tax                          | \$ 2,504,160        | \$ 2,454,200     | \$ 2,464,506       | \$ 10,306                     |
| Use Tax                            | 147,000             | 163,000          | 160,475            | (2,525)                       |
| Franchise Tax                      | 179,000             | 207,000          | 169,564            | (37,436)                      |
| Gasoline and Auto Tax              | 40,000              | 40,000           | 39,444             | (556)                         |
| Alcoholic Beverage Tax             | 22,000              | 25,000           | 23,922             | (1,078)                       |
| Cigarette Tax                      | 39,000              | 40,000           | 39,822             | (178)                         |
| PILOT (Bristow Housing Authority)  | 10,000              | 10,000           | 11,244             | 1,244                         |
| Cell Tower Revenue                 | 35,000              | 35,000           | 36,900             | 1,900                         |
| Fire Revenue                       | 90,000              | 80,000           | 51,886             | (28,114)                      |
| Swimming Pool                      | 15,000              | 10,000           | 13,720             | 3,720                         |
| Cemetery                           | 30,000              | 25,500           | 24,079             | (1,421)                       |
| Room Tax                           | 12,000              | 8,000            | 6,381              | (1,619)                       |
| License and Permits                | 18,500              | 16,100           | 16,674             | 574                           |
| Intergovernmental                  | 40,000              | 20,000           | 17,299             | (2,701)                       |
| Fines and Forfeits                 | -                   | -                | 4,323              | 4,323                         |
| Sale of Assets                     | 2,000               | 2,000            | 400                | (1,600)                       |
| Other                              | 23,000              | 18,050           | 18,507             | 457                           |
| Rental                             | 20,000              | 22,000           | 20,802             | (1,198)                       |
| Insurance Refunds                  | 5,000               | 11,800           | 17,073             | 5,273                         |
| Interest                           | 300                 | 400              | 722                | 322                           |
| <b>TOTAL REVENUE</b>               | <b>3,231,960</b>    | <b>3,188,050</b> | <b>3,137,743</b>   | <b>(50,307)</b>               |
| <b>Expenditures</b>                |                     |                  |                    |                               |
| <b>MANAGERIAL DEPARTMENT</b>       |                     |                  |                    |                               |
| Personal Services                  | 78,220              | 78,455           | 77,952             | 503                           |
| Materials and Supplies             | 16,400              | 16,165           | 11,255             | 4,910                         |
| <b>TOTAL MANAGERIAL DEPARTMENT</b> | <b>94,620</b>       | <b>94,620</b>    | <b>89,207</b>      | <b>5,413</b>                  |
| <b>CLERK/PURCHASING DEPARTMENT</b> |                     |                  |                    |                               |
| Personal Services                  | 226,150             | 226,150          | 207,973            | 18,177                        |
| <b>TOTAL CLERK/PURCHASING DEPT</b> | <b>226,150</b>      | <b>226,150</b>   | <b>207,973</b>     | <b>18,177</b>                 |
| <b>TREASURER DEPARTMENT</b>        |                     |                  |                    |                               |
| Personal Services                  | 55,350              | 65,850           | 61,627             | 4,223                         |
| Other Service and Charges          | 750                 | 750              | 750                | 0                             |
| <b>TOTAL TREASURER DEPARTMENT</b>  | <b>56,100</b>       | <b>66,600</b>    | <b>62,377</b>      | <b>4,223</b>                  |
| <b>ATTORNEY DEPARTMENT</b>         |                     |                  |                    |                               |
| Personal Services                  | 28,310              | 28,310           | 26,763             | 1,547                         |
| <b>TOTAL ATTORNEY DEPARTMENT</b>   | <b>28,310</b>       | <b>28,310</b>    | <b>26,763</b>      | <b>1,547</b>                  |
| <b>MUNICIPAL JUDGE DEPARTMENT</b>  |                     |                  |                    |                               |
| Personal Services                  | 11,200              | 11,200           | 11,152             | 48                            |
| <b>TOTAL MUNICIPAL JUDGE DEPT</b>  | <b>11,200</b>       | <b>11,200</b>    | <b>11,152</b>      | <b>48</b>                     |

CITY OF BRISTOW, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

|  | Budgeted<br>Amounts |                | Actual<br>Amounts  | Variance with<br>Final Budget |
|--|---------------------|----------------|--------------------|-------------------------------|
|  | Original            | Final          | Budgetary<br>Basis | Positive<br>(Negative)        |
| <b>GENERAL GOVERNMENT DEPARTMENT</b>   |                     |                |                    |                               |
| Personal Services                      | 3,100               | 4,600          | 5,396              | (796)                         |
| Other Service and Charges              | 95,400              | 90,300         | 60,944             | 29,356                        |
| Materials and Supplies                 | 19,000              | 19,000         | 16,830             | 2,170                         |
| <b>TOTAL GENERAL GOVERNMENT DEPT</b>   | <b>117,500</b>      | <b>113,900</b> | <b>83,170</b>      | <b>30,730</b>                 |
| <b>POLICE DEPARTMENT</b>               |                     |                |                    |                               |
| Personal Services                      | 857,550             | 881,050        | 875,397            | 5,653                         |
| Other Service and Charges              | 30,700              | 30,600         | 29,388             | 1,212                         |
| Materials and Supplies                 | 51,700              | 51,500         | 49,144             | 2,356                         |
| <b>TOTAL POLICE DEPARTMENT</b>         | <b>939,950</b>      | <b>963,150</b> | <b>953,929</b>     | <b>9,221</b>                  |
| <b>FIRE DEPARTMENT</b>                 |                     |                |                    |                               |
| Personal Services                      | 593,500             | 603,500        | 591,857            | 11,643                        |
| Other Service and Charges              | 7,500               | 8,500          | 6,726              | 1,774                         |
| Materials and Supplies                 | 32,700              | 32,700         | 30,131             | 2,569                         |
| <b>TOTAL FIRE DEPARTMENT</b>           | <b>633,700</b>      | <b>644,700</b> | <b>628,714</b>     | <b>15,986</b>                 |
| <b>STREET DEPARTMENT</b>               |                     |                |                    |                               |
| Personal Services                      | 221,500             | 237,500        | 228,981            | 8,519                         |
| Other Service and Charges              | 71,460              | 72,460         | 72,027             | 433                           |
| Materials and Supplies                 | 86,000              | 102,000        | 95,154             | 6,846                         |
| <b>TOTAL STREET DEPARTMENT</b>         | <b>378,960</b>      | <b>411,960</b> | <b>396,162</b>     | <b>15,798</b>                 |
| <b>ANIMAL CONTROL DEPARTMENT</b>       |                     |                |                    |                               |
| Personal Services                      | 45,665              | 49,515         | 48,953             | 562                           |
| Materials and Supplies                 | 4,900               | 5,050          | 4,844              | 206                           |
| <b>TOTAL ANIMAL CONTROL DEPARTMENT</b> | <b>50,565</b>       | <b>54,565</b>  | <b>53,797</b>      | <b>768</b>                    |
| <b>SENIOR CITIZENS DEPARTMENT</b>      |                     |                |                    |                               |
| Personal Services                      | 11,575              | 11,575         | 10,512             | 1,063                         |
| Materials and Supplies                 | 7,000               | 7,000          | 7,000              | -                             |
| <b>TOTAL SENIOR CITIZENS DEPT</b>      | <b>18,575</b>       | <b>18,575</b>  | <b>17,512</b>      | <b>1,063</b>                  |
| <b>LIBRARY DEPARTMENT</b>              |                     |                |                    |                               |
| Personal Services                      | 127,025             | 122,825        | 113,971            | 8,854                         |
| Other Service and Charges              | 1,850               | 1,850          | 1,395              | 455                           |
| Materials and Supplies                 | 11,500              | 11,500         | 9,454              | 2,046                         |
| <b>TOTAL LIBRARY DEPARTMENT</b>        | <b>140,375</b>      | <b>136,175</b> | <b>124,820</b>     | <b>11,355</b>                 |

CITY OF BRISTOW, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

|   | Budgeted<br>Amounts |                  | Actual<br>Amounts  | Variance with<br>Final Budget |
|---|---------------------|------------------|--------------------|-------------------------------|
|   | Original            | Final            | Budgetary<br>Basis | Positive<br>(Negative)        |
| CEMETERY DEPARTMENT                                 |                     |                  |                    |                               |
| Personal Services                                   | 117,000             | 112,500          | 102,938            | 9,562                         |
| Other Services and Charges                          | -                   | -                | 1,530              | (1,530)                       |
| Materials and Supplies                              | 7,100               | 9,600            | 8,676              | 924                           |
| TOTAL CEMETERY DEPARTMENT                           | <u>124,100</u>      | <u>122,100</u>   | <u>113,144</u>     | <u>8,956</u>                  |
| SPORTS COMPLEX DEPARTMENT                           |                     |                  |                    |                               |
| Other Service and Charges                           | 6,200               | 7,300            | 7,207              | 93                            |
| Materials and Supplies                              | 500                 | 400              | 88                 | 312                           |
| TOTAL SPORTS COMPLEX DEPT                           | <u>6,700</u>        | <u>7,700</u>     | <u>7,295</u>       | <u>405</u>                    |
| POOL DEPARTMENT                                     |                     |                  |                    |                               |
| Personal Services                                   | 29,500              | 28,600           | 26,079             | 2,521                         |
| Other Service and Charges                           | 6,850               | 2,650            | 2,348              | 302                           |
| Materials and Supplies                              | 16,000              | 22,000           | 12,079             | 9,921                         |
| TOTAL POOL DEPARTMENT                               | <u>52,350</u>       | <u>53,250</u>    | <u>40,506</u>      | <u>12,744</u>                 |
| INSPECTION DEPARTMENT                               |                     |                  |                    |                               |
| Personal Services                                   | 54,575              | 49,825           | 46,176             | 3,649                         |
| Other Service and Charges                           | 300                 | 300              | -                  | 300                           |
| Materials and Supplies                              | 2,450               | 3,450            | 3,042              | 408                           |
| TOTAL INSPECTION DEPARTMENT                         | <u>57,325</u>       | <u>53,575</u>    | <u>49,218</u>      | <u>4,357</u>                  |
| PARK DEPARTMENT                                     |                     |                  |                    |                               |
| Personal Services                                   | 50,950              | 100,850          | 86,417             | 14,433                        |
| Other Service and Charges                           | 20,420              | 10,720           | 7,895              | 2,825                         |
| Materials and Supplies                              | 19,600              | 18,800           | 16,596             | 2,204                         |
| TOTAL PARK DEPARTMENT                               | <u>90,970</u>       | <u>130,370</u>   | <u>110,908</u>     | <u>19,462</u>                 |
| HOSPITAL DEPARTMENT                                 |                     |                  |                    |                               |
| Other Service and Charges                           | -                   | 10,000           | 5,782              | 4,218                         |
| TOTAL HOSPITAL DEPARTMENT                           | <u>-</u>            | <u>10,000</u>    | <u>5,782</u>       | <u>4,218</u>                  |
| TOTAL EXPENDITURES                                  | <u>3,027,450</u>    | <u>3,146,900</u> | <u>2,982,429</u>   | <u>164,471</u>                |
| Excess (deficiency) of<br>revenue over expenditures | <u>204,510</u>      | <u>41,150</u>    | <u>155,314</u>     | <u>114,164</u>                |
| Other financing sources (uses)                      |                     |                  |                    |                               |
| Transfer In   | 810,000             | 872,000          | 842,000            | (30,000)                      |
| Transfer Out  | (1,015,200)         | (1,007,100)      | (999,124)          | 7,976                         |
| TOTAL OTHER FINANCING<br>SOURCES (USES)             | <u>(205,200)</u>    | <u>(135,100)</u> | <u>(157,124)</u>   | <u>(22,024)</u>               |
| Net change in fund balance                          | (690)               | (93,950)         | (1,810)            | 92,140                        |
| Fund Balances, beginning                            | <u>51,100</u>       | <u>132,025</u>   | <u>130,987</u>     | <u>1,038</u>                  |
| Fund Balances, ending                               | <u>\$ 50,410</u>    | <u>\$ 38,075</u> | <u>\$ 129,177</u>  | <u>\$ 91,102</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, 2016

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, 2016, 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, 2016

|   | <u>Cemetery</u>  | <u>Cemetery</u><br><u>Care</u> | <u>Police</u><br><u>Training</u> | <u>Court</u>    | <u>Library</u>  | <u>Jones</u><br><u>Found-</u><br><u>ation</u> | <u>Special</u><br><u>Fire</u> | <u>Grant</u><br><u>Match</u> | <u>TOTAL</u><br><u>NONMAJOR</u><br><u>FUNDS</u> |
|---|------------------|--------------------------------|----------------------------------|-----------------|-----------------|---|-------------------------------|------------------------------|---|
| <b>ASSETS</b>                                 |                  |                                |                                  |                 |                 |   |                               |                              |   |
| Cash and Cash<br>Equivalents                  | \$ 60,606        | \$ 33,391                      | \$ 21,411                        | \$ 7,378        | \$ 2,046        | \$ 4,832                                      | \$ 5,120                      | \$510,271                    | \$645,055                                       |
| Investments                                   | -                | 51,226                         | -                                | -               | -               | -   | -                             | 26,909                       | 78,135  |
| <b>TOTAL ASSETS</b>                           | <u>\$ 60,606</u> | <u>\$ 84,617</u>               | <u>\$ 21,411</u>                 | <u>\$ 7,378</u> | <u>\$ 2,046</u> | <u>\$ 4,832</u>                               | <u>\$ 5,120</u>               | <u>\$537,180</u>             | <u>\$723,190</u>                                |
| <b>LIABILITIES</b>                            |                  |                                |                                  |                 |                 |   |                               |                              |   |
| Due to Others                                 | \$ -             | \$ -                           | \$ -                             | \$ -            | \$ -            | \$ -  | \$ -                          | \$ -                         | \$ -  |
| <b>TOTAL LIABILITIES</b>                      | <u>-</u>         | <u>-</u>                       | <u>-</u>                         | <u>-</u>        | <u>-</u>        | <u>-</u>                                      | <u>-</u>                      | <u>-</u>                     | <u>-</u>  |
| <b>FUND BALANCES</b>                          |                  |                                |                                  |                 |                 |   |                               |                              |   |
| Designated                                    | <u>60,606</u>    | <u>84,617</u>                  | <u>21,411</u>                    | <u>7,378</u>    | <u>2,046</u>    | <u>4,832</u>                                  | <u>5,120</u>                  | <u>537,180</u>               | <u>723,190</u>                                  |
| <b>TOTAL LIABILITIES<br/>AND FUND BALANCE</b> | <u>\$ 60,606</u> | <u>\$ 84,617</u>               | <u>\$ 21,411</u>                 | <u>\$ 7,378</u> | <u>\$ 2,046</u> | <u>\$ 4,832</u>                               | <u>\$ 5,120</u>               | <u>\$537,180</u>             | <u>\$723,190</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, 2016

|   | Cemetery         | Cemetery<br>Care | Police<br>Training | Court            | Library         | Jones<br>Found-<br>ation | Special<br>Fire | Grant<br>Match   | Total<br>Nonmajor<br>Funds |
|---|------------------|------------------|--------------------|------------------|-----------------|--------------------------|-----------------|------------------|----------------------------|
| <b>REVENUES</b>   |                  |                  |                    |                  |                 |                          |                 |                  |                            |
| Cemetery Sales  | \$ -             | \$ 3,706         | \$ -               | \$ -             | \$ -            | \$ -                     | \$ -            | \$ -             | \$ 3,706                   |
| Intergovernmental                                       | -                | -                | -                  | -                | 7,032           | -                        | 4,290           | 77,821           | 89,143                     |
| Fines and Forfeits                                      | -                | -                | -                  | 173,191          | -               | -                        | -               | -                | 173,191                    |
| Donations   | 40,000           | -                | 4,844              | -                | -               | 14,960                   | 2,500           | -                | 62,304                     |
| Other   | -                | -                | 154                | -                | -               | -                        | 1,129           | -                | 1,283                      |
| Interest  | 62               | 296              | -                  | 12               | -               | 7                        | -               | 162              | 539                        |
| <b>TOTAL REVENUES</b>                                   | <b>40,062</b>    | <b>4,002</b>     | <b>4,998</b>       | <b>173,203</b>   | <b>7,032</b>    | <b>14,967</b>            | <b>7,919</b>    | <b>77,983</b>    | <b>330,166</b>             |
| <b>EXPENDITURES</b>                                     |                  |                  |                    |                  |                 |                          |                 |                  |                            |
| <b>Current</b>  |                  |                  |                    |                  |                 |                          |                 |                  |                            |
| Culture and Education                                   | -                | -                | -                  | -                | 8,925           | 14,738                   | -               | -                | 23,663                     |
| Public Safety   | -                | -                | 4,809              | 19,015           | -               | -                        | 11,366          | 1,184            | 36,374                     |
| Cemetery  | 11,776           | -                | -                  | -                | -               | -                        | -               | -                | 11,776                     |
| <b>TOTAL EXPENDITURES</b>                               | <b>11,776</b>    | <b>-</b>         | <b>4,809</b>       | <b>19,015</b>    | <b>8,925</b>    | <b>14,738</b>            | <b>11,366</b>   | <b>1,184</b>     | <b>71,813</b>              |
| <b>Excess of Revenues Over<br/>(Under) Expenditures</b> | <b>28,286</b>    | <b>4,002</b>     | <b>189</b>         | <b>154,188</b>   | <b>(1,893)</b>  | <b>229</b>               | <b>(3,447)</b>  | <b>76,799</b>    | <b>222,868</b>             |
| <b>Other Financing Sources (Uses)</b>                   |                  |                  |                    |                  |                 |                          |                 |                  |                            |
| Transfer In   | -                | -                | 7,479              | -                | -               | -                        | -               | 518,000          | 525,479                    |
| Transfer Out  | -                | -                | -                  | (149,479)        | -               | -                        | -               | (156,455)        | (305,934)                  |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <b>-</b>         | <b>-</b>         | <b>7,479</b>       | <b>(149,479)</b> | <b>-</b>        | <b>-</b>                 | <b>-</b>        | <b>361,545</b>   | <b>219,545</b>             |
| <b>Net Change in Fund Balance</b>                       | <b>28,286</b>    | <b>4,002</b>     | <b>7,668</b>       | <b>4,709</b>     | <b>(1,893)</b>  | <b>229</b>               | <b>(3,447)</b>  | <b>438,344</b>   | <b>477,898</b>             |
| <b>Fund Balance - Beginning</b>                         | <b>32,320</b>    | <b>80,615</b>    | <b>13,743</b>      | <b>2,669</b>     | <b>3,939</b>    | <b>4,603</b>             | <b>8,567</b>    | <b>98,836</b>    | <b>245,292</b>             |
| <b>Fund Balance - Ending</b>                            | <b>\$ 60,606</b> | <b>\$ 84,617</b> | <b>\$ 21,411</b>   | <b>\$ 7,378</b>  | <b>\$ 2,046</b> | <b>\$ 4,832</b>          | <b>\$ 5,120</b> | <b>\$537,180</b> | <b>\$ 723,190</b>          |

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

CITY OF BRISTOW, OKLAHOMA  
SCHEDULE OF FEDERAL AWARDS EXPENDED  
FOR THE YEAR ENDED JUNE 30, 2016

| FEDERAL<br>AGENCY<br>NAME                            | PASS<br>THROUGH<br>AGENCY    | FEDERAL<br>PROGRAM<br>TITLE              | CFDA<br>NUMBER | OTHER<br>IDENTIFICATION<br>NUMBER | FROM<br>DIRECT<br>AWARDS | FROM<br>PASS THROUGH<br>AWARDS* | TOTAL              |
|--|------------------------------|--|----------------|-----------------------------------|--------------------------|---------------------------------|--------------------|
| US Department<br>of Justice                          | OK Department<br>of Justice  | COP Grant                                | 16.710         |                                   | \$ -                     | \$ 17,299                       | \$ 17,299          |
|  |                              | Total Agency                             |                |                                   | -                        | 17,299                          | 17,299             |
| US Department<br>of Housing and<br>Urban Development | OK Department<br>of Commerce | Community Development                    | 14.228         | 16062                             | -                        | 13,000                          | 13,000             |
|  |                              | Community Development                    | 14.228         | 16399                             | -                        | 172,693                         | 172,693            |
|  |                              | Disaster Recovery                        | 14.269         | 16280                             | -                        | 772,500                         | 772,500            |
|  |                              | Disaster Recovery                        | 14.269         | 16564                             | -                        | 199,828                         | 199,828            |
|  |                              | Total Agency                             |                |                                   | -                        | 1,158,021                       | 1,158,021          |
| Indian Health<br>Services                            | Muskogee<br>Creek Nation     | 2011 EPA CWA Indian<br>Set-Aside Program | 66.458         | OK 11-S50                         | -                        | 76,197                          | 76,197             |
|  |                              | Total Agency                             |                |                                   | -                        | 76,197                          | 76,197             |
| Federal Aviation<br>Administration                   |                              | Airport Improvement<br>Program           | 20.106         | 3-40-0128-<br>-009-2015           | 77,821                   | -                               | 77,821             |
|  |                              | Total Agency                             |                |                                   | 77,821                   | -                               | 77,821             |
| TOTAL FEDERAL ASSISTANCE                             |                              |  |                |                                   | <u>\$ 77,821</u>         | <u>\$1,251,517</u>              | <u>\$1,329,338</u> |

The accompanying notes are an integral part of this statement.

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, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, as of and for the year ended June 30, 2016, 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 January 3, 2017.

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. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings, that I consider to be significant deficiencies as findings 2016-01, 2016-02, 2016-03, and 2016-04.

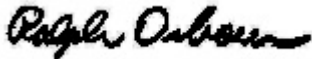
Compliance and Other Matters

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  
January 3, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

I have audited City of Bristow, Oklahoma (the City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned cost.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the City's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as I considered necessary in the circumstance.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In my opinion, City of Bristow, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of City of Bristow, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness City of Bristow, Oklahoma's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
January 3, 2017

CITY OF BRISTOW, OKLAHOMA  
 STATUS OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2016

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Qualified on modified cash basis of accounting

Internal control over financial reporting:  
 Material weakness(es) identified?  X  Yes      No  
 Significant deficiency identified that is not considered to be material weakness(es)?  X  Yes      None Reported

Noncompliance material to financial statements noted?      Yes  X  No

Federal Awards

Internal control over major programs:  
 Material Weakness(es) identified?      Yes  X  No  
 Significant deficiency identified that is not considered to be material weakness(es)?      Yes  X  None Reported

Type of auditor's report issued on compliance to major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133      Yes  X  No

Programs tested as Major Programs

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 14.269                | Disaster Recovery                         |

Dollar threshold used to distinguish between type A and type B programs: \$  750,000

Auditee qualified as low-risk auditee?      Yes  X  No

Section II - Financial Statement Findings

Certain matters were noted in the Schedule of Audit Findings.

Section III - Federal Award Findings and Questioned Cost

No matters were noted.



CITY OF BRISTOW  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

2016-01 Utility Billing

Criteria: The Municipal Authority bills customers monthly for water, sewer, and sanitation services. The billing program provides a monthly billing summary by account. Customers are subject to rules concerning non-payment of the bill. Service may be discontinued if not paid within a specified period.

Condition: We scanned the billing summary for June 2016. We noted certain areas which need to be corrected by the Authority. These include the following. Two accounts were using the same water meter. Two accounts were over one month past due. We noted several accounts which appear to have not been shut off for non-payment within the period required by Authority policies. The account balance was well over an amount which should have caused cut-off.

Recommendation: The Authority should establish and follow policies concerning use of accounts and non-payment. These policies should cover business and non-business entities. The Finance Director or a designated employee should periodically scan the billing summary to obtain an understanding of account balances and how they relate to Authority policies. Failure to terminate any accounts for non-payment places the burden on customers paying on time. Two accounts should not use the same meter.

2016-02 Sick Leave

Criteria: City of Bristow employment policies indicate an employee may accrue up to a maximum of one hundred forty-four (144) hours of sick leave. Accrued sick leave in excess of 144 hours will be paid to the employee on his anniversary date.

Condition: The City maintains hand posted records for vacation and sick leave. These records show employees with over 144 hours of sick leave for the entire year. Hand posted records show an accrual of 1.85 hours sick leave per pay period as of July 1, 2016. City policy uses a rate of 1.84 per pay period.

Recommendation: The City should adhere to its sick leave policy as to payment for excess hours. Employees who have over 144 hours of sick leave should be paid for the excess. The City should consult its software provider concerning the use of payroll records to maintain the sick leave amounts. Maintaining hand posted records is time consuming and subject to higher risk of error. The hand posted sick leave should be changed from 1.85 to 1.84.

2016-03 Vacation Leave(1)

Criteria: City of Bristow policy states an employee may not carry over unused accrued vacation time from fiscal year to fiscal year, unless authorized by the Department Head and the Mayor. The City fiscal year is July 1 to June 30. As of June 20, 2016 the authorization was required to be written.

Condition: Records for employee vacation leave show the unused accrued vacation is carried over from year to year. The records do not document approval from the Mayor and Department Head.

Recommendation: The City should adhere to or amend its vacation policy. If the City does not amend its policy, the City should adopt guidance for instances which would justify a carry over of vacation leave.

CITY OF BRISTOW  
SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

2016-04 Vacation Leave (2)

Criteria: City of Bristow policy prior to June 20, 2016 did not address payment of accrued unused vacation upon termination of employment. The June 20, 2016 policy states employees will be paid for accrued but unused vacation leave up to a maximum of 160 hours upon termination.

Condition: We noted two employees retiring in July 2015. These employees were subject to the pre June 20, 2016 policy. One employee's last day worked was July 1, 2015. That employee had accrued unused vacation leave of 129.48 hours at June 19, 2015. The employee was paid for 131.33 hours vacation leave upon termination. City policy at the time stated an employee cannot carry over from fiscal year to fiscal year unused vacation leave without authorization from the Department Head and Mayor. There was no indication of authorization. Another employee was paid for 160 hours vacation upon termination. Vacation leave records show the employee had a negative 8.30 hours vacation leave at the time. City policy at the time indicated unearned vacation time cannot be advanced to employees. The record for the second employee includes a statement signed by the Mayor to pay the employee for "four week's vacation".

Recommendation: The City should review the two employees listed above along with any other former employees who were paid for accrued unused vacation at the time of termination, and determine if any additional action is required. The City should also review its policies for accrual of unused vacation and carry over from fiscal year to fiscal year. Policy at June 20, 2016 states an employee may not carry over accrued vacation time from year to year without written approval. An employee who wishes to take vacation in August of a fiscal year and who does not have written approval to carry over accrued unused vacation, would have a maximum of 18.46 hours paid vacation leave as of August 1.