

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

Ralph Osborn
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CITY OF BRISTOW, OKLAHOMA
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INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying 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, 2017, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis of Accounting

I draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

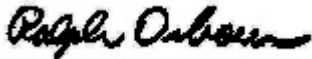
Other Information

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

The budgetary comparison and the combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison and the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 4, 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
December 4, 2017

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2017

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 545,224	\$ 1,008,591	\$ 1,553,815
Investments	363,270	277,775	641,045
Restricted Assets			
Cash - Debt Reserve	-	701,142	701,142
Cash - Debt Service	1,586,354	561,250	2,147,604
Cash - Bond Construction	-	255,549	255,549
Total Current Assets	<u>2,494,848</u>	<u>2,804,307</u>	<u>5,299,155</u>
Non-Current Assets			
Capital Assets			
Land	427,816	545,652	973,468
Other Capital Assets Net of Accumulated Depreciation	<u>4,962,655</u>	<u>9,200,400</u>	<u>14,163,055</u>
Total Non-Current Assets	<u>5,390,471</u>	<u>9,746,052</u>	<u>15,136,523</u>
Total Assets	<u>7,885,319</u>	<u>12,550,359</u>	<u>20,435,678</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	-	200,452	200,452
Lease Payable, current	-	7,739	7,739
Bonds and Notes Payable, current	340,000	410,650	750,650
Total Current Liabilities	<u>340,000</u>	<u>618,841</u>	<u>958,841</u>
Non-Current Liabilities			
Lease Payable, non-current	-	105,261	105,261
Bond and Notes Payable, non-current	710,000	6,939,206	7,649,206
Total Non-Current Liabilities	<u>710,000</u>	<u>7,044,467</u>	<u>7,754,467</u>
Total Liabilities	<u>1,050,000</u>	<u>7,663,308</u>	<u>8,713,308</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	4,340,471	2,283,196	6,623,667
Restricted			
Debt Service	1,586,354	561,250	2,147,604
Construction	-	255,549	255,549
Reserve	-	701,142	701,142
Unrestricted	<u>908,494</u>	<u>1,085,914</u>	<u>1,994,408</u>
Total Net Position	<u>\$ 6,835,319</u>	<u>\$ 4,887,051</u>	<u>\$11,772,370</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, 2017

FUNCTION/PROGRAMS	Expenses	Program Revenue			Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ 611,308	\$ 22,058	\$ 25,259	\$ 507,328	\$ (56,663)
Public Safety	1,878,395	262,850	57,450	-	(1,558,095)
Street	622,548	-	37,089	-	(585,459)
Culture and Education	165,462	-	3,343	-	(162,119)
Public Service	100,712	-	-	-	(100,712)
Parks and Recreation	133,416	15,916	-	-	(117,500)
Cemetery	107,158	30,726	-	-	(76,432)
Hospital	48,740	-	-	-	(48,740)
Total Governmental Activities	<u>3,667,739</u>	<u>331,550</u>	<u>123,141</u>	<u>507,328</u>	<u>(2,705,720)</u>
Business-type Activities					
Sanitation	495,655	527,020	-	-	31,365
Water/Wastewater	1,856,341	1,385,177	-	-	(471,164)
Airport	46,647	19,477	-	221,497	194,327
Total Business-Type Activities	<u>2,398,643</u>	<u>1,931,674</u>	<u>-</u>	<u>221,497</u>	<u>(245,472)</u>
Total Primary Government	<u>\$6,066,382</u>	<u>\$2,263,224</u>	<u>\$ 123,141</u>	<u>\$ 728,825</u>	<u>\$ (2,951,192)</u>

CHANGES IN NET POSITION	Primary Government			
	Governmental Activities	Business Type Activities	Total	
Net (expense) Revenue		\$ (2,705,720)	\$ (245,472)	\$ (2,951,192)
General Revenues				
Taxes				
Sales Tax		3,374,481	-	3,374,481
Use Tax		160,598	-	160,598
Franchise		180,384	-	180,384
Cigarette Tax		40,365	-	40,365
Room Tax		6,329	-	6,329
Taxes in Lieu		14,378	-	14,378
Cell Tower Revenue		37,806	-	37,806
Donations		238,300	198,088	436,388
Other		43,292	23,972	67,264
Interest		8,379	7,019	15,398
Gain on Sale		5,768	-	5,768
Transfers		(1,111,852)	1,111,852	-
Total General Revenue and Transfers		<u>2,998,228</u>	<u>1,340,931</u>	<u>4,339,159</u>
Change in Net Position		292,508	1,095,459	1,387,967
Net Position - Beginning		<u>6,542,811</u>	<u>3,791,592</u>	<u>10,334,403</u>
Net Position - Ending		<u>\$ 6,835,319</u>	<u>\$ 4,887,051</u>	<u>\$11,722,370</u>

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

CITY OF BRISTOW, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Hospital</u>	<u>Capital Improvement</u>	<u>General Grants</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and Cash Equivalent	\$ 73,297	\$ -	\$ 292,358	\$ 3,074	\$ 176,495	\$ 545,224
Investments	5,340	-	279,425	-	78,505	363,270
Restricted Cash	<u>-</u>	<u>1,586,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,354</u>
TOTAL ASSETS	<u>\$ 78,637</u>	<u>\$1,586,354</u>	<u>\$ 571,783</u>	<u>\$ 3,074</u>	<u>\$ 255,000</u>	<u>\$ 2,494,848</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Due Others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	-	1,586,354	-	-	-	1,586,354
Unrestricted	<u>78,637</u>	<u>-</u>	<u>571,783</u>	<u>3,074</u>	<u>255,000</u>	<u>908,494</u>
Total Fund Balances	<u>78,637</u>	<u>1,586,354</u>	<u>571,783</u>	<u>3,074</u>	<u>255,000</u>	<u>2,494,848</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 78,637</u>	<u>\$1,586,354</u>	<u>\$ 571,783</u>	<u>\$ 3,074</u>	<u>\$ 255,000</u>	<u>\$ 2,494,848</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, 2017

Total Fund Balance \$ 2,494,848

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	11,147,814	
Accumulated Depreciation	<u>(5,757,343)</u>	5,390,471

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>(1,050,000)</u>	<u>(1,050,000)</u>
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TOTAL NET POSITION		<u>\$ 6,835,319</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Hospital	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue						
Sales Tax	\$ 2,497,116	\$ 674,896	\$ 202,469	\$ -	\$ -	\$ 3,374,481
Use Tax	160,598	-	-	-	-	160,598
Franchise Tax	180,384	-	-	-	-	180,384
Gasoline and Auto Tax	37,089	-	-	-	-	37,089
Alcoholic Beverage Tax	25,259	-	-	-	-	25,259
Cigarette Tax	40,365	-	-	-	-	40,365
PILOT (Bristow Housing Auth)	14,378	-	-	-	-	14,378
Cell Tower Revenue	37,806	-	-	-	-	37,806
Fire Revenue	113,515	-	-	-	-	113,515
Swimming Pool	15,916	-	-	-	-	15,916
Cemetery	27,444	-	-	-	3,282	30,726
Room Tax	6,329	-	-	-	-	6,329
License and Permits	22,058	-	-	-	-	22,058
Intergovernmental	-	-	31,220	507,328	29,573	568,121
Fines and Forfeits	3,639	-	-	-	145,696	149,335
Donations	178,952	-	-	-	59,348	238,300
Other	29,564	-	-	-	-	29,564
Rentals	13,575	-	-	-	-	13,575
Insurance Refunds	153	-	-	-	-	153
Gain on Sale of Asset	5,768	-	-	-	-	5,768
Interest	505	5,929	1,413	15	517	8,379
TOTAL REVENUE	<u>3,410,413</u>	<u>680,825</u>	<u>235,102</u>	<u>507,343</u>	<u>238,416</u>	<u>5,072,099</u>
Expenditures						
Current						
General Government	494,253	-	14,396	-	-	508,649
Public Safety	2,258,376	-	-	-	32,739	2,291,115
Street	456,356	-	11,197	-	-	467,553
Culture and Education	129,605	-	-	-	33,823	163,428
Public Service	58,107	-	-	-	-	58,107
Parks and Recreation	130,683	-	-	-	-	130,683
Cemetery	81,071	-	-	-	-	81,071
Hospital	5,940	313,900	-	-	-	319,840
Debt Service:						
Principal Payment	-	330,000	-	-	-	330,000
Interest and fees	-	42,800	-	-	-	42,800
TOTAL EXPENDITURES	<u>3,614,391</u>	<u>686,700</u>	<u>25,593</u>	<u>-</u>	<u>66,562</u>	<u>4,393,246</u>
Excess (deficiency) of revenue over expenditures	<u>(203,978)</u>	<u>(5,875)</u>	<u>209,509</u>	<u>507,343</u>	<u>171,854</u>	<u>678,853</u>
Transfer In	1,139,408	-	-	-	26,051	1,165,459
Transfer Out	(987,398)	-	(117,670)	(506,149)	(666,094)	(2,277,311)
Total Transfers	<u>152,010</u>	<u>-</u>	<u>(117,670)</u>	<u>(506,149)</u>	<u>(640,043)</u>	<u>(1,111,852)</u>
Net change in fund balance	<u>(51,968)</u>	<u>(5,875)</u>	<u>91,839</u>	<u>1,194</u>	<u>(468,189)</u>	<u>(432,999)</u>
Fund Balances, beginning	<u>130,605</u>	<u>1,592,229</u>	<u>479,944</u>	<u>1,880</u>	<u>723,189</u>	<u>2,927,847</u>
Fund Balances, ending	<u>\$ 78,637</u>	<u>\$ 1,586,354</u>	<u>\$ 571,783</u>	<u>\$ 3,074</u>	<u>\$ 255,000</u>	<u>\$ 2,494,848</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, 2017

Net Changes in Fund Balances - Total Governmental Funds \$ (432,999)

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	(492,685)	
Capital Outlay	<u>888,192</u>	395,507

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		<u>330,000</u>
CHANGE IN NET POSITION		<u>\$ 292,508</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, 2017

	Municipal Authority	Airport	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 481,274	\$ 527,317	\$ 1,008,591
Investments	277,775	-	277,775
Restricted Assets			
Cash-Debt Reserve	701,142	-	701,142
Cash-Debt Service	561,250	-	561,250
Cash-Bond Construction	255,549	-	255,549
TOTAL CURRENT ASSETS	2,276,990	527,317	2,804,307
Non-Current Assets			
Capital Assets			
Land	267,977	277,675	545,652
Capital Assets, Net of Accumulated Depreciation	8,115,188	1,085,212	9,200,400
TOTAL NON-CURRENT ASSETS	8,383,165	1,362,887	9,746,052
TOTAL ASSETS	10,660,155	1,890,204	12,550,359
LIABILITIES			
Current Liabilities			
Utility Deposits	200,452	-	200,452
Lease Payable, current	7,739	-	7,739
Bonds and Notes Payable, current	410,650	-	410,650
TOTAL CURRENT LIABILITIES	618,841	-	618,841
Non-Current Liabilities			
Lease Payable, non-current	105,261	-	105,261
Bonds and Notes Payable, non-current	6,939,206	-	6,939,206
TOTAL NON-CURRENT LIABILITIES	7,044,467	-	7,044,467
TOTAL LIABILITIES	7,663,308	-	7,663,308
NET POSITION			
Net Investment in Capital Assets	920,309	1,362,887	2,283,196
Restricted:			
Debt Service	561,250	-	561,250
Bond Construction	255,549	-	255,549
Reserve	701,142	-	701,142
Unrestricted	558,597	527,317	1,085,914
Net Position of Business-Type Activities	\$ 2,996,847	\$ 1,890,204	\$ 4,887,051

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, 2017

	<u>Municipal</u> <u>Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 970,194	\$ -	\$ 970,194
Wastewater Charges	385,203	-	385,203
Sanitation Charges	527,020	-	527,020
Penalty	24,930	-	24,930
Taps	4,850	-	4,850
Rentals	-	16,876	16,876
Fuel Sales	-	2,601	2,601
Donations	198,088	-	198,088
Other	23,248	724	23,972
TOTAL OPERATING REVENUE	<u>2,133,533</u>	<u>20,201</u>	<u>2,153,734</u>
<u>OPERATING EXPENSES</u>			
Water	664,732	-	664,732
Sewer	184,463	-	184,463
Sanitation	495,655	-	495,655
Building	227,148	-	227,148
Airport	-	14,680	14,680
Depreciation	424,363	31,967	456,330
Other	27,536	-	27,536
TOTAL OPERATING EXPENSES	<u>2,023,897</u>	<u>46,647</u>	<u>2,070,544</u>
OPERATING INCOME (LOSS)	<u>109,636</u>	<u>(26,446)</u>	<u>83,190</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	221,497	221,497
Investment Income	7,019	-	7,019
Interest and Fees on Notes Payable	(328,099)	-	(328,099)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(321,080)</u>	<u>221,497</u>	<u>(99,583)</u>
Income Before Transfers	(211,444)	195,051	(16,393)
Transfer to Other Funds	(2,717,297)	-	(2,717,297)
Transfer from Other Funds	<u>3,333,661</u>	<u>495,488</u>	<u>3,829,149</u>
TOTAL TRANSFERS	<u>616,364</u>	<u>495,488</u>	<u>1,111,852</u>
Change in Net Position	404,920	690,539	1,095,459
TOTAL NET POSITION, BEGINNING	<u>2,591,927</u>	<u>1,199,665</u>	<u>3,791,592</u>
TOTAL NET POSITION, ENDING	<u>\$ 2,996,847</u>	<u>\$ 1,890,204</u>	<u>\$ 4,887,051</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, 2017

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 2,135,304	\$ 20,201	\$ 2,155,505
Cash Payments to Employees	(664,732)	-	(664,732)
Cash Payments to Suppliers for Goods and Services	<u>(934,802)</u>	<u>(14,680)</u>	<u>(949,482)</u>
Net Cash Provided (Used) by Operating Activities	<u>535,770</u>	<u>5,521</u>	<u>541,291</u>
Cash Flows from Non-Capital Financing Activities			
Transfers, net	<u>616,364</u>	<u>495,488</u>	<u>1,111,852</u>
Net Cash Provided by Non-Capital Financing Activities	<u>616,364</u>	<u>495,488</u>	<u>1,111,852</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	221,497	221,497
Acquisition of Fixed Assets	(1,267,085)	(247,731)	(1,514,816)
Lease Proceeds	113,000	-	113,000
Principal Paid on Notes and Bonds Payable	(399,896)	-	(399,896)
Interest Paid on Notes and Bonds Payable and Fiscal Fees	<u>(328,099)</u>	<u>-</u>	<u>(328,099)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,882,080)</u>	<u>(26,234)</u>	<u>(1,908,314)</u>
Cash Flows from Investing Activities			
Interest Revenue	<u>7,019</u>	<u>-</u>	<u>7,019</u>
Net Cash Provided by Investing Activities	<u>7,019</u>	<u>-</u>	<u>7,019</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(722,927)	474,775	(248,152)
Cash and Cash Equivalents, Beginning	<u>2,999,917</u>	<u>52,542</u>	<u>3,052,459</u>
Cash and Cash Equivalents, Ending	<u>\$ 2,276,990</u>	<u>\$ 527,317</u>	<u>\$ 2,804,307</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ 109,636	\$ (26,446)	\$ 83,190
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	424,363	31,967	456,330
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	1,771	-	1,771
Net Cash Provided by Operating Activities	<u>\$ 535,770</u>	<u>\$ 5,521</u>	<u>\$ 541,291</u>

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017 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, 2017

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, 2017, all of the City's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The City had deposits at financial institutions with a carrying amount of approximately \$5,299,155 at June 30, 2017. The bank balance of the deposits at June 30, 2017 was approximately \$5,365,792.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2017.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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, 2017.

NOTE D - RESTRICTED CASH

The City is reporting the following restricted cash:

Debt Reserve	\$	701,142
Debt Service		561,287
Bond Construction		255,549
Total		<u>\$ 1,517,941</u>

The debt reserve is held for use in retiring the outstanding revenue bonds, see Note J. The City also has restricted cash of \$1,586,354 for Debt Service of the Hospital Authority 2012 Revenue Bond, see Note I.

NOTE E - CAPITAL ASSETS

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

	CAPITAL ASSETS, DEPRECIATED				Capital Assets Not Depreciated Land
	Buildings	Infrastructure & Furniture, Improvements Other Than Buildings	Machinery, and Equipment	Totals	
PRIMARY GOVERNMENT					
Governmental Activities					
Balance, June 30, 2016	\$ 2,625,792	\$ 4,663,713	\$ 2,765,622	\$10,055,127	\$ 427,816
Increases	365,898	16,338	505,956	888,192	-
Decreases	(19,500)	-	(203,821)	(223,321)	-
Balance, June 30, 2017	<u>2,972,190</u>	<u>4,680,051</u>	<u>3,067,757</u>	<u>10,719,998</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2016	1,692,563	1,881,155	1,899,402	5,473,120	
Increases	139,722	194,819	158,144	492,685	
Decreases	(17,550)	-	(190,912)	(208,462)	
Balance, June 30, 2017	<u>1,814,735</u>	<u>2,075,974</u>	<u>1,866,634</u>	<u>5,757,343</u>	
Governmental Activities Capital Assets, Net	<u>\$ 1,157,455</u>	<u>\$ 2,604,077</u>	<u>\$ 1,201,123</u>	<u>\$ 4,962,655</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2016	\$ 824,129	\$12,085,281	\$ 1,143,415	\$14,052,825	\$ 347,564
Increases	-	1,203,728	113,000	1,316,728	198,088
Decreases	-	-	(35,843)	(35,843)	-
Balance, June 30, 2017	<u>824,129</u>	<u>13,289,009</u>	<u>1,220,572</u>	<u>15,333,710</u>	<u>545,652</u>
Accumulated Depreciation					
Balance, June 30, 2016	561,662	4,299,909	851,252	5,712,823	
Increases	21,964	383,712	50,654	456,330	
Decreases	-	-	(35,843)	(35,843)	
Balance, June 30, 2017	<u>583,626</u>	<u>4,683,621</u>	<u>866,063</u>	<u>6,133,310</u>	
Business-type Activities Capital Assets, Net	<u>\$ 240,503</u>	<u>\$ 8,605,388</u>	<u>\$ 354,509</u>	<u>\$ 9,200,400</u>	<u>\$ 545,652</u>
PRIMARY GOVERNMENT					
Capital Assets, Net	<u>\$ 1,397,958</u>	<u>\$11,209,465</u>	<u>\$ 1,555,632</u>	<u>\$14,163,055</u>	<u>\$ 973,468</u>

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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	\$ 137,513	Water/Wastewater	\$ 424,363
Public Safety	110,380	Airport	31,967
Street	171,333		
Culture and Education	2,034		
Parks and Recreation	42,605		
Public Service	2,733		
Cemetery	26,087		

NOTE F - SALES TAX

Sales tax revenue is 66.53% 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>
2016/17	\$ 3,374,481	\$ 674,896	\$ 56,241	1.32%
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, 2017

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, 2017:

	Notes Payable	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2016	\$ 24,752	\$ 9,105,000	\$ -	\$ 9,129,752
Additions	-	-	113,000	113,000
Retirements	(9,896)	(720,000)	-	(729,896)
Balance, June 30, 2017	<u>\$ 14,856</u>	<u>\$ 8,385,000</u>	<u>\$ 113,000</u>	<u>\$ 8,512,856</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, 2017.

	Payable at July 1, 2016	Additions	Retirements	Balance at June 30, 2017
2012 Revenue Bonds	\$ 1,380,000	\$ -	\$ (330,000)	\$ 1,050,000
	<u>\$ 1,380,000</u>	<u>\$ -</u>	<u>\$ (330,000)</u>	<u>\$ 1,050,000</u>

The bonds payable as of June 30, 2017 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	\$ 1,050,000
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Debt service principal and interest requirements for outstanding bonds are as follows:

Year Ending June 30	Principal	Interest	Totals
2018	\$ 340,000	\$ 31,550	\$ 371,550
2019	350,000	22,200	372,200
2020	360,000	11,700	371,700
TOTAL	<u>\$ 1,050,000</u>	<u>\$ 65,450</u>	<u>\$ 1,115,450</u>

The Authority paid interest in the amount of \$39,800 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, 2017.

	Payable at July 1, 2016	Additions	Retirements	Balance at June 30, 2017
2010 Revenue Bonds	\$ 5,885,000	\$ -	\$ (55,000)	\$ 5,830,000
2012 Revenue Bonds	1,840,000	-	(335,000)	1,505,000
	<u>\$ 7,725,000</u>	<u>\$ -</u>	<u>\$ (390,000)</u>	<u>\$ 7,335,000</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

The bonds payable as of June 30, 2017 are as follows:

\$6,055,000 Utility System Refunding Revenue Bonds, Series 2010 in annual installments with 2.75-5.15% interest secured by Authority revenue and real and personal property	\$ 5,830,000
\$2,800,000 Utility System Refunding Revenue Bonds, Series 2012 in annual installments with 1.25-3.00% interest secured by Authority revenue and real and personal property	1,505,000
Total	\$ 7,335,000

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

Year Ending June 30	Principal	Interest	Totals
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	395,000	272,248	667,248
2023-2027	2,305,000	1,037,185	3,342,185
2028-2031	2,895,000	352,131	3,247,131
TOTAL	\$ 7,335,000	\$ 2,880,903	\$ 10,215,903

The Authority paid interest in the amount of \$328,099 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, 2017 was \$14,856.

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 loan was paid off during the year.

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

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)	\$	109,636
Sales tax appropriations		<u>2,699,585</u>
Net revenue		2,809,292
Required net revenue		<u>718,099</u>
Excess/(deficit)		<u>\$ 2,091,122</u>
Ratio		<u>2.91 to 1</u>

NOTE M - LEASE OBLIGATIONS

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

<u>Year ending June 30</u>	<u>Fire Truck</u>	<u>Total</u>
2018	\$ 27,123	\$ 27,123
2019	27,123	27,123
2020	27,123	27,123
2021	27,123	27,123
2022	<u>27,123</u>	<u>27,123</u>
Total minimum lease payments	135,615	135,615
Less: Amount representing interest	<u>22,615</u>	<u>22,615</u>
Present value of future minimum lease payments	<u>\$ 113,000</u>	<u>\$ 113,000</u>

NOTE N - 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. The escrow account was closed March 8, 2017.

NOTE O - COMPENSATED ABSENCES

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

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

NOTE P - PENSION OBLIGATIONS

Oklahoma Police and Firefighter's Pension and Retirement Systems

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

	<u>Oklahoma Police Pension And Retirement System</u>	<u>Oklahoma Firefighter's Pension And Retirement System</u>
Eligibility to Participate	All full-time officers employed by a participating Municipality; not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary Firefighters of a participating municipality hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute	State Statute
Plan members' contribution rate	8% of covered payroll	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 And Retirement System</u>		<u>Oklahoma Firefighter's Pension And Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2017	\$ 55,392	100%	\$ 48,558	100%
2016	49,392	100%	46,318	100%
2015	50,986	100%	42,211	100%

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2017

Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105 or Oklahoma Police Pension and Retirement System, 11 NW 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116.

Oklahoma Municipal Retirement Fund

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

Oklahoma Municipal Retirement Fund

Eligibility	All regular, full-time employees except police, firefighters and other employees who are covered under an approved system.
Employer contributions	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 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, 2017

Termination Before Retirement Age

Before Vesting Return of employee contributions with interest.

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

Oklahoma Municipal Retirement Fund

In-service Death

Before vesting Return of member contributions with interest.

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

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

Payment Options

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

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

Other retirement benefits are available under actuarially Equivalent optional forms:

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

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

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

<u>Fiscal Year</u>	<u>Required Contribution</u>
2017	\$ 70,457
2016	80,971
2015	103,567

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

NOTE Q - 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 2017 net valuation of taxable property in the City of Bristow was \$19,193,612.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE R - 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 S - SUBSEQUENT EVENTS

The City has evaluated subsequent events and contingencies through December 4, 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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Revenue				
Sales Tax	\$ 3,660,200	\$ 3,540,200	\$ 3,374,481	\$ (165,719)
Use Tax	180,000	160,000	160,598	598
Franchise Tax	207,000	197,000	180,384	(16,616)
Gasoline and Auto Tax	40,000	40,000	37,089	(2,911)
Alcoholic Beverage Tax	25,000	25,000	25,259	259
Cigarette Tax	40,000	40,000	40,365	365
PILOT (Bristow Housing Authority)	10,000	10,000	14,378	4,378
Cell Tower Revenue	40,000	40,000	37,806	(2,194)
Fire Revenue	80,000	80,000	113,515	33,515
Swimming Pool	10,000	10,000	15,916	5,916
Cemetery	30,800	30,800	27,444	(3,356)
Room Tax	8,000	6,000	6,329	329
License and Permits	16,700	18,700	22,058	3,358
Intergovernmental	-	-	-	-
Fines and Forfeits	160,000	110,000	3,639	(106,361)
Donations	-	-	178,952	178,952
Other	28,200	26,200	29,564	3,364
Rental	22,000	12,000	13,575	1,575
Sale of Assets	2,000	5,000	5,768	768
Insurance Refunds	-	-	153	153
Interest	450	450	505	55
TOTAL REVENUE	4,560,350	4,351,350	4,287,778	(63,572)
Expenditures				
MANAGERIAL DEPARTMENT				
Personal Services	82,430	82,530	81,427	1,103
Materials and Supplies	14,400	12,000	9,916	2,084
TOTAL MANAGERIAL DEPARTMENT	96,830	94,530	91,343	3,187
CLERK/PURCHASING DEPARTMENT				
Personal Services	240,600	220,600	200,883	19,717
TOTAL CLERK/PURCHASING DEPT	240,600	220,600	200,883	19,717
TREASURER DEPARTMENT				
Personal Services	64,574	59,074	59,428	(354)
Other Service and Charges	750	750	750	0
TOTAL TREASURER DEPARTMENT	65,324	59,824	60,178	(354)
ATTORNEY DEPARTMENT				
Personal Services	30,230	30,230	25,081	5,149
TOTAL ATTORNEY DEPARTMENT	30,230	30,230	25,081	5,149
MUNICIPAL JUDGE DEPARTMENT				
Personal Services	11,275	11,275	11,160	115
TOTAL MUNICIPAL JUDGE DEPT	11,275	11,275	11,160	115

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
GENERAL GOVERNMENT DEPARTMENT				
Personal Services	5,500	5,500	3,635	1,865
Other Service and Charges	107,200	94,700	84,907	9,793
Materials and Supplies	18,000	18,000	17,066	934
TOTAL GENERAL GOVERNMENT DEPT	130,700	118,200	105,608	12,592
POLICE DEPARTMENT				
Personal Services	900,550	952,275	915,953	36,322
Other Service and Charges	33,900	32,750	67,660	(34,910)
Materials and Supplies	58,600	58,200	56,250	1,950
Capital Outlay	-	-	123,919	(123,919)
TOTAL POLICE DEPARTMENT	993,050	1,043,225	1,163,782	(120,557)
FIRE DEPARTMENT				
Personal Services	680,260	635,260	608,729	26,531
Other Service and Charges	25,700	24,700	21,046	3,654
Materials and Supplies	34,700	36,400	33,519	2,881
Capital Outlay	-	-	376,192	(376,192)
TOTAL FIRE DEPARTMENT	740,660	696,360	1,039,486	(343,126)
STREET DEPARTMENT				
Personal Services	246,850	245,250	232,922	12,328
Other Service and Charges	73,300	74,300	75,271	(971)
Materials and Supplies	102,000	135,000	131,487	3,513
Capital Outlay	-	-	16,676	(16,676)
TOTAL STREET DEPARTMENT	422,150	454,550	456,356	(1,806)
ANIMAL CONTROL DEPARTMENT				
Personal Services	47,950	51,250	50,064	1,186
Other Service and Charges	-	1,100	975	125
Materials and Supplies	5,800	4,700	4,069	631
TOTAL ANIMAL CONTROL DEPARTMENT	53,750	57,050	55,108	1,942
SENIOR CITIZENS DEPARTMENT				
Personal Services	-	446	446	-
Other Service and Charges	-	30	30	-
Materials and Supplies	7,000	7,000	7,000	-
TOTAL SENIOR CITIZENS DEPT	7,000	7,476	7,476	-
LIBRARY DEPARTMENT				
Personal Services	123,300	122,600	117,409	5,191
Other Service and Charges	2,630	2,730	2,319	411
Materials and Supplies	11,500	11,300	9,877	1,423
TOTAL LIBRARY DEPARTMENT	137,430	136,630	129,605	7,025

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
CEMETERY DEPARTMENT				
Personal Services	111,600	86,250	67,470	18,780
Materials and Supplies	10,600	15,100	13,601	1,499
TOTAL CEMETERY DEPARTMENT	<u>122,200</u>	<u>101,350</u>	<u>81,071</u>	<u>20,279</u>
SPORTS COMPLEX DEPARTMENT				
Other Service and Charges	7,200	8,850	7,099	1,751
Materials and Supplies	500	650	496	154
TOTAL SPORTS COMPLEX DEPT	<u>7,700</u>	<u>9,500</u>	<u>7,595</u>	<u>1,905</u>
POOL DEPARTMENT				
Personal Services	31,600	31,600	32,217	(617)
Other Service and Charges	3,084	3,904	3,208	696
Materials and Supplies	19,000	19,000	12,572	6,428
TOTAL POOL DEPARTMENT	<u>53,684</u>	<u>54,504</u>	<u>47,997</u>	<u>6,507</u>
INSPECTION DEPARTMENT				
Personal Services	49,825	46,925	49,012	(2,087)
Other Service and Charges	684	207	-	207
Materials and Supplies	3,450	1,650	1,619	31
TOTAL INSPECTION DEPARTMENT	<u>53,959</u>	<u>48,782</u>	<u>50,631</u>	<u>(1,849)</u>
PARK DEPARTMENT				
Personal Services	101,600	73,100	63,928	9,172
Other Service and Charges	4,300	3,300	2,839	461
Materials and Supplies	17,500	10,000	8,324	1,676
TOTAL PARK DEPARTMENT	<u>123,400</u>	<u>86,400</u>	<u>75,091</u>	<u>11,309</u>
HOSPITAL DEPARTMENT				
Other Service and Charges	6,000	6,000	5,940	60
TOTAL HOSPITAL DEPARTMENT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,295,942</u>	<u>3,236,486</u>	<u>3,614,391</u>	<u>(377,905)</u>
Excess (deficiency) of revenue over expenditures	<u>1,264,408</u>	<u>1,114,864</u>	<u>673,387</u>	<u>(441,477)</u>
Other financing sources (uses)				
Transfer In	650,000	650,000	1,139,408	489,408
Transfer Out	(1,910,000)	(1,880,000)	(1,864,763)	15,237
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,260,000)</u>	<u>(1,230,000)</u>	<u>(725,355)</u>	<u>504,645</u>
Net change in fund balance	4,408	(115,136)	(51,968)	63,168
Fund Balances, beginning	50,410	130,605	130,605	-
Fund Balances, ending	<u>\$ 54,818</u>	<u>\$ 15,469</u>	<u>\$ 78,637</u>	<u>\$ 63,168</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, 2017

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, 2017, 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, 2017

	<u>Cemetery</u>	<u>Cemetery Care</u>	<u>Police Training</u>	<u>Court</u>	<u>Library</u>	<u>Jones Found- ation</u>	<u>Special Fire</u>	<u>Grant Match</u>	<u>TOTAL NONMAJOR FUNDS</u>
ASSETS									
Cash and Cash Equivalents	\$ 80,677	\$ 36,726	\$ 27,533	\$ 5,942	\$ 1,760	\$ 8,219	\$ 8,469	\$ 7,169	\$176,495
Investments	-	51,434	-	-	-	-	-	27,071	78,505
TOTAL ASSETS	<u>\$ 80,677</u>	<u>\$ 88,160</u>	<u>\$ 27,533</u>	<u>\$ 5,942</u>	<u>\$ 1,760</u>	<u>\$ 8,219</u>	<u>\$ 8,469</u>	<u>\$ 34,240</u>	<u>\$255,000</u>
LIABILITIES									
Due to Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES									
Designated	<u>80,677</u>	<u>88,160</u>	<u>27,533</u>	<u>5,942</u>	<u>1,760</u>	<u>8,219</u>	<u>8,469</u>	<u>34,240</u>	<u>255,000</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 80,677</u>	<u>\$ 88,160</u>	<u>\$ 27,533</u>	<u>\$ 5,942</u>	<u>\$ 1,760</u>	<u>\$ 8,219</u>	<u>\$ 8,469</u>	<u>\$ 34,240</u>	<u>\$255,000</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, 2017

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	Total Nonmajor Funds
REVENUES									
Cemetery Sales	\$ -	\$ 3,282	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,282
Intergovernmental	-	-	-	-	3,343	-	2,100	24,130	29,573
Fines and Forfeits	-	-	-	145,696	-	-	-	-	145,696
Donations	20,000	-	1,420	-	-	33,569	4,359	-	59,348
Other	-	-	-	-	-	-	-	-	-
Interest	71	262	-	11	-	11	-	162	517
TOTAL REVENUES	20,071	3,544	1,420	145,707	3,343	33,580	6,459	24,292	238,416
EXPENDITURES									
Current									
Culture and Education	-	-	-	-	3,629	30,194	-	-	33,823
Public Safety	-	-	1,440	24,001	-	-	5,018	2,280	32,739
Cemetery	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	1,440	24,001	3,629	30,194	5,018	2,280	66,562
Excess of Revenues Over (Under) Expenditures	20,071	3,544	(20)	121,706	(286)	3,386	1,441	22,012	171,854
Other Financing Sources (Uses)									
Transfer In	-	-	6,142	-	-	-	1,909	18,000	26,051
Transfer Out	-	-	-	(123,142)	-	-	-	(542,952)	(666,094)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	6,142	(123,142)	-	-	1,909	(524,952)	(640,043)
Net Change in Fund Balance	20,071	3,544	6,122	(1,436)	(286)	3,386	3,350	(502,940)	(468,189)
Fund Balance - Beginning	60,606	84,616	21,411	7,378	2,046	4,833	5,119	537,180	723,189
Fund Balance - Ending	<u>\$ 80,677</u>	<u>\$ 88,160</u>	<u>\$ 27,533</u>	<u>\$ 5,942</u>	<u>\$ 1,760</u>	<u>\$ 8,219</u>	<u>\$ 8,469</u>	<u>\$ 34,240</u>	<u>\$ 255,000</u>

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2017, 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 December 4, 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.

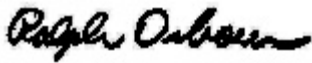
Compliance and Other Matters

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
December 4, 2017