

CITY OF BRISTOW, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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

CITY OF BRISTOW, OKLAHOMA
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INDEPENDENT AUDITORS' REPORT

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

I have audited the accompanying modified cash basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma, as of and for the year ended June 30, 2019, 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, 2019, 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.

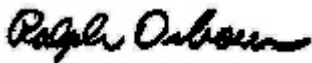
Other Information

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. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements.

The budgetary comparison and the combining nonmajor fund financial statements and the schedule of expenditures 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 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 2, 2019, 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 2, 2019

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2019

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 819,307	\$ 1,160,499	\$ 1,979,806
Investments	568,267	213,675	781,942
Restricted Assets			
Cash - Debt Escrow	-	5,923,858	6,387,984
Cash - Debt Service	1,080,634	562,123	1,178,631
Cash - Bond Construction	-	52,080	52,080
Total Current Assets	<u>2,468,208</u>	<u>7,912,235</u>	<u>10,380,443</u>
Non-Current Assets			
Capital Assets			
Land	427,816	545,652	973,468
Other Capital Assets Net of Accumulated Depreciation	<u>7,188,931</u>	<u>10,439,745</u>	<u>17,628,676</u>
Total Non-Current Assets	<u>7,616,747</u>	<u>10,985,397</u>	<u>18,602,144</u>
Total Assets	<u>10,084,955</u>	<u>18,897,632</u>	<u>28,982,587</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	-	206,583	206,583
Lease Payable, current	-	22,477	22,477
Bonds and Notes Payable, current	360,000	509,145	869,145
Total Current Liabilities	<u>360,000</u>	<u>738,205</u>	<u>1,098,205</u>
Non-Current Liabilities			
Lease Payable, non-current	-	50,266	50,266
Bond and Notes Payable, non-current	-	11,632,421	11,632,421
Total Non-Current Liabilities	<u>-</u>	<u>11,682,687</u>	<u>11,682,687</u>
Total Liabilities	<u>360,000</u>	<u>12,420,892</u>	<u>12,780,892</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	7,256,747	4,491,088	11,747,835
Restricted			
Debt Service	1,080,634	562,123	1,642,757
Construction	-	52,080	52,080
Escrow	-	203,858	203,858
Unrestricted	<u>1,387,574</u>	<u>1,167,591</u>	<u>2,555,165</u>
Total Net Position	<u>\$ 9,724,955</u>	<u>\$ 6,476,740</u>	<u>\$16,201,695</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, 2019

FUNCTION/PROGRAMS	Expenses	Program Revenue			Revenue
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
General Government	\$ 494,239	\$ 83,097	\$ 28,513	\$ 99,342	\$ (283,287)
Public Safety	2,050,995	299,508	76,153	-	(1,675,334)
Street	563,022	-	29,930	-	(533,092)
Culture and Education	128,750	-	3,754	-	(124,996)
Public Service	70,601	-	-	-	(70,601)
Parks and Recreation	233,289	13,359	-	-	(219,930)
Cemetery	118,712	23,429	-	-	(95,283)
Hospital	101,571	-	-	-	(101,571)
Total Governmental Activities	3,761,179	419,393	138,350	99,342	(3,104,094)
Business-type Activities					
Administration	10,642	-	-	-	(10,642)
Sanitation	517,341	542,692	-	-	25,351
Water/Wastewater	1,932,334	1,500,221	-	-	(432,113)
Airport	58,158	20,716	-	1,325,739	1,288,297
Total Business-Type Activities	2,518,475	2,063,629	-	1,325,739	870,893
Total Primary Government	\$6,279,654	\$2,483,022	\$ 138,350	\$ 1,425,081	\$ (2,233,201)

CHANGES IN NET POSITION	Primary Government			
	Governmental Activities	Business Type Activities	Total	
Net (expense) Revenue		\$ (3,104,094)	\$ 870,893	\$ (2,233,201)
General Revenues				
Taxes				
Sales Tax		3,478,971	-	3,478,971
Use Tax		256,271	-	256,271
Franchise		154,088	-	154,088
Cigarette Tax		30,424	-	30,424
Room Tax		3,301	-	3,301
Gas Tax		7,743	-	7,743
Taxes in Lieu		16,668	-	16,668
Cell Tower Revenue		37,852	-	37,852
Donations		45,826	-	45,826
Other		62,326	20,288	82,614
Interest		24,776	103,498	128,274
Loss on Disposition of Assets		1,500	-	1,500
Transfers		(500,334)	500,334	-
Total General Revenue and Transfers		3,619,412	624,120	4,243,532
Change in Net Position		515,318	1,495,013	2,010,331
Net Position - Beginning		9,209,637	4,981,727	14,191,364
Net Position - Ending		\$ 9,724,955	\$ 6,476,740	\$16,201,695

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

CITY OF BRISTOW, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<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	\$ 52,674	\$ 204,093	\$ 394,819	\$ 2,596	\$ 165,125	\$ 819,307
Investments	5,403	200,636	282,967	-	79,261	568,267
Restricted Cash	<u>-</u>	<u>1,080,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,634</u>
TOTAL ASSETS	<u>\$ 58,077</u>	<u>\$1,485,363</u>	<u>\$ 677,786</u>	<u>\$ 2,596</u>	<u>\$ 244,386</u>	<u>\$ 2,468,208</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Due Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	-	1,080,634	-	-	-	1,080,634
Unrestricted	<u>58,077</u>	<u>404,729</u>	<u>677,786</u>	<u>2,596</u>	<u>244,386</u>	<u>1,387,574</u>
Total Fund Balances	<u>58,077</u>	<u>1,485,363</u>	<u>677,786</u>	<u>2,596</u>	<u>244,386</u>	<u>2,468,208</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 58,077</u>	<u>\$1,485,363</u>	<u>\$ 677,786</u>	<u>\$ 2,596</u>	<u>\$ 244,386</u>	<u>\$ 2,468,208</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, 2019

Total Fund Balance \$ 2,468,208

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.

Land	427,816	
Capital Assets	13,935,158	
Accumulated Depreciation	<u>(6,746,227)</u>	7,616,747

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>(360,000)</u>	<u>(360,000)</u>
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TOTAL NET POSITION		<u>\$ 9,724,955</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, 2019

	General Fund	Hospital	Capital Improvement	General Grants	Other Governmental Funds	Governmental Funds
Revenue						
Sales Tax	\$ 2,574,439	\$ 695,794	\$ 208,738	\$ -	\$ -	\$ 3,478,971
Use Tax	256,271	-	-	-	-	256,271
Franchise Tax	154,088	-	-	-	-	154,088
E911 Fee	64,413	-	-	-	-	64,413
Gasoline Tax	7,743	-	-	-	-	7,743
Motor Vehicle Tax	29,930	-	-	-	-	29,930
Alcoholic Beverage Tax	28,513	-	-	-	-	28,513
Cigarette Tax	30,424	-	-	-	-	30,424
PILOT (Bristow Housing Auth)	16,668	-	-	-	-	16,668
Cell Tower Revenue	37,852	-	-	-	-	37,852
Fire Revenue	87,996	-	-	-	-	87,996
Swimming Pool	13,359	-	-	-	-	13,359
Cemetery	20,383	-	-	-	3,046	23,429
Room Tax	3,301	-	-	-	-	3,301
License and Permits	28,316	-	-	-	-	28,316
Intergovernmental	-	-	-	99,342	15,494	114,836
Fines and Forfeits	1,897	-	-	-	209,615	211,512
Donations	7,450	-	-	-	38,376	45,826
Other	13,591	32,965	-	-	10,085	60,437
Sale of Assets	-	-	-	-	1,500	1,500
Rentals	14,302	40,479	3,796	-	-	54,781
Insurance Refunds	1,889	-	-	-	-	1,889
Interest	393	21,381	2,450	1	551	24,776
TOTAL REVENUE	<u>3,393,218</u>	<u>790,619</u>	<u>214,984</u>	<u>99,343</u>	<u>278,667</u>	<u>4,776,831</u>
Expenditures						
Current						
General Government	453,470	-	20,987	28	-	474,485
Public Safety	1,844,239	-	43,991	-	62,592	1,950,822
Street	393,085	-	6,466	-	-	399,551
Culture and Education	106,705	-	-	-	19,634	126,339
Public Service	67,868	-	-	-	-	67,868
Parks and Recreation	179,541	-	36,865	-	-	216,406
Cemetery	94,243	-	-	-	-	94,243
Hospital	-	41,807	14,500	-	-	56,307
Debt Service:						
Principal Payment	-	350,000	-	-	-	350,000
Interest and fees	-	25,200	-	-	-	25,200
TOTAL EXPENDITURES	<u>3,139,151</u>	<u>417,007</u>	<u>122,809</u>	<u>28</u>	<u>82,226</u>	<u>3,761,221</u>
Excess (deficiency) of revenue over expenditures	<u>254,067</u>	<u>373,612</u>	<u>92,175</u>	<u>99,315</u>	<u>196,441</u>	<u>1,015,610</u>
Transfer In	2,907,931	-	-	-	30,326	2,938,257
Transfer Out	(3,135,074)	-	(27,686)	(99,342)	(176,489)	(3,438,591)
Total Transfers	<u>(227,143)</u>	<u>-</u>	<u>(27,686)</u>	<u>(99,342)</u>	<u>(146,163)</u>	<u>(500,334)</u>
Net change in fund balance	26,924	373,612	64,489	(27)	50,278	515,276
Fund Balances, beginning	<u>31,153</u>	<u>1,111,751</u>	<u>613,297</u>	<u>2,623</u>	<u>194,108</u>	<u>1,952,932</u>
Fund Balances, ending	<u>\$ 58,077</u>	<u>\$ 1,485,363</u>	<u>\$ 677,786</u>	<u>\$ 2,596</u>	<u>\$ 244,386</u>	<u>\$ 2,468,208</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, 2019

Net Changes in Fund Balances - Total Governmental Funds \$ 515,276

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	(486,983)	
Capital Outlay	<u>137,025</u>	(349,958)

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>350,000</u>
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CHANGE IN NET POSITION	<u><u>\$ 515,318</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF BRISTOW, OKLAHOMA
STATEMENT OF FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2019

	Municipal Authority	Airport	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 720,005	\$ 440,494	\$ 1,160,499
Investments	213,675	-	213,675
Restricted Assets			
Cash-Debt Escrow	5,923,858	-	5,923,858
Cash-Debt Service	562,123	-	562,123
Cash-Bond Construction	52,080	-	52,080
TOTAL CURRENT ASSETS	<u>7,471,741</u>	<u>440,494</u>	<u>7,912,235</u>
Non-Current Assets			
Capital Assets			
Land	267,977	277,675	545,652
Capital Assets, Net of Accumulated Depreciation	<u>7,641,550</u>	<u>2,798,195</u>	<u>10,439,745</u>
TOTAL NON-CURRENT ASSETS	<u>7,909,527</u>	<u>3,075,870</u>	<u>10,985,397</u>
TOTAL ASSETS	<u>15,381,268</u>	<u>3,516,364</u>	<u>18,897,632</u>
LIABILITIES			
Current Liabilities			
Utility Deposits	206,583	-	206,583
Lease Payable, current	22,477	-	22,477
Bonds and Notes Payable, current	509,145	-	509,145
TOTAL CURRENT LIABILITIES	<u>738,205</u>	<u>-</u>	<u>738,205</u>
Non-Current Liabilities			
Lease Payable, non-current	50,266	-	50,266
Bonds and Notes Payable, non-current	11,632,421	-	11,632,421
TOTAL NON-CURRENT LIABILITIES	<u>11,682,687</u>	<u>-</u>	<u>11,682,687</u>
TOTAL LIABILITIES	<u>12,420,892</u>	<u>-</u>	<u>12,420,892</u>
NET POSITION			
Net Investment in Capital Assets	1,415,218	3,075,870	4,491,088
Restricted:			
Debt Service	562,123	-	562,123
Bond Construction	52,080	-	52,080
Escrow	203,858	-	203,858
Unrestricted	<u>727,097</u>	<u>440,494</u>	<u>1,167,591</u>
Net Position of Business-Type Activities	<u>\$ 2,960,376</u>	<u>\$ 3,516,364</u>	<u>\$ 6,476,740</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, 2019

	<u>Municipal</u> <u>Authority</u>	<u>Airport</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for Services			
Water Charges	\$ 1,053,820	\$ -	\$ 1,053,820
Wastewater Charges	413,669	-	413,669
Sanitation Charges	542,692	-	542,692
Penalty	29,132	-	29,132
Taps	3,600	-	3,600
Rentals	-	17,796	17,796
Fuel Sales	-	2,920	2,920
Other	20,288	-	20,288
TOTAL OPERATING REVENUE	<u>2,063,201</u>	<u>20,716</u>	<u>2,083,917</u>
<u>OPERATING EXPENSES</u>			
Administration	10,642	-	10,642
Water	587,606	-	587,606
Sewer	156,246	-	156,246
Sanitation	517,341	-	517,341
Building	261,773	-	261,773
Airport	-	17,719	17,719
Depreciation	496,089	40,439	536,528
TOTAL OPERATING EXPENSES	<u>2,029,697</u>	<u>58,158</u>	<u>2,087,855</u>
OPERATING INCOME (LOSS)	<u>33,504</u>	<u>(37,442)</u>	<u>(3,938)</u>
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	1,325,739	1,325,739
Investment Income	102,304	1,194	103,498
Interest and Fees on Notes and Leases Payable	<u>(430,620)</u>	<u>-</u>	<u>(430,620)</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(328,316)</u>	<u>1,326,933</u>	<u>998,617</u>
Income Before Transfers	(294,812)	1,289,491	994,679
Transfer to Other Funds	(2,757,768)	-	(2,757,768)
Transfer from Other Funds	<u>3,257,412</u>	<u>690</u>	<u>3,258,102</u>
TOTAL TRANSFERS	<u>499,644</u>	<u>690</u>	<u>500,334</u>
Change in Net Position	204,832	1,290,181	1,495,013
TOTAL NET POSITION, BEGINNING	<u>2,755,544</u>	<u>2,226,183</u>	<u>4,981,727</u>
TOTAL NET POSITION, ENDING	<u>\$ 2,960,376</u>	<u>\$ 3,516,364</u>	<u>\$ 6,476,740</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, 2019

	<u>Municipal Authority</u>	<u>Airport</u>	<u>Total</u>
Cash Flows from Operating activities			
Cash Received from customers	\$ 2,065,506	\$ 20,716	\$ 2,086,222
Cash Payments to Employees	(587,606)	-	(587,606)
Cash Payments to Suppliers for Goods and Services	<u>(946,002)</u>	<u>(17,719)</u>	<u>(963,721)</u>
Net Cash Provided (Used) by Operating Activities	<u>531,898</u>	<u>2,997</u>	<u>534,895</u>
Cash Flows from Non-Capital Financing Activities			
Transfers, net	<u>499,644</u>	<u>690</u>	<u>500,334</u>
Net Cash Provided by Non-Capital Financing Activities	<u>499,644</u>	<u>690</u>	<u>500,334</u>
Cash Flows from Capital and Related Financing Activities			
Grants	-	1,325,739	1,325,739
Acquisition of Fixed Assets	(359,146)	(1,623,993)	(1,983,139)
Principal Paid on Lease Purchase	(20,873)	-	(20,873)
Principal Paid on Notes and Bonds Payable	(1,249,145)	-	(1,249,145)
Interest Paid on Notes and Bonds Payable Leases Payable and Fiscal Fees	<u>(430,620)</u>	<u>-</u>	<u>(430,620)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(2,059,784)</u>	<u>(298,254)</u>	<u>(2,358,038)</u>
Cash Flows from Investing Activities			
Interest Revenue	<u>102,304</u>	<u>1,194</u>	<u>103,498</u>
Net Cash Provided by Investing Activities	<u>102,304</u>	<u>1,194</u>	<u>103,498</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(925,938)	(293,373)	(1,219,311)
Cash and Cash Equivalents, Beginning	<u>8,397,679</u>	<u>733,867</u>	<u>9,131,546</u>
Cash and Cash Equivalents, Ending	<u>\$ 7,471,741</u>	<u>\$ 440,494</u>	<u>\$ 7,912,235</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) by Operating Activities			
Operating Income (Loss)	\$ 33,504	\$ (37,442)	\$ (3,938)
Adjustments to Reconcile Operating Income to Net Cash:			
Depreciation	496,089	40,439	536,528
Used by Operating Activities:			
Changes in Assets and Liabilities:			
Increase in Utility Deposits	<u>2,305</u>	<u>-</u>	<u>2,305</u>
Net Cash Provided by Operating Activities	<u>\$ 531,898</u>	<u>\$ 2,997</u>	<u>\$ 534,895</u>

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019 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, 2019

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, 2019, 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 \$10,380,443 at June 30, 2019. The bank balance of the deposits at June 30, 2019 was approximately \$10,456,732.

Credit Risk

Fixed-income securities are subject to credit risk. However, the City did not have fixed income securities at June 30, 2019.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019, 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, 2019.

NOTE D - RESTRICTED CASH

The City is reporting the following restricted cash:

Escrow	\$ 5,923,858
Debt Service	1,642,757
Bond Construction	52,080
Total	<u><u>\$ 7,618,695</u></u>

The escrow is held for use in retiring the outstanding Series 2012 revenue bonds, see Note J. The City has restricted \$1,080,634 for Debt Service of the Hospital Authority 2012 Revenue Bond, see Note I. The remaining debt service is reserved for future payments on the Series 2018 bonds.

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 Buildings	Machinery, and Equipment	Totals	
PRIMARY GOVERNMENT					
Governmental Activities					
Balance, June 30, 2018	\$ 5,955,575	\$ 4,722,373	\$ 3,120,185	\$13,798,133	\$ 427,816
Increases	44,960	-	92,065	137,025	-
Decreases	-	-	-	-	-
Balance, June 30, 2019	<u>6,000,535</u>	<u>4,722,373</u>	<u>3,212,250</u>	<u>13,935,158</u>	<u>427,816</u>
Accumulated Depreciation					
Balance, June 30, 2018	1,978,971	2,272,455	2,007,818	6,259,244	
Increases	87,641	197,630	201,712	486,983	
Decreases	-	-	-	-	
Balance, June 30, 2019	<u>2,066,612</u>	<u>2,470,085</u>	<u>2,209,530</u>	<u>6,746,227</u>	
Governmental Activities Capital Assets, Net	<u>\$ 3,933,923</u>	<u>\$ 2,252,288</u>	<u>\$ 1,002,720</u>	<u>\$ 7,188,931</u>	<u>\$ 427,816</u>
Business-type Activities					
Balance, June 30, 2018	\$ 824,129	\$13,560,379	\$ 1,265,694	\$15,650,202	\$ 545,652
Increases	-	1,933,484	49,656	1,983,140	-
Decreases	-	-	-	-	-
Balance, June 30, 2019	<u>824,129</u>	<u>15,493,863</u>	<u>1,315,350</u>	<u>17,633,342</u>	<u>545,652</u>
Accumulated Depreciation					
Balance, June 30, 2018	605,590	5,127,322	924,157	6,657,069	
Increases	21,964	455,511	59,053	536,528	
Decreases	-	-	-	-	
Balance, June 30, 2019	<u>627,554</u>	<u>5,582,833</u>	<u>983,210</u>	<u>7,193,597</u>	
Business-type Activities Capital Assets, Net	<u>\$ 196,575</u>	<u>\$ 9,911,030</u>	<u>\$ 332,140</u>	<u>\$10,439,745</u>	<u>\$ 545,652</u>
PRIMARY GOVERNMENT Capital Assets, Net	<u>\$ 4,130,498</u>	<u>\$12,163,318</u>	<u>\$ 1,334,860</u>	<u>\$17,628,676</u>	<u>\$ 973,468</u>

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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	\$ 37,954	Water/Wastewater	\$ 496,089
Public Safety	155,571	Airport	40,439
Street	169,271		
Culture and Education	2,411		
Parks and Recreation	47,750		
Public Service	2,733		
Cemetery	24,469		
Hospital	46,824		

NOTE F - SALES TAX

Sales tax revenue is 46.6% 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>
2018/19	\$ 3,478,971	\$ 695,794	\$ 57,983	2.46%
2017/18	3,395,310	679,062	56,589	0.62%
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, 2019

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, 2019:

	Notes Payable	Bonds Payable	Capital Lease Obligation	Total
Balance, July 1, 2018	\$ 10,711	\$14,090,000	\$ 93,616	\$14,194,327
Additions	-	-	-	-
Retirements	(4,145)	(1,595,000)	(20,873)	(1,620,018)
Balance, June 30, 2019	<u>\$ 6,566</u>	<u>\$12,495,000</u>	<u>\$ 72,743</u>	<u>\$12,574,309</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, 2019.

	Payable at July 1, 2018	Additions	Retirements	Balance at June 30, 2019
2012 Revenue Bonds	\$ 710,000	\$ -	\$ (350,000)	\$ 360,000
	<u>\$ 710,000</u>	<u>\$ -</u>	<u>\$ (350,000)</u>	<u>\$ 360,000</u>

The bonds payable as of June 30, 2019 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	\$ 360,000
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Debt service principal and interest requirements for outstanding bonds are as follows:

Year Ending June 30	Principal	Interest	Totals
2020	\$ 360,000	\$ 11,700	\$ 371,700
TOTAL	<u>\$ 360,000</u>	<u>\$ 11,700</u>	<u>\$ 371,700</u>

The Authority paid interest in the amount of \$22,200 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, 2019.

	Payable at July 1, 2018	Additions	Retirements	Balance at June 30, 2019
2018 A Revenue Bonds	\$ 760,000	\$ -	\$ (15,000)	\$ 745,000
2018 B Revenue Bonds	5,680,000	-	(10,000)	5,670,000
2010 Revenue Bonds	5,775,000	-	(55,000)	5,720,000
2012 Revenue Bonds	1,165,000	-	(1,165,000)	-
	<u>\$ 13,380,000</u>	<u>\$ -</u>	<u>\$ (1,245,000)</u>	<u>\$12,135,000</u>

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The bonds payable as of June 30, 2019 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.	\$ 5,720,000
\$760,000 Utility System Refunding Revenue Bonds, Series 2018A in annual installments with 1.5-2.5% interest secured by Authority revenue and real and personal property.	745,000
\$5,680,000 Utility System Refunding Revenue Bonds, Series 2018 B in annual installments with 2.8-3.5% interest secured by Authority revenue and real and personal property.	<u>5,670,000</u>
Total	<u>\$ 12,135,000</u>

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

Year Ending June 30	Principal	Interest	Totals
2020	\$ 505,000	\$ 498,436	\$ 1,003,436
2021	515,000	484,733	999,733
2022	875,000	462,278	1,337,278
2023	910,000	429,088	1,339,088
2023	950,000	394,478	1,344,478
2024-2029	5,325,000	1,374,372	6,699,372
2029-2031	3,055,000	221,763	3,276,763
TOTAL	<u>\$ 12,135,000</u>	<u>\$ 3,865,148</u>	<u>\$ 16,000,148</u>

The Authority paid interest in the amount of \$424,370 on its outstanding bonds during the fiscal year.

The 2018 Refunding Series Bonds were sold to refinance the Series 2010 and the Series 2012 Bonds. The Series 2012 bond was paid in full on July 2, 2018. The Series 2010 bond was defeased on July 1, 2018 but will not be paid until it is called in July 2020. Until then, the funds are being held in an escrow account which will pay the annual principal and interest.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 was \$6,566.

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 2018 bond issues.

Operating income (loss)	\$	33,504
Sales tax appropriations		<u>2,783,176</u>
Net revenue		2,816,680
Required net revenue		<u>148,020</u>
Excess/(deficit)		<u>\$ 2,668,660</u>
Ratio		<u>18.02 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>Phone</u>	
	<u>Equipment</u>	<u>Total</u>
2020	\$ 27,123	\$ 27,123
2021	27,123	27,123
2022	<u>27,123</u>	<u>27,123</u>
Total minimum lease payments	81,369	81,369
Less: Amount representing interest	<u>8,626</u>	<u>8,626</u>
Present value of future minimum lease payments	<u>\$ 72,743</u>	<u>\$ 72,743</u>

NOTE N - COMPENSATED ABSENCES

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

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

	<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 Statute:

Fiscal <u>Year</u>	<u>Oklahoma Police Pension And Retirement System</u>		<u>Oklahoma Firefighter's Pension And Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2019	\$ 55,909	100%	\$ 51,326	100%
2018	54,107	100%	50,073	100%
2017	55,392	100%	48,558	100%

CITY OF BRISTOW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2019

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, 2019

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>
2019	\$ 66,708
2018	77,147
2017	70,457

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 2019 net valuation of taxable property in the City of Bristow was \$21,477,877.

CITY OF BRISTOW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 - TRANSFERS

The City and Municipal Authority adjust transfers between funds as needed during the budgeting process and as funds are needed.

NOTE S - SUBSEQUENT EVENTS

The City has evaluated subsequent events and contingencies through December 2, 2019, the date which financial statements were available.

The City is exploring options to build a new hospital. The outcome of this project is unknown at this time.

The Series 2010 bond was defeased on July 1, 2018 but will not be paid until it is called in July 2020. Until then, the funds are being held in an escrow account which will pay the annual principal and interest.

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
Revenue				
Sales Tax	\$ 2,556,251	\$ 2,556,251	\$ 2,574,439	\$ 18,188
Use Tax	220,000	240,000	256,271	16,271
Franchise Tax	170,000	190,000	154,088	(35,912)
E911 Fee	60,000	60,000	64,413	4,413
Motor Vehicle Tax	30,000	30,000	29,930	(70)
Gasoline Tax	10,000	10,000	7,743	(2,257)
Alcoholic Beverage Tax	25,000	25,000	28,513	3,513
Cigarette Tax	40,000	30,000	30,424	424
PILOT (Bristow Housing Authority)	10,000	10,000	16,668	6,668
Cell Tower Revenue	50,000	50,000	37,852	(12,148)
Fire Revenue	80,000	80,000	87,996	7,996
Swimming Pool	14,000	14,000	13,359	(641)
Cemetery	30,800	30,800	20,383	(10,417)
Room Tax	5,000	5,000	3,301	(1,699)
License and Permits	21,700	23,700	28,316	4,616
Fines and Forfeits	-	-	1,897	1,897
Donations	-	-	7,450	7,450
Other	21,500	13,500	13,591	91
Rental	20,000	20,000	14,302	(5,698)
Sale of Assets	5,000	5,000	-	(5,000)
Insurance refunds	-	-	1,889	1,889
Interest	400	400	393	(7)
TOTAL REVENUE	3,369,651	3,393,651	3,393,218	(433)
Expenditures				
MANAGERIAL DEPARTMENT				
Personal Services	81,765	81,765	80,984	781
Materials and Supplies	10,700	10,700	9,100	1,600
TOTAL MANAGERIAL DEPARTMENT	92,465	92,465	90,084	2,381
CLERK/PURCHASING DEPARTMENT				
Personal Services	211,295	218,795	218,548	247
TOTAL CLERK/PURCHASING DEPT	211,295	218,795	218,548	247
TREASURER DEPARTMENT				
Personal Services	59,050	60,550	59,901	649
Other Service and Charges	750	750	750	0
TOTAL TREASURER DEPARTMENT	59,800	61,300	60,651	649
ATTORNEY DEPARTMENT				
Personal Services	27,855	15,855	14,112	1,743
TOTAL ATTORNEY DEPARTMENT	27,855	15,855	14,112	1,743
MUNICIPAL JUDGE DEPARTMENT				
Personal Services	11,225	11,225	11,144	81
TOTAL MUNICIPAL JUDGE DEPT	11,225	11,225	11,144	81

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
GENERAL GOVERNMENT DEPARTMENT				
Personal Services	4,500	4,500	1,496	3,004
Other Service and Charges	55,750	66,750	61,768	4,982
Materials and Supplies	15,500	16,000	20,923	(4,923)
TOTAL GENERAL GOVERNMENT DEPT	75,750	87,250	84,187	3,063
POLICE DEPARTMENT				
Personal Services	1,023,088	995,088	949,343	45,745
Other Service and Charges	28,450	23,450	22,164	1,286
Materials and Supplies	53,914	72,414	74,612	(2,198)
TOTAL POLICE DEPARTMENT	1,105,452	1,090,952	1,046,119	44,833
FIRE DEPARTMENT				
Personal Services	651,320	689,820	677,680	12,140
Other Service and Charges	8,100	8,100	6,569	1,531
Materials and Supplies	26,550	26,600	21,317	5,283
TOTAL FIRE DEPARTMENT	685,970	724,520	705,566	18,954
STREET DEPARTMENT				
Personal Services	259,867	238,867	225,852	13,015
Other Service and Charges	77,000	69,000	68,832	168
Materials and Supplies	112,400	101,400	98,401	2,999
TOTAL STREET DEPARTMENT	449,267	409,267	393,085	16,182
ANIMAL CONTROL DEPARTMENT				
Personal Services	47,638	63,638	61,677	1,961
Other Service and Charges	1,000	3,000	2,156	844
Materials and Supplies	4,100	4,100	3,465	635
TOTAL ANIMAL CONTROL DEPARTMENT	52,738	70,738	67,298	3,440
SENIOR CITIZENS DEPARTMENT				
Materials and Supplies	7,000	7,000	7,000	-
TOTAL SENIOR CITIZENS DEPT	7,000	7,000	7,000	-
LIBRARY DEPARTMENT				
Personal Services	113,500	95,500	93,993	1,507
Other Service and Charges	3,400	1,900	1,781	119
Materials and Supplies	11,000	12,000	10,931	1,069
TOTAL LIBRARY DEPARTMENT	127,900	109,400	106,705	2,695

CITY OF BRISTOW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Budgetary Basis	Positive (Negative)
CEMETERY DEPARTMENT				
Personal Services	117,800	95,800	85,546	10,254
Materials and Supplies	11,100	11,100	8,697	2,403
TOTAL CEMETERY DEPARTMENT	<u>128,900</u>	<u>106,900</u>	<u>94,243</u>	<u>12,657</u>
SPORTS COMPLEX DEPARTMENT				
Other Service and Charges	7,500	6,900	6,066	834
Materials and Supplies	600	1,200	1,133	67
TOTAL SPORTS COMPLEX DEPT	<u>8,100</u>	<u>8,100</u>	<u>7,199</u>	<u>901</u>
POOL DEPARTMENT				
Personal Services	31,600	25,600	23,493	2,107
Other Service and Charges	3,200	3,200	2,528	672
Materials and Supplies	12,500	18,500	14,987	3,513
TOTAL POOL DEPARTMENT	<u>47,300</u>	<u>47,300</u>	<u>41,008</u>	<u>6,292</u>
INSPECTION DEPARTMENT				
Personal Services	58,450	59,650	58,757	893
Materials and Supplies	2,000	2,500	2,111	389
TOTAL INSPECTION DEPARTMENT	<u>60,450</u>	<u>62,150</u>	<u>60,868</u>	<u>1,282</u>
PARK DEPARTMENT				
Personal Services	80,600	103,300	101,640	1,660
Other Service and Charges	4,000	15,000	14,342	658
Materials and Supplies	14,500	16,300	15,352	948
TOTAL PARK DEPARTMENT	<u>99,100</u>	<u>134,600</u>	<u>131,334</u>	<u>3,266</u>
TOTAL EXPENDITURES	<u>3,250,567</u>	<u>3,257,817</u>	<u>3,139,151</u>	<u>118,666</u>
Excess (deficiency) of revenue over expenditures	<u>119,084</u>	<u>135,834</u>	<u>254,067</u>	<u>118,233</u>
Other financing sources (uses)				
Transfer In	870,000	900,000	2,907,931	2,007,931
Transfer Out	(1,041,250)	(1,034,250)	(3,135,074)	(2,100,824)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(171,250)</u>	<u>(134,250)</u>	<u>(227,143)</u>	<u>(92,893)</u>
Net change in fund balance	(52,166)	1,584	26,924	25,340
Fund Balances, beginning	<u>74,690</u>	<u>31,153</u>	<u>31,153</u>	<u>-</u>
Fund Balances, ending	<u>\$ 22,524</u>	<u>\$ 32,737</u>	<u>\$ 58,077</u>	<u>\$ 25,340</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, 2019

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, 2019, 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, 2019

	<u>Cemetery</u>	<u>Cemetery</u> <u>Care</u>	<u>Police</u> <u>Training</u>	<u>Court</u>	<u>Library</u>	<u>Jones</u> <u>Found-</u> <u>ation</u>	<u>Special</u> <u>Fire</u>	<u>Grant</u> <u>Match</u>	<u>TOTAL</u> <u>NONMAJOR</u> <u>FUNDS</u>
ASSETS									
Cash and Cash Equivalents	\$ 48,997	\$ 43,841	\$ 13,836	\$ 9,280	\$ 2,435	\$ 1,417	\$24,184	\$ 21,135	\$165,125
Investments	-	51,918	-	-	-	-	-	27,343	79,261
TOTAL ASSETS	<u>\$ 48,997</u>	<u>\$ 95,759</u>	<u>\$ 13,836</u>	<u>\$ 9,280</u>	<u>\$ 2,435</u>	<u>\$ 1,417</u>	<u>\$24,184</u>	<u>\$ 48,478</u>	<u>\$244,386</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>48,997</u>	<u>95,759</u>	<u>13,836</u>	<u>9,280</u>	<u>2,435</u>	<u>1,417</u>	<u>24,184</u>	<u>48,478</u>	<u>244,386</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 48,997</u>	<u>\$ 95,759</u>	<u>\$ 13,836</u>	<u>\$ 9,280</u>	<u>\$ 2,435</u>	<u>\$ 1,417</u>	<u>\$24,184</u>	<u>\$ 48,478</u>	<u>\$244,386</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, 2019

	Cemetery	Cemetery Care	Police Training	Court	Library	Jones Found- ation	Special Fire	Grant Match	Total Nonmajor Funds
REVENUES									
Cemetery Sales	\$ -	\$ 3,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,046
Intergovernmental	-	-	2,396	-	3,754	-	9,344	-	15,494
Fines and Forfeits	-	-	-	209,615	-	-	-	-	209,615
Donations	23,000	-	-	-	-	15,376	-	-	38,376
Other	-	-	10,085	-	-	-	-	-	10,085
Sale of Assets	-	-	1,500	-	-	-	-	-	1,500
Interest	38	324	-	31	-	8	-	150	551
TOTAL REVENUES	23,038	3,370	13,981	209,646	3,754	15,384	9,344	150	278,667
EXPENDITURES									
Current									
Culture and Education	-	-	-	-	5,211	14,423	-	-	19,634
Public Safety	-	-	12,000	28,666	-	-	14,470	7,456	62,592
Cemetery	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	12,000	28,666	5,211	14,423	14,470	7,456	82,226
Excess of Revenues Over (Under) Expenditures	23,038	3,370	1,981	180,980	(1,457)	961	(5,126)	(7,306)	196,441
Other Financing Sources (Uses)									
Transfer In	-	-	8,326	-	-	-	4,000	18,000	30,326
Transfer Out	-	-	-	(176,489)	-	-	-	-	(176,489)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	8,326	(176,489)	-	-	4,000	18,000	(146,163)
Net Change in Fund Balance	23,038	3,370	10,307	4,491	(1,457)	961	(1,126)	10,694	50,278
Fund Balance - Beginning	25,959	92,389	3,529	4,789	3,892	456	25,310	37,784	194,108
Fund Balance - Ending	\$ 48,997	\$ 95,759	\$13,836	\$ 9,280	\$ 2,435	\$ 1,417	\$24,184	\$ 48,478	\$ 244,386

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

CITY OF BRISTOW, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grantor's Number</u>	<u>Contract Amount</u>	<u>Expenditures*</u>
United States Department of Transportation Federal Aviation Administration (FAA)				
Direct programs:				
Airport Improvement(AIP) Grant	20.106	3-40-0128-010-2016	\$ 3,974,374	\$ 1,226,181
Total Federal Aviation Administration (FAA)			<u>3,974,374</u>	<u>1,226,181</u>
United States Department of Transportation Passed through Oklahoma Aeronautics Commission (OAC)				
Airport Improvement(AIP) Grant	20.106	3-40-0128-010-2016	193,037	97,251
Total passed through Oklahoma Aeronautics Commission (OAC)			<u>193,037</u>	<u>97,251</u>
United States Department of Housing and Urban Development (HUD) Passed through Oklahoma Department of Commerce (OKDOC)				
Community Development Block Grant	14.228	35-13659	159,950	99,342
Total passed through OK Dept of Commerce			<u>159,950</u>	<u>99,342</u>
Total Expenditures of Federal Awards			<u>\$ 4,327,361</u>	<u>\$ 1,422,774</u>

Note 1 -* Represents federal share of expenditures only.

Note 2 -This schedule is prepared using the modified cash basis of accounting described in Note A.

Note 3 -The Town has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

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, 2019, 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 2, 2019.

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.

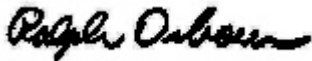
Compliance and Other Matters

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 2, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON SCHEDULE OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Trustees
City of Bristow
Bristow, Oklahoma

Report on Compliance for Each Major Federal Program

I have audited City of Bristow, Oklahoma 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 Town's major federal programs for the year ended June 30, 2019. The Town'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 Town'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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the 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 Town'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 Town's compliance.

Opinion on Each Major Federal Program

In my opinion, City of Bristow 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, 2019.

Report on Internal Control Over Compliance

Management of City of Bristow 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 Town'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 of City of Bristow'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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Bristow, Oklahoma as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Bristow, Oklahoma's basic financial statements. I issued my report thereon dated December 2, 2019, which contained unmodified opinions on those financial statements. My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting

and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Sincerely,

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

Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
December 2, 2019

CITY OF BRISTOW, OKLAHOMA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2019

Section I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? ___ Yes X No
 Significant deficiency identified that is
 not considered to be material weakness(es)? ___ Yes X 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: Unmodified

Any audit findings disclosed that are required
 to be reported in accordance with section
 510(a) of Uniform Guidance ___ Yes X No

Programs tested as Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.106</u>	<u>Airport Improvement Program</u>

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

There were no findings noted.

CITY OF BRISTOW, OKLAHOMA
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 2019

There were no findings or questioned costs reported in the audit for the year ended June 30, 2018.