

***CITY OF BARTLESVILLE,
OKLAHOMA***

Independent Auditor's Report
and Financial Statements
For the Fiscal Year Ended June 30, 2010

CITY OF BARTLESVILLE

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CITY OF BARTLESVILLE

List of Principal Officials

City Council

Ron Nikkel, Mayor
Vic Holcomb, Vice Mayor
Thomas A. Gorman, council member
Dr. Erin Tullos, council member
Mike McGrew, council member

City Manager

Ed Gordon

City Clerk/Treasurer and Finance Director

Mike Bailey

City Attorney

Jerry Maddux



ARCHAMBO & MUEGGENBORG, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Bartlesville, State of Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *City of Bartlesville, Oklahoma's* management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bartlesville Development Corporation, which represents 100% of the assets and revenues of the Bartlesville Development Corporation component unit fund. We also did not audit the financial statements of the Bartlesville Community Center Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Community Center Trust Authority major governmental fund and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the reports of the other auditors.

We conducted our 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. The audit of the Bartlesville Development Corporation that was performed by other auditors was conducted in accordance with the auditing standards generally accepted in the United States of America that are applicable to non-governmental entities. Those standards require that we plan and perform the audit to obtain reasonable assurance

about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.


In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of June 30, 2010, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2011, on our consideration of the *City of Bartlesville, Oklahoma*'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension plan funding progress and budgetary comparison information on pages 13-26 and 88 through 90 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the *City of Bartlesville, Oklahoma's* financial statements as a whole. The accompanying combining financial statements of non-major governmental funds and internal service funds are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual 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 financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Archambo & Mueggenborg, PC
Certified Public Accountants

April 4, 2011



ARCHAMBO & MUEGGENBORG, PC
CERTIFIED PUBLIC ACCOUNTANTS

**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***

Honorable Mayor and City Council
City of Bartlesville, State of Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of and for the year ended June 30, 2010, which collectively comprise the *City of Bartlesville, Oklahoma's* basic financial statements and have issued our report thereon dated April 4, 2011. We did not audit the financial statements of the Bartlesville Development Corporation, which represents 100% of the assets and revenues of the Bartlesville Development Corporation component unit fund. We also did not audit the financial statements of the Bartlesville Community Center Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Community Center Trust Authority major governmental fund and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the report of the other auditors. We conducted our 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. The audit of the Bartlesville Development Corporation that was performed by other auditors was conducted in accordance with the auditing standards generally accepted in the United States of America applicable to non-governmental activities.

Internal Control over Financial Reporting

In planning and performing our audit, we considered *City of Bartlesville, Oklahoma's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *City of Bartlesville, Oklahoma's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *City of Bartlesville, Oklahoma's* internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. Item 2010-1. *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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *City of Bartlesville, Oklahoma's* financial statements are free of material misstatement, we 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 our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of *City of Bartlesville, Oklahoma*, in a separate letter dated April 4, 2011.

City of Bartlesville, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit *City of Bartlesville, Oklahoma's* response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and others within the entity, and federal awarding agencies and pass-through entities, and the Oklahoma State Auditor and Inspector and is not intended to be and should not be used by anyone other than these specified parties.


Archambo & Mueggenborg, PC
Certified Public Accountants

April 4, 2011



ARCHAMBO & MUEGGENBORG, PC
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Honorable Mayor and City Council
City of Bartlesville, State of Oklahoma

Compliance

We have audited the compliance of the *City of Bartlesville, Oklahoma* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2010. The *City of Bartlesville's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of *City of Bartlesville's* management. Our responsibility is to express an opinion on *City of Bartlesville's* compliance based on our audit.

We conducted our 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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *City of Bartlesville's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Bartlesville's* compliance with those requirements.

In our opinion, the *City of Bartlesville, Oklahoma* complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of the *City of Bartlesville* is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the *City of Bartlesville's* internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of *City of Bartlesville's* internal control over compliance.

A *deficiency in internal control over compliance* 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 noncompliance with a 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management and the City Commission of the *City of Bartlesville*, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Archambo & Mueggenborg, PC
Certified Public Accountants

April 4, 2011

CITY OF BARTLESVILLE
Summary of Auditor's Results
For the Fiscal Year Ended June 30, 2010

<u>Section 1</u>	<u>Summary of Auditor's Results</u>
<u>Financial Statements</u>	
1. Type of auditor's report issued	Unqualified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to the financial statements noted?	No
<u>Federal Awards</u>	
1. Internal control over major program:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses ?	None reported
2. Type of auditor's report issued on compliance for major program:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
4. Identification of major program:	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
66.468	Safe Drinking Water State Revolving Fund Federal Loan Balance
5. Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530?	No

CITY OF BARTLESVILLE

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2010

Section II – Financial Statement Findings

2010-1

Criteria: The City is responsible for maintaining and implementing adequate internal controls, which should be documented with accounting policies and procedures.

Condition: The accounting policies and procedures used by the City are not fully documented and many are primarily the result of the present office staff's experience and understanding. While much of the staff appears adequately cross-trained, should certain individuals be required to perform unfamiliar accounting functions, only limited documentation is available for reference and training purposes.

Effect: This could result in errors due to lack of performance or improper performance of accounting functions.

Recommendation: The City should consider developing and keeping current a formally documented accounting policies and procedures manual. The manual should address such topics as:

- Fixed asset recording, inventory
- Utility revenue
- Court revenue
- Other revenue
- Purchasing and cash disbursements
- Payroll and personnel
- Budgeting
- Treasury
- General ledger accounting and balancing
- Financial reporting
- Compliance with laws and regulations

Management Response: Management has launched a project plan that should produce a complete Accounting Policies and Procedures Manual within four months. However, the full development of this document may take longer than expected, as management has elected to implement process improvements necessary to address weaknesses and inefficiency as they are discovered during the compilation and analysis of this manual. Even though this may result in some delays to the manual, management feels that synchronizing the process improvement and documentation tasks will result in a more efficient and well-controlled environment than merely documenting and formalizing existing processes.

CITY OF BARTLESVILLE

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010
(continued)

Section II – Financial Statement Findings
(continued)

Through discussions with accounting personnel, we have been able to determine that departmental procedures have been developed as guidance for day-to-day operations, but time constraints have delayed the implementation of a formal manual to be approved by the Council.

Schedule of Prior Year Findings

Section III – Federal Award Findings and Questioned Costs

None

1997-1 See 2010-1

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010

Introduction

The management of the *City of Bartlesville*, Oklahoma, is pleased to present its perspective of the City's financial performance as a whole for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to summarize for the reader the financial information more fully contained in the attached financial statements and notes and to explain the major points in the financial statements, both positive and negative. This is the fifth year the City has reported under the Governmental Accounting Standards Board (GASB) statement number 34 model. Comparisons with prior fiscal years are provided as needed.

Financial Highlights

Key financial highlights for 2010 were:

- The assets of the *City of Bartlesville*'s assets exceeded its liabilities at the close of the fiscal year by almost \$144.2 million.
- The City's main governmental revenue source, the sales tax, ended the year with a decrease of 6.6%.
- Noteworthy changes to the City's capital assets included the construction of Frontier Aquatic Center, several major road and street rehabs, and beginning construction of over \$7 million of major water system upgrades to include pump improvements, additional storage capacity, and back-up pump station power.
- Due to the recession's impact on the City's most important general revenue streams, the City Council acted in a proactive manner to reduce the City's FY 2010 budget and position the City to meet continued economic declines into the FY 2011 budget.
 - These reductions were accomplished without layoffs or drastic service cuts.
- The City retained its AA- bond rating despite difficult economic times. This bond rating is the 3rd highest in the State of Oklahoma for public entities.

CITY OF BARTLESVILLE

Management's Discussion and Analysis For the Year Ended June 30, 2010 (continued)

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the *City of Bartlesville*'s basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements – Reporting the *City of Bartlesville* as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets presents information on all of the *City of Bartlesville*'s assets and liabilities with the difference between the two being reported as net assets. Over time, the increase or decrease in net assets is a useful indicator of whether the financial position of the City is improving or deteriorating. In the evaluation of the overall financial position, factors such as the changes in laws related to certain key revenue sources and the condition of the capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting, similar to the accounting basis used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses, regardless of when cash is actually received or disbursed.

Fund Financial Statements – Reporting the *City of Bartlesville*'s Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. These reports begin on page 32. The *City of Bartlesville* uses many funds to account for a variety of financial transactions although some of the smaller and less significant funds are not presented in detail. The determination of which funds to present in detail is made based on the "significance" of each fund.

(Unaudited – See independent auditor's report)

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Fund Financial Statements – Reporting the *City of Bartlesville*'s Most Significant Funds (continued)

Fund Financial Statements (continued)

Significance can be determined in one of two ways. The first method is based on the amounts of assets, liabilities, revenues, and expenses when compared to other funds of the same type. This method is prescribed by GASB statement number 34 and attempts to present the funds that are the most significant from a financial perspective.

The second method allows for the inclusion of other funds if they are deemed to be significant based on other attributes. These funds may be of special interest to the community or other stakeholders, or may have been close enough to the financial threshold from the first method that they were deemed significant.

Governmental Funds

Governmental funds are used to account for functions reported as governmental functions in the government-wide financial statements. Unlike those reports, however, the Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources as well as the balance of spendable resources available at the end of the fiscal year. Such information is useful in evaluating a government's near-term financial requirements. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Government -wide Financial Analysis – City of Bartlesville as a Whole

The Statement of Net Assets and the Statement of Activities look at the City as whole and are useful indicators of the City's overall financial position, but other factors should also be considered when evaluating the City's financial picture for 2010.

Table 1
Governmental Activities
Net Assets (In Millions)

	2009	2010
<u>Assets</u>		
Current and other assets	\$ 31.4	32.0
Capital assets, net	71.5	78.2
Total assets	102.9	110.2
<u>Liabilities</u>		
Current liabilities	1.4	2.0
Long-term liabilities:		
Due within one year	3.3	3.6
Due in more than one year	13.1	13.7
Total liabilities	17.8	19.3
<u>Net Assets</u>		
Invested in capital assets		
Net of related debt	56.2	62.2
Restricted by:		
Enabling legislation	22.6	23.2
Statutory requirements	2.0	2.3
External contracts	.1	.1
Unrestricted	4.1	3.1
Total net assets	\$ 85.1	90.9

Note: This is a recap of the Governmental Activities Column from the Statement of Net Assets on page 28 of the financial statement.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Government-wide Financial Analysis – City of Bartlesville as a Whole (continued)

Table 2
Governmental Activities
Statement of Activities (In Millions)

	2009	2010
<u>Governmental Activities (Net Cost)</u>		
General government	\$ (4.9)	(2.0)
Public safety	(9.4)	(9.4)
Public works	(1.6)	(1.1)
Health, welfare and sanitation	(0.3)	(0.7)
Culture and recreation	(3.3)	(3.2)
Interest of long-term debt	(0.6)	(0.6)
Total governmental activities	(22.5)	(18.1)
<u>General Revenues</u>		
Taxes		
Property taxes, levied for debt service	2.2	2.9
Franchise taxes	2.7	2.5
Sales and use taxes	15.9	14.9
Investment earnings, unrestricted	0.1	1.0
Miscellaneous	0.3	0.2
Special item – gain on sale of asset	0.1	0.0
Transfers	0.9	2.5
Total general revenues, special		
Change in net assets	(0.3)	(5.8)
Net Assets – beginning, unadjusted	85.7	85.1
Prior period adjustment	(0.4)	(0.0)
Net Assets – beginning, adjusted	85.3	85.0
Net Assets – ending	\$ 85.1	90.9

Note: This is a recap of the Governmental Activities Column from the Statement of Activities on page 29 of the financial statement .

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Government-wide Financial Analysis – *City of Bartlesville as a Whole* (continued)

Total assets from governmental activity are about \$110.2 million (rounded), which represents an increase of \$7.3 million from the prior fiscal year. This increase in governmental assets can be mainly attributed to capital assets constructed with American Recovery and Reinvestment Act (ARRA) grant funds and the issuance of general obligation bonds. A majority of the ARRA funds were used to construct runway improvements at the Bartlesville Municipal Airport that totaled \$3.6 million, and the City's general obligation bonds were combined with local grants and donations to reconstruct, renovate, and modernize the City's Frontier Pool. The pool was not complete as of June 30, 2010 but was shown as construction in progress for a total of \$2.6 million. The City also issued its 2009 Series General Obligation Bonds in FY 2010 for the rehab and construction of \$3 million of local streets and roads.

The City's method for investing surplus funds changed significantly in 2009. In an effort to increase efficiency, internal controls, and transparency, the Council and City Staff selected Arvest Asset Management to actively manage the City's investments. The City Clerk/Finance Director was appointed to fulfill the job of Treasurer in addition to existing duties. This arrangement allows for greater security, since all of the funds are invested and monitored by a third party who is contracted by the Council. It also allows for greater efficiency, since the investing functions can now be integrated with existing finance processes. This has created a more seamless recording of investing activity and a more reliable reconciliation to the general ledger.

The City continues in its efforts to further reduce expenditures through more efficient procurement and use of goods and services along with improvements in energy efficiency. Money-saving programs and approaches to service delivery are constantly sought. This entails regular reevaluation and in many cases rebidding of our service contracts. Available grants are continually sought and applied for to reduce local expenses.

CITY OF BARTLESVILLE
 Management's Discussion and Analysis
 For the Year Ended June 30, 2010
 (continued)

Government-wide Financial Analysis – *City of Bartlesville* as a Whole (continued)

2010 was again a very successful year for the City in relation to grants and subsidized loan programs. In addition to the grants mentioned above, the City has also received an Energy Efficiency & Conservation Block Grant (EEBG) to be used to increase energy efficiency at City Hall. These funds will be combined with existing general obligation bond proceeds to retrofit City Hall with energy efficient lighting, and HVAC. These improvements have the potential to save the City tens of thousands of dollars annually. The City also received ARRA grants for water project improvements (OWRB) and law enforcement (COPS).

<u>Grant</u>	<u>Purpose</u>	<u>Award Amount</u>
EEBG	City Hall upgrades	\$155,200
OWRB	Water system improvements	\$2,000,000
JAG	Law enforcement communications	\$800,00
Total		\$2,955,200

The City has continued its concerted effort to improve work place safety so that worker's compensation costs are reduced. This includes continued in house safety training and monitoring trends in injuries to better focus training on important issues. The City is "own risk" or self-insured for worker's compensation. Despite the City's best efforts, worker's compensation expense continues to escalate due to increasing medical and settlement costs. To help offset these increases, the City began levying worker's compensation court judgments on property tax. While this step is expected to assist the City's burden, it has the unfortunate effect of slightly increasing taxes on local tax payers. It is the City's hope that meaningful and beneficial worker's compensation reform will emerge from the State Legislature after the 2011 session which will help to control these costs long-term.

In recent years, the City also elected to return to an "own risk" or self-funded plan for employee health insurance, but this program differs from the Worker's Compensation program in that the City obtains reinsurance to cover the largest claims. While this program did return significant savings in its first year, the results for the second and third full year were less promising. The City's employees suffered through an unusually high number of catastrophic illnesses and injuries. Wellness programs intended to target these specific types of illnesses have been implemented along with other cost saving measures. These changes combined with increased employee contribution rates will hopefully improve the financial condition of our plan. Thankfully these changes helped to return the health insurance plan to financial stability, but as with all medical related expenses, additional future increases are anticipated.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Government-wide Financial Analysis – *City of Bartlesville as a Whole* (continued)
Governmental Activities

Several revenue sources fund the *City of Bartlesville*'s governmental activities with sales tax being the largest. The City's sales tax rate is 3%; however, this is apportioned to three funds. The General Fund receives 75% of the sales tax generated, and this constitutes our sales tax for operations. This amount has not been changed in more than twenty years. The remaining 25% is divided between economic development (1/3) and capital improvements (2/3). Sales tax revenue of \$14,853,558 represented a 6.6% decrease over prior year receipts.

The importance of sales tax to the City's general fund cannot be overstated, and this decline in the City's most important revenue source was in excess of the City's budgeted expectation of a 2.5% decline and resulted in significant budget reductions citywide. The most significant reductions were related to employee costs which are the largest cost in the City's general fund. These personnel related reductions were accomplished without the need for a layoff, but the City did use furlough days, benefit reductions, early retirement incentives, internal reorganizations, and an extended hiring freeze. In addition to the personnel cost reduction strategies, the City also elected to close Sooner Pool for the summer of 2010, raise certain fees, reduce minimum manning in our public safety departments, and implement a citywide mandatory 2% departmental budget reduction.

Public Safety is the major and most costly governmental expense activity in the City, excluding capital projects. Combined, the Police and Fire departments accounted for 51.9% of governmental expenditures. The Fire department consists of 68 full-time employees, including one administrative assistant (down from 71 in FY 2009). The Police department consists of 63 full time employees with 54 being sworn enforcement personnel and 11 being civilian administrative or technical personnel (down from 71 in FY 2009 due mainly to the City's move to contracting jail services to Washington County).

The City has many other operating departments involved in governmental type activities including street, park, building maintenance, library, museum, technical services, cemetery, legal, swimming pools, stadium, airport, economic development, and community development which provide services to the general public. The city council, administration, accounting and finance, treasury, and general services departments provide services both internally and externally and are categorized as general governmental functions.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

The Individual Fund Financial Statements

Information on the City's major funds starts on page 34. The governmental funds utilize the modified accrual basis of accounting. All governmental funds had total revenues of \$28.6 million for the year and \$34.2 million in expenditures resulting in a deficiency in revenues over expenditures of (\$5.7 million). The City's governmental funds also had other financing sources and uses (mainly transfers and debt proceeds) and special items (sale of fixed assets) that netted to create other financing sources of \$5.7 million. When combined with the deficiency mentioned above, the City's governmental funds' fund balances in total finished the year almost exactly as they started it. The individual net change in fund balances for the year was not significant in any of the governmental funds

The general fund reflects a decrease in fund balance of \$685,831. While no standard is established for the desired level of fund balance that should be carried, it is desirable to have at least two months of average expenditures so that fluctuations in revenue and expenditures can be absorbed without major disruptions to the normal operations. With careful monitoring of revenue and expenditures combined with conservative budgeting, the City management believes the fund balance is adequate to allow the City to meet its obligations and reflects a good financial condition of the City as a whole.

General Fund Budgeting Highlights

The City's budget is prepared in accordance with Oklahoma Law and is based on anticipated cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is required for all funds of the City except agency funds. The City Council is provided with a detailed line-item budget for all departments; however the City's budget is adopted with the legal level of control set at the department level. This means that a department's budget may exceed its annual appropriations for a single line item but may not exceed its appropriations in total. Normally, several meetings are devoted to discussion and explanation of the proposed budget by staff. When the City Council is satisfied with the final form of the budget, it is adopted and the powers of the Council and City Manager are defined as follows.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

The Individual Fund Financial Statements (continued)

General Fund Budgeting Highlights (continued)

The City Manager may transfer appropriations from one department within a fund after the budget is adopted by the City Council. The Council must approve any budget amendments that would alter the total budget by fund or would make any interfund transfers of money. The Finance Director closely monitors the budget throughout the year and works with department directors to resolve budget issues that may arise over the course of the year. He also provides the City Manager and City Council with a summary report on the revenue, expenditures, and changes in fund balances as compared to the budget after the close of each monthly accounting cycle. Department directors have access to view their budgets online at any time.

For the general fund, budget basis revenue was short \$165,998 of the budget estimates of \$15,018,020. The City continues the conservative practice of estimating revenues based on long term trends adjusted for known factors. Expenditures are estimated using the most detailed data available. Salary and related expenses are calculated to the dollar based on the current staffing. Expenditures for 2010 were \$767,103 below the final budget of \$18,212,936. These savings were achieved through spending restraints and careful monitoring of budget results.

Business-Type Activities

Overall, the business-type activities saw a decrease of \$1,845,968 in net assets. The decrease in net assets is due mainly to depreciation of existing assets at a rate that exceeds the construction of new assets.

CITY OF BARTLESVILLE
 Management's Discussion and Analysis
 For the Year Ended June 30, 2010
 (continued)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the City of Bartlesville had \$168,595,603 invested in land, buildings, and capital equipment (net of depreciation). Table 2 shows the detail of the fiscal year 2010 balances of capital assets.

Table 2
Capital Assets
Net of Accumulated Depreciation

	Governmental Activities 2010	Business - Type Activities 2010	Total 2010
Land	\$ 5,302,546	1,340,474	6,643,020
Buildings	26,306,124	66,319,277	92,625,401
Other improvements and infrastructure	69,027,194	67,264,224	136,291,418
Machinery and equipment	12,094,590	10,188,960	22,283,550
Construction in progress	8,878,243	6,405,847	15,284,090
Total capital assets	<u>121,608,697</u>	<u>151,518,782</u>	<u>273,127,479</u>
(Less) depreciation	<u>(43,389,786)</u>	<u>(61,142,090)</u>	<u>(104,531,876)</u>
Capital assets (net of depreciation)	<u>\$ 78,218,911</u>	<u>90,376,692</u>	<u>168,595,603</u>

Perhaps the City's most important long-term capital needs revolve around a long term sustainable water supply. The construction of the new Ted Lockin potable water treatment plant was completed in September of 2006, and the next step is currently underway with the City of Bartlesville's participation in the Planning Assistance to State Study (PASS). This study should help determine the best solution for the City's raw water supply and allocation.

In addition to the need for long term water supply, the City is also currently undertaking the early stages of planning for its long-term wastewater needs with the completion of several studies and collection system improvements. It is anticipated that the City will need to construct a new wastewater treatment plant in the near future. To fund this future improvement, the City implemented a dedicated utility fee in FY 2009 and increased it in FY 2010.

(Unaudited – See independent auditor's report)

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Capital Assets and Debt Administration (continued)

Funds provided by the capital improvement sales tax are permitting some street and drainage system improvements. In 2008, the citizens approved an extension of the capital improvements sales tax for an additional five years beginning July 1, 2009. This extension added vehicles and equipment to the improvements that can be funded from this sales tax. This will relieve some pressure on the general fund budget. Due to budget constraints, the city's fleet of vehicles and equipment have not been replaced on their normal replacement schedules and are requiring too many maintenance dollars to keep them operating. When replacements can be made, the older vehicles are either traded as a part of the bid process, sold at auction, or sold through a sealed bid process.

With regard to infrastructure, the engineering department maintains a list of street and drainage improvements awaiting construction. These are funded on a priority basis as funds become available from the sales tax reserved for capital improvements. As part of the annual budget process, the City Engineer, the Public Works Director, and the Street supervisor evaluate and prioritize these needs based on the latest information on the condition of the streets or the seriousness of the flooding threat. The projects that can be provided for from the capital improvement fund are included in the budget while the balance of projects are kept on the list waiting funding at a later date. Priorities sometimes change if external funding, such as grants or donations, becomes available for specific purposes.

Water and sewer projects are more often being funded with loans through the Oklahoma Water Resources Board's Safe Drinking Water Revolving Fund or the Clean Water Revolving Fund. These are revenue notes payable over terms up to 30 years with very favorable interest rates. Water and/or sewer revenues are pledged to the repayment of principal and interest.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Capital Assets and Debt Administration (continued)

Debt

As of June 30, 2010 the City of Bartlesville had \$65,288,117 in outstanding debt. Of this total, \$16,055,000 was in General Obligation Bonds. Table 3 summarizes the outstanding debt.

Table 3
General Obligations
Outstanding Long-Term Obligations at Year End

	2009	2010
General Obligation Bonds	\$ 15,210,000	16,055,000
Capital leases	125,689	0
Accrued compensated absence	895,183	852,821
Workers compensation claims	676,909	834,928
Notes payable	43,843,868	47,545,368
 Total	 \$ 60,751,649	 65,288,117

All of the City's General Obligation Bonds are composed of bonds with maturities of ten years or less, although the city may legally issue debt with maturities as long as 25 years. All general obligation bonds must be approved by a vote of the qualified electors of the City. All of the other notes are Oklahoma Water Resources Board (OWRB) revenue notes for improvements to the City's water and sewer system, permanent notes used to replace the OWRB notes, or private placement notes used to purchase property from individual citizens. All of these notes carry favorable interest rates and/or administrative fees due to State subsidization (in the case of OWRB financing) or due to rates negotiated at or near inflation (in the case of the private placement note).

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(continued)

Current Related Financial Activities

The *City of Bartlesville* maintains a healthy financial condition by actively managing its expenditures. The City maintains a flexible management style by exercising constraint on filling vacancies in the workforce, continually stressing the performance of key revenue sources, enforcing budgetary control on departments, and encouraging the city council to address revenue shortfalls and adjust rates for services when justified. The City has a quality accounting and budgetary control program. We believe that we are well positioned to meet the challenges of the near future, and we feel that our oversight and attention to financial condition are of even more importance in the current economic climate. The employees and management of the *City of Bartlesville* are committed to providing excellent service to its citizens. The financial management team is further committed to providing full disclosure of the financial position of the City.

Contacting the *City of Bartlesville*'s Financial Management Team

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the tax and service revenues it receives. If you have questions about this report or need additional financial information, contact the current City Clerk/Treasurer and Finance Director, Mike Bailey at the City of Bartlesville, 401 S. Johnstone Ave, Bartlesville, OK 74003, by phone at (918) 338-4212 or by email at mlbailey@cityofbartlesville.org.

CITY OF BARTLESVILLE
Basic Financial Statements
For the Year Ended June 30, 2010

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board. The sets of statements include:

1. Government -wide financial statements
2. Fund financial statements
 - a) Governmental funds
 - b) Proprietary funds
 - c) Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF BARTLESVILLE
Statement of Net Assets – Government -wide
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total Component Units</u>
<u>ASSETS</u>				
Current assets:				
Cash and equivalents	\$ 71,056	-	71,056	1,332,280
Investments	2,627,317	3,900,705	6,528,022	-
Receivables, net of allowance	3,462,566	1,175,562	4,638,128	1,457,568
Internal balances	(63,830)	(1,119)	(64,949)	70,394
Due from other governmental agencies	47,243	-	47,243	-
Inventories	42,178	408,956	451,134	-
Total current assets	<u>6,186,530</u>	<u>5,484,104</u>	<u>11,670,634</u>	<u>2,860,242</u>
Noncurrent assets:				
Restricted cash and equivalents	98,367	987,512	1,085,879	1,582,465
Restricted investments	25,609,108	7,319,204	32,928,312	-
Other assets	80,013	2,031	82,044	1,254,385
Capital assets:				
Non-depreciable	14,180,789	7,746,321	21,927,110	762,736
Depreciable, net of depreciation	64,038,122	82,630,371	146,668,493	55,505,343
Total noncurrent assets	<u>104,006,399</u>	<u>98,685,439</u>	<u>202,691,838</u>	<u>59,104,929</u>
Total assets	<u>\$ 110,192,929</u>	<u>104,169,543</u>	<u>214,362,472</u>	<u>61,965,171</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,584,649	1,745,152	3,329,801	302,746
Meter deposit liability	-	873,307	873,307	-
Due to other governmental agencies	-	-	-	67,667
Cash fund overdraft	148,204	196,026	344,230	-
Deferred revenues	296,508	7,792	304,300	-
Long-term liabilities:				
Due within one year				
Bonds, capital leases and contracts	2,375,000	1,465,905	3,840,905	497,985
Compensated absences	679,379	173,442	852,821	-
Claims payable	577,669	257,259	834,928	-
Due in more than one year				
Bonds, capital leases and contracts	13,680,000	46,079,463	59,759,463	7,971,691
Total liabilities	<u>19,341,409</u>	<u>50,798,346</u>	<u>70,139,755</u>	<u>8,840,089</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	62,163,911	42,831,324	104,995,235	49,968,184
Restricted (Note 7):				
Enabling legislation	15,401,080	408,956	15,810,036	-
Statutory requirements	9,803,317	2,031	9,805,348	280,504
External contracts	345,298	8,306,716	8,652,014	1,301,961
Unrestricted	3,137,914	1,822,170	4,960,084	1,574,433
Total net assets	<u>\$ 90,851,520</u>	<u>53,371,197</u>	<u>144,222,717</u>	<u>53,125,082</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Activities – Government-wide
For the Fiscal Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>							
	<u>Expenses</u>	<u>Program Revenue</u>			<u>Primary Government</u>			<u>Total Component Units</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Primary government								
Governmental Activities								
General Government	\$ 5,826,355	382,109	66,606	3,354,378	(2,023,262)		(2,023,262)	
Public Safety	10,681,111	1,213,374	44,000	-	(9,423,737)		(9,423,737)	
Public Works	2,272,574	1,022,971	-	143,025	(1,106,578)		(1,106,578)	
Health, Welfare and Sanitation	764,824	55,400	-	-	(709,424)		(709,424)	
Culture and Recreation	4,029,390	595,029	205,162	32,908	(3,196,291)		(3,196,291)	
Payments to component units	1,114,977	-	-	-	(1,114,977)		(1,114,977)	
Interest on long-term debt	572,682	-	-	-	(572,682)		(572,682)	
Total governmental activities	<u>25,261,913</u>	<u>3,268,883</u>	<u>315,768</u>	<u>3,530,311</u>	<u>(18,146,951)</u>		<u>(18,146,951)</u>	
Business-type Activities								
Water System	7,484,997	7,950,890	40,729	-	-	506,622	506,622	
Wastewater System	4,331,123	3,365,225	-	-	-	(965,898)	(965,898)	
Solid Waste Disposal	3,056,109	3,843,426	-	-	-	787,317	787,317	
Other Business-type Activities	618,774	372,896	667	-	-	(245,211)	(245,211)	
Total business-type Activities	<u>15,491,003</u>	<u>15,532,437</u>	<u>41,396</u>	<u>-</u>	<u>-</u>	<u>82,830</u>	<u>82,830</u>	
Total Primary Government	<u>40,752,916</u>	<u>18,801,320</u>	<u>357,164</u>	<u>3,530,311</u>	<u>(18,146,951)</u>	<u>82,830</u>	<u>(18,064,121)</u>	
Component Units								
Total component units	\$ <u>3,857,019</u>	<u>1,823,936</u>	<u>-</u>	<u>-</u>			<u>(2,033,083)</u>	
General revenues:								
Taxes:								
Property taxes, levied for debt service				\$ 2,902,620	-	2,902,620	360,806	
Franchise taxes				2,487,292	-	2,487,292	-	
Sales and use taxes				14,853,558	-	14,853,558	-	
Unrestricted investment earnings				1,020,779	213,823	1,234,602	65,966	
Miscellaneous				188,570	130,319	318,889	115	
Pass through revenue				-	-	-	217,415	
Gain (loss) on sale of assets				10,889	5,950	16,839	-	
Transfers (Note 5.A.)				2,498,222	(2,280,009)	218,213	406,019	
Total general revenues, special items, and transfers				<u>23,961,930</u>	<u>(1,929,917)</u>	<u>22,032,013</u>	<u>1,050,321</u>	
Change in net assets				5,814,979	(1,847,087)	3,967,892	(982,762)	
Net assets - beginning, unadjusted				85,036,541	55,267,036	140,303,577	54,107,844	
Prior period adjustment (Note 8)				-	(48,752)	(48,752)	-	
Net assets - beginning, adjusted				<u>85,036,541</u>	<u>55,218,284</u>	<u>140,254,825</u>	<u>54,107,844</u>	
Net assets - ending				\$ <u>90,851,520</u>	<u>53,371,197</u>	<u>144,222,717</u>	<u>53,125,082</u>	

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
 Reconciliation of the Governmental Funds Balance Sheet
 to the Government -wide Statement of Net Assets
 For the Fiscal Year Ended June 30, 2010

Total fund balance, governmental funds \$ 29,161,008

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 78,218,911

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. 104,270

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, Claims Payable and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (16,632,669)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 90,851,520

CITY OF BARTLESVILLE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government -wide Statement of Activities For the Fiscal Year Ended June 30, 2010

Net change in fund balances - total governmental funds:	\$	30,629
<p>Amounts reported for Governmental Activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays \$10,480,757 exceeded depreciation \$3,602,285 in the current period.</p>		
		6,878,472
<p>Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments.</p>		
		(719,311)
<p>Governmental funds do not report capital assets and therefore do not record a transfer when these assets are transferred to another fund. In contrast, the Statement of Activities reports these as transfers.</p>		
		(173,435)
<p>Governmental funds do not report workers' compensation claims payable. This is the amount that the workers compensation claims payable increased.</p>		
		(235,311)
<p>Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		<u>33,935</u>
Change in net assets of governmental activities	\$	<u><u>5,814,979</u></u>

CITY OF BARTLESVILLE
 Balance Sheet – Governmental Funds
 June 30, 2010

	<u>General Fund</u>	<u>Bartlesville Community Center</u>	<u>Municipal Airport</u>	<u>Sales Tax Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 2,775	50,164	-	-	18,117	71,056
Investments	2,517,508	-	-	-	-	2,517,508
Taxes receivable	2,123,501	-	-	419,462	259,373	2,802,336
Due from other funds	-	42,541	-	-	-	42,541
Receivable from other governments	36,346	-	-	-	10,897	47,243
Other receivables, net of allowance	399,791	7,140	13,683	22,395	196,480	639,489
Inventories	42,178	-	-	-	-	42,178
Prepaid expenses	80,013	-	-	-	-	80,013
Cash - restricted	50,553	-	-	-	-	50,553
Investments - restricted	-	4,071,872	2,089,423	3,674,094	15,773,719	25,609,108
Total assets	<u>\$ 5,252,665</u>	<u>4,171,717</u>	<u>2,103,106</u>	<u>4,115,951</u>	<u>16,258,586</u>	<u>31,902,025</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 37,394	47,475	141,531	15,855	421,377	663,632
Due to other funds	37,096	-	-	70,394	-	107,490
Cash fund overdraft	-	-	-	-	112,701	112,701
Deferred revenue	269,047	-	-	-	27,461	296,508
Other accrued expenses	1,336,806	-	-	-	42,847	1,379,653
Other payables	58,327	-	15,726	31,561	75,419	181,033
Total liabilities	<u>1,738,670</u>	<u>47,475</u>	<u>157,257</u>	<u>117,810</u>	<u>679,805</u>	<u>2,741,017</u>
Fund balances:						
Reserved for:						
Prepaid expenses	80,013	-	-	-	-	80,013
Debt service	-	-	-	-	6,371,801	6,371,801
Other purposes	91,225	4,124,242	1,945,849	3,998,141	9,206,980	19,366,437
Unreserved	3,342,757	-	-	-	-	3,342,757
Total fund balances	<u>3,513,995</u>	<u>4,124,242</u>	<u>1,945,849</u>	<u>3,998,141</u>	<u>15,578,781</u>	<u>29,161,008</u>
Total liabilities and fund balances	<u>\$ 5,252,665</u>	<u>4,171,717</u>	<u>2,103,106</u>	<u>4,115,951</u>	<u>16,258,586</u>	<u>31,902,025</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Activities – Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>Bartlesville Community Center</u>	<u>Municipal Airport</u>	<u>Sales Tax Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:						
Property taxes	\$ -	-	-	-	2,902,621	2,902,621
Sales and miscellaneous taxes	12,691,260	-	-	2,475,594	1,840,724	17,007,578
Fees and fines	781,716	-	-	-	-	781,716
Licenses and permits	234,622	-	-	-	-	234,622
Intergovernmental	570,332	-	3,339,751	-	231,489	4,141,572
Charges for services	461,155	479,105	-	-	1,083,000	2,023,260
Investment earnings (losses)	(49,222)	385,224	44,139	73,915	564,236	1,018,292
Miscellaneous	155,158	2,068	641	8,116	18,609	184,592
Contributions and donations	7,001	104,889	-	6,852	148,322	267,064
Total revenues	<u>14,852,022</u>	<u>971,286</u>	<u>3,384,531</u>	<u>2,564,477</u>	<u>6,789,001</u>	<u>28,561,317</u>
EXPENDITURES:						
Current:						
General government	4,801,301	-	193,984	169,406	1,191,596	6,356,287
Public Safety	9,339,156	-	-	-	722,376	10,061,532
Public Works	1,070,878	-	-	28,942	317,148	1,416,968
Culture and recreation	2,053,050	1,087,774	-	46,566	368,874	3,556,264
Debt Service:						
Principal	125,689	-	-	-	2,155,000	2,280,689
Interest and other charges	5,379	-	-	-	567,303	572,682
Capital outlay	50,380	24,108	3,339,964	1,660,542	4,893,818	9,968,812
Total expenditures	<u>17,445,833</u>	<u>1,111,882</u>	<u>3,533,948</u>	<u>1,905,456</u>	<u>10,216,115</u>	<u>34,213,234</u>
Excess (deficiency) of revenues over expenditures	<u>(2,593,811)</u>	<u>(140,596)</u>	<u>(149,417)</u>	<u>659,021</u>	<u>(3,427,114)</u>	<u>(5,651,917)</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	2,374,290	208,957	-	201,200	535,011	3,319,458
Transfers out	(475,894)	-	-	-	(171,907)	(647,801)
Loan proceeds	-	-	-	-	3,000,000	3,000,000
Total other financing sources and uses	<u>1,898,396</u>	<u>208,957</u>	<u>-</u>	<u>201,200</u>	<u>3,363,104</u>	<u>5,671,657</u>
SPECIAL ITEM:						
Proceeds from sale of fixed assets	9,584	-	-	-	1,305	10,889
Net change in fund balances	<u>(685,831)</u>	<u>68,361</u>	<u>(149,417)</u>	<u>860,221</u>	<u>(62,705)</u>	<u>30,629</u>
Fund balances - beginning, unadjusted	4,199,826	4,055,881	2,095,266	3,123,646	15,655,759	29,130,378
Prior period adjustment (Note 8)	-	-	-	14,274	(14,273)	1
Fund balances - beginning, adjusted	4,199,826	4,055,881	2,095,266	3,137,920	15,641,486	29,130,379
Fund balances - ending	<u>\$ 3,513,995</u>	<u>4,124,242</u>	<u>1,945,849</u>	<u>3,998,141</u>	<u>15,578,781</u>	<u>29,161,008</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Component Units
June 30, 2010

	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority	Total
<u>ASSETS</u>				
Cash and equivalents	\$ 260,072	-	1,072,208	1,332,280
Receivables	1,255,468	-	2,100	1,257,568
Receivable - City of Bartlesville	-	-	70,394	70,394
Deferred developer fees	-	-	200,000	200,000
Restricted cash	1,234,294	67,667	280,504	1,582,465
Other assets	4,385	-	1,250,000	1,254,385
Capital assets:				
Non-depreciable	28,061	734,675	-	762,736
Depreciable, less depreciation	286,675	55,218,668	-	55,505,343
Total capital assets	314,736	55,953,343	-	56,268,079
Total assets	3,068,955	56,021,010	2,875,206	61,965,171
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	76,817	-	225,929	302,746
Due to other governmental agencies	67,667	-	-	67,667
Deferred revenues	-	-	-	-
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	8,832	489,153	-	497,985
Compensated absences	-	-	-	-
Claims payable	-	-	-	-
Due in more than one year				
Bonds, capital leases and contracts	25,685	5,496,006	2,450,000	7,971,691
Total liabilities	179,001	5,985,159	2,675,929	8,840,089
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	-	49,968,184	-	49,968,184
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	280,504	280,504
Other projects	1,234,294	67,667	-	1,301,961
Unrestricted	1,655,660	-	(81,227)	1,574,433
Total net assets	\$ 2,889,954	50,035,851	199,277	53,125,082

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Activities – Government-wide – Component Units For the Fiscal Year Ended June 30, 2010

<u>Functions/Programs</u>	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	Component Units			<u>Total</u>
					<u>Bartlesville Development Corporation</u>	<u>Bartlesville Development Authority</u>	<u>Bartlesville Redevelopment Trust Authority</u>	
Component Units								
Bartlesville Development Corporation	\$ 1,022,800	1,011,140	-	-	(11,660)	-	-	(11,660)
Bartlesville Development Authority	1,796,197	810,696	-	-	-	(985,501)	-	(985,501)
Bartlesville Redevelopment Trust Authority	1,038,022	2,100	-	-	-	-	(1,035,922)	(1,035,922)
Total component units	\$ 3,857,019	1,823,936	-	-	(11,660)	(985,501)	(1,035,922)	(2,033,083)
General revenues:								
Taxes:								
Property taxes, levied for debt service					\$ -	-	360,806	360,806
Franchise taxes					-	-	-	-
Public service taxes					-	-	-	-
Grants and contributions not restricted to specific programs					-	-	-	-
Unrestricted investment earnings					19,767	-	46,199	65,966
Miscellaneous					115	-	-	115
Pass through revenue					111,200	-	106,215	217,415
Transfers					(320,819)	-	726,838	406,019
Total general revenues, special items, and transfers					(189,737)	-	1,240,058	1,050,321
Change in net assets					(201,397)	(985,501)	204,136	(982,762)
Net assets - beginning					3,091,351	51,021,352	(4,859)	54,107,844
Net assets - ending					\$ 2,889,954	50,035,851	199,277	53,125,082

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Proprietary Funds
June 30, 2010

	Enterprise Funds						
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Adams Municipal Golf Course	Total	Internal Service Funds
ASSETS							
Current assets:							
Investments	\$ 311,503	328,975	1,652,918	1,489,393	117,916	3,900,705	109,809
Accounts receivable, net of allowance	-	-	258,784	772,405	3,323	1,034,512	-
Other receivables	1,878	2,365	9,330	126,730	747	141,050	20,741
Inventories	-	408,956	-	-	-	408,956	-
Prepaid expenses	-	-	-	-	2,031	2,031	-
Total current assets	<u>313,381</u>	<u>740,296</u>	<u>1,921,032</u>	<u>2,388,528</u>	<u>124,017</u>	<u>5,487,254</u>	<u>130,550</u>
Non-current assets:							
Restricted assets:							
Cash held by third party	-	-	-	987,512	-	987,512	47,814
Investments	-	-	-	7,319,204	-	7,319,204	-
Capital assets:							
Land and improvements	6,528	135,877	-	699,569	498,500	1,340,474	-
Utility System	35,312,961	22,006,152	-	5,095,529	-	62,414,642	-
Construction in progress	109,114	379,935	-	5,916,798	-	6,405,847	-
Buildings	14,138,362	5,761,355	134,434	45,890,585	394,541	66,319,277	-
Equipment and furniture	5,249,996	2,767,474	1,723,759	-	447,731	10,188,960	-
Infrastructure and other improvements	-	1,070,232	-	1,690,361	2,088,989	4,849,582	-
Less accumulated depreciation	(31,707,425)	(21,199,914)	(1,173,893)	(5,330,830)	(1,730,028)	(61,142,090)	-
Total non-current assets	<u>23,109,536</u>	<u>10,921,111</u>	<u>684,300</u>	<u>62,268,728</u>	<u>1,699,733</u>	<u>98,683,408</u>	<u>47,814</u>
Total assets	<u>23,422,917</u>	<u>11,661,407</u>	<u>2,605,332</u>	<u>64,657,256</u>	<u>1,823,750</u>	<u>104,170,662</u>	<u>178,364</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Proprietary Funds
June 30, 2010
(continued)

	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Bartlesville Municipal Authority</u>	<u>Adams Municipal Golf Course</u>	<u>Total</u>	<u>Internal Service Funds</u>
<u>LIABILITIES</u>							
Current liabilities:							
Accounts payable	\$ -	197,311	34,423	831,805	1,521	1,065,060	39,710
Accrued salaries payable	24,294	81,403	76,932	-	10,073	192,702	-
Accrued interest payable	-	-	-	487,390	-	487,390	-
Meter deposit liability	-	-	-	873,307	-	873,307	-
Cash fund overdraft	-	-	-	196,026	-	196,026	35,503
Deferred revenue	-	-	-	-	7,792	7,792	-
Compensated absences	19,310	64,129	82,246	-	7,757	173,442	-
Claims and judgments	1,000	53,851	183,086	-	19,322	257,259	-
Bonds, notes and loans payable	-	-	-	1,465,905	-	1,465,905	-
Total current liabilities	<u>44,604</u>	<u>396,694</u>	<u>376,687</u>	<u>3,854,433</u>	<u>46,465</u>	<u>4,718,883</u>	<u>75,213</u>
Non-current liabilities:							
Bonds, notes and loans payable	-	-	-	46,079,463	-	46,079,463	-
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,079,463</u>	<u>-</u>	<u>46,079,463</u>	<u>-</u>
Total liabilities	<u>44,604</u>	<u>396,694</u>	<u>376,687</u>	<u>49,933,896</u>	<u>46,465</u>	<u>50,798,346</u>	<u>75,213</u>
<u>NET ASSETS</u>							
Invested in capital assets, net of related debt	23,109,536	10,921,111	684,300	6,416,644	1,699,733	42,831,324	-
Restricted for debt service	-	-	-	8,306,716	-	8,306,716	-
Restricted for other purposes	-	408,956	-	-	2,031	410,987	47,814
Unrestricted	268,777	(65,354)	1,544,345	-	75,521	1,823,289	55,337
Total net assets	<u>\$ 23,378,313</u>	<u>11,264,713</u>	<u>2,228,645</u>	<u>14,723,360</u>	<u>1,777,285</u>	<u>53,372,316</u>	<u>103,151</u>

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business-type Activities of the Statement of Net Assets.

(1,119)

Total net assets per Government-wide financial statements \$ 53,371,197

CITY OF BARTLESVILLE

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds For the Fiscal Year Ended June 30, 2010

	Enterprise Funds					Total	Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Adams Municipal Golf Course		
REVENUES:							
Charges for services	\$ -	-	3,833,164	11,322,747	372,896	15,528,807	2,885,421
Total operating revenues	<u>-</u>	<u>-</u>	<u>3,833,164</u>	<u>11,322,747</u>	<u>372,896</u>	<u>15,528,807</u>	<u>2,885,421</u>
OPERATING EXPENSES:							
Personal services	576,369	1,974,768	1,530,972	-	292,220	4,374,329	2,620,299
Contractual services	2,063,873	126,301	1,016,775	155,250	97,977	3,460,176	238,774
Utilities	1,453	413,100	4,242	-	20,878	439,673	-
Repairs and maintenance	72,412	223,958	187,804	-	46,708	530,882	-
Other supplies and expenses	27,278	902,349	205,010	210,346	38,910	1,383,893	-
Depreciation	1,480,637	729,690	108,331	1,350,394	62,915	3,731,967	-
Total operating expenses	<u>4,222,022</u>	<u>4,370,166</u>	<u>3,053,134</u>	<u>1,715,990</u>	<u>559,608</u>	<u>13,920,920</u>	<u>2,859,073</u>
Operating income (loss)	<u>(4,222,022)</u>	<u>(4,370,166)</u>	<u>780,030</u>	<u>9,606,757</u>	<u>(186,712)</u>	<u>1,607,887</u>	<u>26,348</u>
NON-OPERATING REVENUES (EXPENSES):							
Interest and investment revenue	3,559	3,989	32,105	171,434	2,732	213,819	2,481
Miscellaneous revenue	82,825	39,236	10,264	42,398	-	174,723	3,988
Operating grants and contributions	-	-	-	-	667	667	-
Interest expense	-	-	-	(1,568,966)	-	(1,568,966)	-
Total non-operating revenue (expenses)	<u>86,384</u>	<u>43,225</u>	<u>42,369</u>	<u>(1,355,134)</u>	<u>3,399</u>	<u>(1,179,757)</u>	<u>6,469</u>
Income (loss) before contributions and transfers	<u>(4,135,638)</u>	<u>(4,326,941)</u>	<u>822,399</u>	<u>8,251,623</u>	<u>(183,313)</u>	<u>428,130</u>	<u>32,817</u>
Capital asset transfers	99,714	-	-	-	73,721	173,435	-
Transfers in	3,374,659	4,780,592	-	-	117,897	8,273,148	-
Transfers out	(711,042)	(948,056)	(711,042)	(8,356,451)	-	(10,726,591)	-
Special item - gain (loss) on sale of capital assets	874	3,986	-	-	1,050	5,910	-
Change in net assets	<u>(1,371,433)</u>	<u>(490,419)</u>	<u>111,357</u>	<u>(104,828)</u>	<u>9,355</u>	<u>(1,845,968)</u>	<u>32,817</u>
Total net assets - beginning, unadjusted	24,749,746	11,803,884	2,117,288	14,828,188	1,767,930	55,267,036	70,334
Prior period adjustment (Note 8)	-	(48,752)	-	-	-	(48,752)	-
Total net assets - beginning, adjusted	<u>24,749,746</u>	<u>11,755,132</u>	<u>2,117,288</u>	<u>14,828,188</u>	<u>1,767,930</u>	<u>55,218,284</u>	<u>70,334</u>
Total net assets - ending	<u>\$ 23,378,313</u>	<u>11,264,713</u>	<u>2,228,645</u>	<u>14,723,360</u>	<u>1,777,285</u>	<u>53,372,316</u>	<u>103,151</u>
Change in net assets, per above						(1,845,968)	
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of						(1,119)	
Change in Business-type Activities in Net Assets per Government-wide Financial Statements						<u>\$ (1,847,087)</u>	

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Enterprise Funds					Total	Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Adams Municipal Golf Course		
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ (1,454)	(2,365)	3,853,506	11,361,465	371,814	15,582,966	2,871,142
Payments to suppliers	(2,167,703)	(1,665,759)	(1,431,344)	726,628	(185,371)	(4,723,549)	(2,855,614)
Payments to employees	(572,753)	(1,980,959)	(1,524,937)	-	(295,636)	(4,374,285)	-
Net cash provided (used) by operating activities	<u>(2,741,910)</u>	<u>(3,649,083)</u>	<u>897,225</u>	<u>12,088,093</u>	<u>(109,193)</u>	<u>6,485,132</u>	<u>15,528</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Other income	82,825	39,236	10,264	-	-	132,325	3,988
Intergovernmental income	-	-	-	-	667	667	-
Interfund transfers in (out)	2,663,617	3,832,536	(711,042)	(8,356,451)	117,897	(2,453,443)	-
Net cash provided (used) by noncapital financing activities	<u>2,746,442</u>	<u>3,871,772</u>	<u>(700,778)</u>	<u>(8,356,451)</u>	<u>118,564</u>	<u>(2,320,451)</u>	<u>3,988</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	874	3,986	-	-	1,050	5,910	-
Purchases of capital assets	(9,252)	(230,329)	-	(5,364,144)	-	(5,603,725)	-
Proceeds from issuance of long-term debt	-	-	-	5,182,845	-	5,182,845	-
Cash held by third party	-	-	-	(449,980)	-	(449,980)	2,186
Principal paid on capital debt	-	-	-	(1,481,345)	-	(1,481,345)	-
Interest paid on capital debt	-	-	-	(1,563,606)	-	(1,563,606)	-
Net cash (used) by capital and related financing activities	<u>(8,378)</u>	<u>(226,343)</u>	<u>-</u>	<u>(3,676,230)</u>	<u>1,050</u>	<u>(3,909,901)</u>	<u>2,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	3,559	3,989	32,105	171,434	2,732	213,819	2,481
Purchase of investments	(311,503)	(328,975)	(1,652,918)	(251,770)	(117,916)	(2,663,082)	(64,037)
Sale of investments	311,790	328,639	1,424,365	-	104,762	2,169,556	4,350
Net cash provided (used) by investing activities	<u>3,846</u>	<u>3,653</u>	<u>(196,448)</u>	<u>(80,336)</u>	<u>(10,422)</u>	<u>(279,707)</u>	<u>(57,206)</u>
Net (decrease) in cash and cash equivalents	-	(1)	(1)	(24,924)	(1)	(24,927)	(35,504)
Cash and cash equivalents, beginning of year	-	1	1	24,924	1	24,927	1
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,503)</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(continued)

	<u>Enterprise Funds</u>					<u>Total</u>	<u>Internal Service Funds</u>
	<u>Wastewater</u>	<u>Water</u>	<u>Solid Waste</u>	<u>Bartlesville Municipal Authority</u>	<u>Adams Municipal Golf Course</u>		
OPERATING ACTIVITIES							
Operating income (loss)	\$ (4,222,022)	(4,370,166)	780,030	9,606,757	(186,712)	1,607,887	26,348
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation expense	1,480,637	729,690	108,331	1,350,394	62,915	3,731,967	-
(Increase) decrease in accounts receivable	(1,454)	(2,365)	20,342	38,718	1,837	57,078	(14,279)
(Increase) decrease in inventories	-	(110,943)	-	-	-	(110,943)	-
(Increase) decrease in prepaid items	-	-	-	-	(364)	(364)	-
Increase (decrease) in accounts payable	(2,687)	110,892	(17,513)	1,092,224	19,466	1,202,382	3,459
Increase (decrease) in deferred revenue	-	-	-	-	(2,919)	(2,919)	-
Increase (decrease) in payroll liabilities	3,616	(6,191)	6,035	-	(3,416)	44	-
Total adjustments	<u>1,480,112</u>	<u>721,083</u>	<u>117,195</u>	<u>2,481,336</u>	<u>77,519</u>	<u>4,877,245</u>	<u>(10,820)</u>
Net cash provided (used) by operating activities	\$ <u>(2,741,910)</u>	<u>(3,649,083)</u>	<u>897,225</u>	<u>12,088,093</u>	<u>(109,193)</u>	<u>6,485,132</u>	<u>15,528</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Fiduciary Funds
June 30, 2010

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,423	19,455
Investments	14,927	-
Due from other funds	-	3,150
Interest receivable	71	4,790
Total assets	\$ 16,421	27,395
<u>LIABILITIES</u>		
Due to other funds	\$ -	-
Current portion notes payable	-	-
Cash fund overdraft	3,265	-
Refunds payable and other liabilities	-	5,765
Total liabilities	3,265	5,765
<u>NET ASSETS</u>		
Held in trust for benefits and other purposes	13,156	21,630
Total net assets	\$ 13,156	21,630

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>
ADDITIONS:		
Property taxes for specific purposes	\$ -	212,325
General sales tax	-	4,634
Interest	381	-
Total additions	<u>381</u>	<u>216,959</u>
DEDUCTIONS:		
General government	1,250	19,181
Interest expense	-	242,704
Transfers out	-	696,838
Total deductions	<u>1,250</u>	<u>958,723</u>
Change in net assets	(869)	(741,764)
Net assets - beginning	<u>14,025</u>	<u>763,394</u>
Net assets - ending	<u>\$ 13,156</u>	<u>21,630</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Notes to Basic Financial Statements – Index June 30, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Introduction
- B. Financial Reporting Entity
- C. Basis of Presentation
- D. Measurement Focus and Basis of Accounting
- E. Assets, Liabilities, and Equity
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CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The financial statements of the *City of Bartlesville, Oklahoma* (the City) are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds and similar component units apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following represent the more significant accounting and reporting policies and practices of the City.

1.B. FINANCIAL REPORTING ENTITY

City of Bartlesville, Oklahoma is a charter city in which citizens elect five council members by ward. The council members elect one of these members as mayor. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

The component units of the City, Bartlesville Development Corporation, Bartlesville Development Authority, Bartlesville Community Center Trust Authority and Bartlesville Redevelopment Trust Authority issue separately audited financial statements. Copies of component unit reports may be obtained from the City's Finance Department.

Due to restrictions of the State Constitution relating to the issuance of municipal debt, the City created public trusts to finance City services with revenue bonds or other non-general obligation financing, and provide for multi-year contracting. Financing services by these public trusts are solely for the benefit of the City. Public trusts created to provide financing services are blended into the City's primary government although retaining separate legal identity. Component units that do not meet the criteria for blending are reported discretely.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. FINANCIAL REPORTING ENTITY (continued)

Component units are reported in the City’s basic financial statements as shown in the following table:

Blended Component Units Reported with the Primary Government	Brief Description of Activities Relationship to City	Reporting Funds
Bartlesville Municipal Authority	Finance projects and development for the City’s water and wastewater utilities. The City Council is the governing body. Assets financed by the Trust are managed by City employees who provide services to citizens.	Enterprise Fund
Bartlesville Community Center Trust Authority	Develop, finance and operate the community center for cultural and recreational activities for the citizens of Bartlesville. Their Board consists of eight members appointed by the City Council and one Council member.	Special Revenue Fund
Bartlesville Library Trust Authority	Encourage, finance and promote the public library. The City Council appoints members of the Trust Authority Board. City employees manage trust assets and provide services to citizens.	Special Revenue Fund
Bartlesville History Museum Trust Authority	Establish, improve, maintain, administer and operate facilities for use as a history museum. Their board consists of nine members, one of whom must be a member of the City Council. Members are appointed by the Mayor with the approval of City Council.	Special Revenue Fund
Adult Center Trust Authority	Encourage, finance and promote cultural and recreational activities for the older citizens of Bartlesville. Their Board consists of six members appointed by the City Council.	Special Revenue Fund

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. FINANCIAL REPORTING ENTITY (continued)

<u>Discreetly Presented Component Unit</u>	<u>Brief Description of Activities Relationship to City</u>	<u>Reporting Funds</u>
Bartlesville Development Corporation	Develop, finance and promote economic development activities. The City Council appoints three members of the Board and the Bartlesville Area Chamber of Commerce appoints three members. These six members then appoint the other three members. The City Council reviews the BDC budget, as well as approves any incentive awards. The City funds this program with ¼ cent sales tax.	Discreetly Presented
Bartlesville Development Authority	Finances certain facilities for the purpose of promoting economic development in the <i>City of Bartlesville, Oklahoma</i> and surrounding areas.	Discreetly Presented
Bartlesville Redevelopment Trust Authority	Develop, redevelop, restore and beautify that portion of central Bartlesville, Oklahoma jurisdictional boundaries.	Discreetly Presented

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION

GOVERNMENT -WIDE FINANCIAL STATEMENTS :

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS :

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures / expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures / expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures / expenses of the individual governmental fund or enterprise fund are at least five percent (5%) of the corresponding total for all governmental and enterprise funds combined.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

The funds of the *City of Bartlesville, Oklahoma* are described below:

GOVERNMENTAL FUND TYPES:

General Fund – The General Fund is the primary fund of the City, which accounts for all financial transactions not accounted for in other funds and certain Public Trust activities that require separate accountability for services rendered.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally or administratively restricted to expenditures for specified purposes.

Debt Service Fund – As prescribed by State law, the Debt Service Fund receives all ad valorem taxes paid to the City for the retirement of general obligation bonded debt. Such revenues are used for the payment of principal and interest on the City's general obligation bonds.

Capital Projects Funds – The Capital Projects Funds account for major capital improvements which are financed from the City's general obligation bond issues, certain federal grants and other specific receipts.

PROPRIETARY FUND TYPES:

Enterprise Funds – The City's Enterprise Funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

PROPRIETARY FUND TYPES: (continued)

Internal Service Funds – (Included in governmental activities in government-wide statements.) The City's Internal Service Funds are used to account for the financing of services provided by one department to other departments of the City.

<u>Fund</u>	<u>Brief Description</u>
Worker's Compensation	Accounts for the revenues and expenditures of the City's worker's compensation plan.
Health Insurance	Accounts for the revenues and expenditures of the City's health insurance plan.

FIDUCIARY FUND TYPES:

Trust Funds – (Not included in government-wide statements.) Trust Funds are used to account for assets held by the City in a trustee capacity. Expendable Trust Funds are accounted for in essentially the same manner as proprietary funds. No non-expendable trust funds or pension funds are used and/or maintained.

<u>Fund</u>	<u>Brief Description</u>
Mausoleum Endowment Fund	Accounts for the revenue and expenditures of the mausoleum. Comprised initially of monies on deposit for the mausoleum's care when the City accepted the mausoleum.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

FIDUCIARY FUND TYPES: (continued)

Agency Funds – (Not included in government-wide statements.) Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

<u>Fund</u>	<u>Brief Description</u>
TIF Districts Fund	Accounts for ad valorem and general sales taxes that are to be used to fund infrastructure improvements to the designated TIF areas.

MAJOR AND NON-MAJOR FUNDS

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General	See above for description.
Special Revenue Fund: Bartlesville Community Center Trust Authority	See above for description.
Special Revenue Fund: Bartlesville Municipal Airport	See above for description.
Sales Tax Capital Improve- ment Fund	Accounts for revenues and expenditures related to a sales tax issue restricted for capital improvements.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

MAJOR AND NON-MAJOR FUNDS (continued)

<u>Fund</u>	<u>Brief Description</u>
Major: (continued)	
Enterprise Funds:	
Wastewater Fund	Accounts for activities of the public trust in providing wastewater services to the public.
Water Fund	Accounts for activities of the public trust in providing water services to the public.
Solid Waste Fund	Accounts for activities of the public trust in providing solid waste services to the public.
Bartlesville Municipal Authority	See above for description.
Non-Major:	
Special Revenue Funds:	
Bartlesville History Museum Trust Authority	See above for description.
E-911 Fund	Accounts for revenues and expenditures of the E-911 service that is legally restricted for public safety use.
Special Library Fund	Accounts for State Library Assistance and library donations which are provided to the library for operations
Special Museum Fund	Accounts for museum grants and donations that are provided primarily by the BHMTA.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

Non-Major: (continued)

Economic Development Fund	Accounts for revenues and expenditures of promoting economic diversification.
Bartlesville Library Trust Authority	See blended component units above for description.
Restricted Donations Fund	Accounts for receipts and expenditures of donations that are restricted for specific purposes
Golf Course Memorial Fund	Accounts for donations and proceeds of an annual memorial golf tournament.
Justice Assistance Grant (JAG)	Accounts for revenues and expenditures related to the Justice Assistance Grant
Neighborhood Park Fund	Accounts for the receipt and expenditures of development fees that are reserved for use in the various parks of the City
Cemetery Perpetual Care Fund	Accounts for revenues and expenditures of the cemetery's upkeep in accordance with State law.
Memorial Stadium Operating Fund	Accounts for receipt of stadium fees and transfers from the City for capital improvements.
Bartlesville Adult Center Trust Authority	See blended component unit above for description.
Debt Service Fund	See description above.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

Non-Major: (continued)

Capital Project Funds:

Capital Improvement - Wastewater Fund	Accounts for the revenues and expenditures associated with improving the wastewater system.
Capital Improvement – Wastewater Regulatory Fund	Accounts for revenues and expenditures associated with the wastewater capital investment fees, which are assessed as \$1.00/1,000 gallons of billable wastewater.
Capital Improvement - Park and Recreation Fund	Accounts for revenues and expenditures associated with improving the parks and recreation facilities.
Capital Improvement - Storm Sewer Fund	Accounts for revenues and expenditures associated with improving the storm sewer system.
Community Development Block Grant Fund	Accounts for revenues and expenditures related to the Community Development Block Grant.
2005 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets, water system, buildings and water system.
2007 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets.
2008A G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets and drainage.
2008B G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with park improvements.
2009 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with street improvements.

Proprietary Funds:

Adams Municipal Golf Course	Accounts for revenues and expenditures of the municipal golf course.
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CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

Measurement focus is a term used to describe “which” 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

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus 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 funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. The trust fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Trust fund equity is classified as net assets.
- d. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING: (continued)

BASIS OF ACCOUNTING

In the government -wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds and trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

For the purposes of these financial statements, “cash and cash equivalents” includes all demands and savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less.

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities or business type activities are eliminated in the statement of Net Assets. See Note 5 for details of interfund transactions, including receivables and payable at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY (continued)

days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Deposit with Third-Party Administrator

The City provides life and health insurance benefits to its employees as a participant in the Municipal Assurance Group, a public entity risk pool. The City was classified as a Class I municipality in this plan. Class I municipalities fund the costs of coverage based upon an anticipated contribution and claim cost. To the extent the funded contributions are in excess of benefits paid, amounts are refundable to the City or can be used to reduce future contributions or any future claims. This plan has been discontinued but some funds remain on deposit with the third party administrator to pay claim run out on claims incurred prior to June 30, 2002. The City has notes payable to Oklahoma Water Resource Board payable in semi-annual installments. The semi-annual payments are made by the Bank of Oklahoma from accounts prefunded in monthly installments by the City.

Inventory

Inventories for the Enterprise Funds are capitalized at cost and charged to expense on the first-in, first-out and average cost basis, respectively. Inventories for all other funds are insignificant and purchases of such items are expensed.

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY (continued)

Fixed Assets (continued)

Government -Wide Statements

In the government -wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. Since that time, all governmental infrastructure assets have been recorded as acquired. The governmental infrastructure assets for the proceeding 20 years were recorded at their actual historical cost, or estimated historical cost if actual was unavailable, as of July 1, 2006.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	15-50 years
Other Improvement s	5-100 years
Machinery and Equipment	10-40 years
Office Machinery and Equipment	2-15 years
Vehicles	5-15 years
Infrastructure	25-50 years

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY (continued)

Fixed Assets (continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. The primary restricted assets are related to promissory note trustee accounts.

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, general obligation bonds, accrued compensated absences, and workman's compensation claims payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY (continued)

Compensated Absences

Full-time permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the City. Sick leave accrues to full-time permanent employees to specified maximums. Generally, after meeting certain minimum accruals and service requirements, employees are entitled up to ten percent of their sick leave balance and all accrued vacation leave and compensatory time balances upon retirement.

The estimated current portion of the liability for vested vacation and compensatory time attributable to the City's governmental funds is recorded as an expenditure and liability in the respective funds. The amounts attributable to proprietary funds and similar component units are charged to expense and a corresponding liability in the applicable fund or component unit. The estimated liabilities include required salary-related payments.

Equity Classifications

Government -Wide Statements

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, (2) law through constitutional provisions or enabling legislation, or (3) external contracts.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY (continued)

Equity Classifications (continued)

- c. Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government -wide statements.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

The City presently levies a three-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The Sales Tax is allocated among three funds: The General Fund, the Economic Development Fund, and the Sales Tax Capital Improvement Fund. Seventy-five percent (75%) of the tax collected is deposited in the General Fund, eight and one-third percent (8 1/3%) is deposited in the Economic Development Fund, and sixteen and two-thirds percent (16 2/3%) is deposited in the Sales Tax Capital Improvement Fund. Sales taxes collected by the state in June and July (which represent sales for May and June) and received by the City in July and August have been accrued and are included under the caption “Due from other governments”.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.F. REVENUES, EXPENDITURES AND EXPENSES (continued)

Property Tax

Under State law, municipalities are limited in their ability to levy a property tax. Such tax may only be levied to repay principal and interest on general obligation bonded debt approved by voters and any court-assessed judgments. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied annually on November 1 and are due one-half by December 31 and one-half by March 31. The Treasurer of Washington County bills and collects the property taxes and remits to the City its portion. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Cigarette, Tobacco and Tobacco Products Tax

Beginning in January 2005, the City receives tax levied on wholesalers for cigarettes, tobacco and tobacco products. The tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the tax approximately one month after accumulation by wholesalers. The cigarette, tobacco and tobacco products tax are allocated among three funds: The General Fund, the Economic Development Fund, and the Sales Tax Capital Improvement Fund. Seventy-five percent (75%) of the tax collected is deposited in the General Fund, eight and a third percent (8 1/3%) is deposited in the Economic Development Fund, and sixteen and two-thirds (16 2/3%) is deposited in the Sales Tax Capital Improvement Fund. Cigarette, tobacco and tobacco products tax collected by the state in June and July (which represents collections for May and June) and received by the City in July and August have been accrued and are included under the caption "Due from other governments".

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.F. REVENUES, EXPENDITURES AND EXPENSES (continued)

Expenditures and Expenses

In the government -wide financial statements, expenses are classified by function for both governmental and business -type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - by character: Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Fund - by Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 2 – DEPOSITS, INVESTMENTS AND COLLATERAL

The following is a table of deposits and investments for the City at June 30, 2010 by type.

	Credit Rating	Carrying Value	On Demand	Maturities in Years	
				Less Than One	1-5
Type Deposits:					
Petty Cash	N/A	\$ 2,775	2,775		
Demand Deposits	N/A	3,320,267	3,320,267		
Time Deposits	N/A	15,371,474		8,562,004	6,809,470
Total Deposits		<u>18,694,516</u>			
Investments:					
Corporate Stocks and Bonds					
Community Center	N/A	4,071,872			
Library Trust Authority	AAAAA	6,136			
Agencies of the U.S. Govt.					
GNMA/FHLB/FNMA/FFCR	AAA/AAA	17,478,658			
Mutual Funds					
Library Trust Authority	AAA/AAAAA	928,486			
Total Investments:		<u>22,485,152</u>			
Note Payments held in trust and cash with fiscal agent					
Total:		\$ <u>41,296,065</u>			
Reconciliation to Statement of Net Assets:					
Cash and Cash Equivalents:					
Government-wide		\$ 71,056			
BRTA		953,860			
Investments:					
Government-wide		6,528,022			
Mausoleum		14,927			
BRTA		58,239			
Restricted Cash and Cash Equivalents:					
Government-wide		1,085,879			
Restricted Investments:					
Government-wide		32,928,312			
Cash fund overdraft:					
Government-wide		(344,230)			
Total:		\$ <u>41,296,065</u>			

Custodial Credit Risk – All of the City’s deposits at financial institutions were either covered by FDIC insurance or collateralized with securities held by the pledging financial institution.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy limits the City’s investment portfolio to maturities of not more than two years.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 3 – PROPERTY AND EQUIPMENT

3.A. CAPITAL ASSET ACTIVITY – GOVERNMENTAL ACTIVITIES

Capital asset activity for governmental activities for the year ended June 30, 2010 was as follows:

Class	Governmental Activities				
	Ending Balance				Ending Balance
	July 1, 2009	Additions	Deletions	Transfers	June 30, 2010
Non-depreciable:					
Land	\$ 5,022,533	280,013	-	-	5,302,546
Construction in progress	3,919,615	9,855,054	-	(4,896,426)	8,878,243
Total non-depreciable assets at historical cost	8,942,148	10,135,067	-	(4,896,426)	14,180,789
Depreciable:					
Infrastructure and improvements	64,124,415	6,353	-	4,896,426	69,027,194
Buildings	26,236,145	69,979	-	-	26,306,124
Equipment and furniture	11,998,672	269,353	-	(173,435)	12,094,590
Less accumulated depreciation	(39,787,501)	(3,602,285)	-	-	(43,389,786)
Net depreciable assets	62,571,731	(3,256,600)	-	4,722,991	64,038,122
Governmental activities capital assets	\$ 71,513,879	6,878,467	-	(173,435)	78,218,911

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 3 – PROPERTY AND EQUIPMENT (continued)

3.B. CAPITAL ASSET ACTIVITY – BUSINESS-TYPE ACTIVITIES

Capital asset activity for business-type activities for the year ended June 30, 2010, was as follows:

Class	Business-type Activities					Ending Balance June 30, 2010
	Previously Reported Ending Balance July 1, 2009	Adjustments to Previously Reported Balances (Note 8)	Additions	Deletions	Transfers	
Non-depreciable:						
Land	\$ 1,340,474	-	-	-	-	1,340,474
Construction in progress	1,917,990	(48,752)	5,606,841	-	(1,070,232)	6,405,847
Total non-depreciable assets	3,258,464	(48,752)	5,606,841	-	(1,070,232)	7,746,321
Depreciable:						
Infrastructure and improvements	66,193,992	-	-	-	1,070,232	67,264,224
Buildings	66,310,477	-	-	-	8,800	66,319,277
Equipment and furniture	10,023,732	-	17,345	(16,752)	164,635	10,188,960
Less accumulated depreciation	(57,426,509)	-	(3,732,333)	16,752	-	(61,142,090)
Net depreciable assets	85,101,692	-	(3,714,988)	-	1,243,667	82,630,371
Business-type capital assets	\$ 88,360,156	(48,752)	1,891,853	-	173,435	90,376,692

3.C. DEPRECIATION CHARGES

Depreciation expense by functional category for the governmental type funds was as follows:

Functional Category	Amount
General Government	\$ 588,031
Public Safety	446,325
Public Works	1,810,222
Culture and Recreation	757,707
Total depreciation	\$ 3,602,285

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 3 – PROPERTY AND EQUIPMENT (continued)

3.D. CAPITAL ASSET ACTIVITY – COMPONENT UNITS

Capital asset activity for component units for the year ended June 30, 2010 was as follows:

Bartlesville Development Corporation	Ending Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Non-depreciable:				
Land	\$ 28,061	-	-	28,061
Depreciable:				
Building	252,549	-	-	252,549
Office Furniture and fixtures	54,046	393	-	54,439
Automobile	-	37,366	-	37,366
Less accumulated depreciation	(40,139)	(17,540)	-	(57,679)
Net depreciable assets	266,456	20,219	-	286,675
BDC capital assets, net	\$ 294,517	20,219	-	314,736
Bartlesville Development Authority	Ending Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Non-depreciable:				
Land	\$ 734,675	-	-	734,675
Depreciable:				
Building	62,860,158	-	-	62,860,158
Less accumulated depreciation	(6,255,849)	(1,385,641)	-	(7,641,490)
Net depreciable assets	56,604,309	(1,385,641)	-	55,218,668
BDA capital assets, net	\$ 57,338,984	(1,385,641)	-	55,953,343

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 4 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2010:

	General Obligation Bonds Payable	Capital Lease Payable	Notes Payable	Workers' Comp Claims Liability	Accrued Compensated Absences	Total
Long-term debt, July 1, 2009	\$ 15,210,000	125,689	43,843,868	676,909	895,183	60,751,649
Debt issued	3,000,000	-	5,182,845	245,699	-	8,428,544
Debt retired	(2,155,000)	(125,689)	(1,481,345)	(87,680)	(42,362)	(3,892,076)
Long-term debt, June 30, 2010	<u>\$ 16,055,000</u>	<u>-</u>	<u>47,545,368</u>	<u>834,928</u>	<u>852,821</u>	<u>65,288,117</u>
Amount due in one year	<u>\$ 2,375,000</u>	<u>-</u>	<u>1,465,905</u>	<u>834,928</u>	<u>852,821</u>	<u>5,528,654</u>

**4.A. GENERAL OBLIGATION BONDS TO BE REPAYED THROUGH
GOVERNMENTAL TYPE ACTIVITY**

Under state law, the City annually levies taxes for the retirement of general obligation bonds computed by dividing the original principal amount of bonds by the number of tax years the bonds will be outstanding. State law also requires that a specific fund be established for the retirement of the general obligation bonds. The fund established is the City's Debt Service Fund.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 4 – LONG-TERM DEBT (continued)

4.A. GENERAL OBLIGATION BONDS TO BE REPAYED THROUGH GOVERNMENTAL TYPE ACTIVITY (continued)

General obligation bonds payable at June 30, 2010, are comprised of the following issues:

On June 1, 2008, \$4,000,000 General Obligation Bonds, Series 2008A, serial bonds due in annual installments of \$440,000, except for a final installment of \$480,000 through June 1, 2018; semi-annual interest at rates varying from 2.7% to 4.75% for street and drainage improvements.	Current Long-term Total	\$ 440,000 3,120,000 <u>3,560,000</u>
On April 1, 2007, \$4,500,000 General Obligation Bonds, Series 2007, serial bonds due in annual installments of \$500,000 from April 1, 2009 through April 1, 2017; semi-annual interest at rates varying from 3.40% to 4.75% commencing April 1, 2008 for street improvements.	Current Long-term Total	500,000 3,000,000 <u>3,500,000</u>
\$3,000,000 Combined Bonds of 2001, serial bonds due in annual installments of \$330,000, except for a final installment of \$360,000 through November 1, 2011; semi-annual interest at rates varying from 3.10% through 4.95%.	Current Long-term Total	330,000 360,000 <u>690,000</u>
\$3,500,000 Sanitary Sewer System Improvement Bonds of 2002, serial bonds due in annual installments of \$385,000, except for a final installment of \$420,000, through February 1, 2012; semi-annual interest at rates varying from 3.25% through 4.30%.	Current Long-term Total	385,000 420,000 <u>805,000</u>
On September 1, 2008, \$2,000,000 General Obligation Bonds Series 2008B, due in annual installments of \$220,000 through September 1, 2018; semi-annual interest at rates varying from 3.32% through 3.75%.	Current Long-term Total	220,000 1,780,000 <u>2,000,000</u>
On May 1, 2005, \$4,500,000 General Obligation Bonds, Series 2005, serial bonds due in annual installments of \$500,000 from May 1, 2007 through May 1, 2015; semi-annual interest at rates varying from 3.05% to 3.9% commencing May 1, 2006.	Current Long-term Total	500,000 2,000,000 <u>2,500,000</u>
On September 1, 2009, \$3,000,000 General Obligation Bonds Series 2009, due in annual installments of \$330,000 through September 1, 2020; semi-annual interest at variable rates starting at 4.9%	Current Long-term Total	- 3,000,000 <u>3,000,000</u>
Total current portion		2,375,000
Total long-term portion		<u>13,680,000</u>
Total general obligation bonds		<u>\$ 16,055,000</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 4 – LONG-TERM DEBT (continued)

4.B NOTES PAYABLE TO BE REPAID BY BUSINESS TYPE ACTIVITY

Notes payable at June 30, 2010 are comprised of the following obligations:

<p>Note payable to the Oklahoma Water Resources Board, proceeds of \$743,591 were used to refinance an interim construction loan on November 19, 2002, principle payments of \$19,066 are due semi-annually starting March 15, 2003. This note is interest free, but is subject to a 0.5% administrative fee. The note will mature 2022.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">\$ 38,133</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>419,462</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>457,595</u></td> </tr> </table>	Current	\$ 38,133	Long-term	<u>419,462</u>	Total	<u>457,595</u>
Current	\$ 38,133						
Long-term	<u>419,462</u>						
Total	<u>457,595</u>						
<p>Note payable to the Oklahoma Water Resources Board, proceeds of \$726,006 were used to refinance an interim construction loan on March 31, 2004, principle payments of \$18,150 are due semi-annually starting September 15, 2004. This note bears no interest but is subject to a 1/2% administrative fee. The note will mature 2024.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">36,300</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>471,905</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>508,205</u></td> </tr> </table>	Current	36,300	Long-term	<u>471,905</u>	Total	<u>508,205</u>
Current	36,300						
Long-term	<u>471,905</u>						
Total	<u>508,205</u>						
<p>Note payable to JP Morgan Chase Bank, N.A. proceeds of \$2,000,000 were used to finance construction and extension of Silver Lake Road on November 19, 2004, principal payments of \$13,812 are due semi-annually starting September 15, 2004. This note bears no interest but is subject to a 1/2% administrative fee. The note will mature 2024.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">27,625</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>359,123</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>386,748</u></td> </tr> </table>	Current	27,625	Long-term	<u>359,123</u>	Total	<u>386,748</u>
Current	27,625						
Long-term	<u>359,123</u>						
Total	<u>386,748</u>						
<p>Note payable to Oklahoma Water Resources Board. proceeds of \$7,620,000 were used to finance construction improvements to the drinking water system on September 1, 2009, draws as of June 30, 2010 were \$5,182,845. This note bears interest at a rate of 2.77% per annum. Principal and interest are due semiannually starting March 15, 2011. The note will mature on September 15, 2030.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">152,400</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>5,030,445</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>5,182,845</u></td> </tr> </table>	Current	152,400	Long-term	<u>5,030,445</u>	Total	<u>5,182,845</u>
Current	152,400						
Long-term	<u>5,030,445</u>						
Total	<u>5,182,845</u>						
<p>Note payable to Bank of America proceeds of \$3,030,000 were used to refinance three variable interest rate loans with Oklahoma Water Resources Board to a fixed interest rate of 3.8% per annum on March 1, 2005. Principal and interest are due semiannually starting on October 1, 2005. Principal payments range from \$130,000 to \$175,000. This note matures March 1, 2015.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">305,000</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>1,335,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>1,640,000</u></td> </tr> </table>	Current	305,000	Long-term	<u>1,335,000</u>	Total	<u>1,640,000</u>
Current	305,000						
Long-term	<u>1,335,000</u>						
Total	<u>1,640,000</u>						

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 4 – LONG-TERM DEBT (continued)

4.C NOTES PAYABLE TO BE REPAID BY BUSINESS TYPE ACTIVITY
(continued)

Notes payable at June 30, 2010 are comprised of the following obligations:
(continued)

<p>Note payable to the Oklahoma Water Resources Board, proceeds of \$40,445,000 were used to refinance indebtedness incurred for construction water system. Principle and interest payments of \$2,387,700 will be due in two semi-annual installments commencing on March 15, 2009. This note bears interest at a rate of 3.91% per annum. The note will mature on March 15, 2036.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">\$ 865,000</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>38,325,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>39,190,000</u></td> </tr> </table>	Current	\$ 865,000	Long-term	<u>38,325,000</u>	Total	<u>39,190,000</u>
Current	\$ 865,000						
Long-term	<u>38,325,000</u>						
Total	<u>39,190,000</u>						
<p>Note payable to Marjorie E. Pitzer, proceeds of \$256,000 were used to purchase real property. Principle and interest payments of \$51,346 will be due in annual installments commencing on April 1, 2009. This note bears interest at a rate of 5.5% per annum. The note will mature on April 1, 2014.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">41,447</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>138,528</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>179,975</u></td> </tr> </table>	Current	41,447	Long-term	<u>138,528</u>	Total	<u>179,975</u>
Current	41,447						
Long-term	<u>138,528</u>						
Total	<u>179,975</u>						
<table border="0"> <tr> <td style="padding-left: 40px;">Total current portion</td> <td style="text-align: right;">1,465,905</td> </tr> <tr> <td style="padding-left: 40px;">Total long-term portion</td> <td style="text-align: right;"><u>46,079,463</u></td> </tr> <tr> <td style="padding-left: 40px;">Total notes payable</td> <td style="text-align: right;"><u>\$ 47,545,368</u></td> </tr> </table>	Total current portion	1,465,905	Total long-term portion	<u>46,079,463</u>	Total notes payable	<u>\$ 47,545,368</u>	
Total current portion	1,465,905						
Total long-term portion	<u>46,079,463</u>						
Total notes payable	<u>\$ 47,545,368</u>						

4.D. WORKERS' COMPENSATION CLAIMS LIABILITY

The City self-insures workers' compensation claims liability. The administration of claims for self-insurance is primarily performed by third party administrators. At June 30, 2010, the City's workers' compensation claims liability was \$834,928 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. \$577,669 of the liability is payable from governmental type activities and is reported in claims payable of the governmental type activities in the government-wide statements. \$257,259 is payable from the Proprietary Funds and is recorded in claims payable. Due to the uncertainty of when these liabilities will be paid, the entire amount is considered to be a component of the current portion of long-term debt. All court ordered judgments are levied in accordance with State law over three years.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 4 – LONG-TERM DEBT (continued)

4.E. DEBT SERVICE REQUIREMENTS TO MATURITY

The annual requirements to amortize long-term debt outstanding as of June 30, 2010, are as follows :

<u>Period</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,840,905	2,196,500	6,037,405
2012	4,435,585	1,979,484	6,415,069
2013	3,702,990	1,836,031	5,539,021
2014	3,755,527	1,725,824	5,481,351
2015	3,756,858	1,610,363	5,367,221
2016-2020	12,649,292	6,624,815	19,274,107
2021-2025	8,750,965	5,052,894	13,803,859
2026-2030	9,123,245	3,580,584	12,703,829
2031-2035	10,140,000	1,795,180	11,935,180
2036-2037	3,445,000	135,580	3,580,580
Total	\$ <u>63,600,367</u>	<u>26,537,255</u>	<u>90,137,622</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 5 – INTERFUND TRANSACTIONS

5.A. INTERFUND OPERATING TRANSFERS

<u>Transfers Out</u>	<u>Transfers In</u>									
	<u>E-911 Fund</u>	<u>Adams Municipal Golf Course Fund</u>	<u>Economic Development Fund</u>	<u>Special Library Fund</u>	<u>2007 GO Bond</u>	<u>Wastewater Fund</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Water Fund</u>	<u>Special Musuem</u>
General Fund	\$ 157,635	117,897	-	-	-	-	-	-	-	-
Bartlesville Library Trust Authority	-	-	-	47,779	-	-	-	-	-	-
Golf Course Memorial Fund	-	-	-	-	52,193	-	-	-	-	-
Bartlesville History Museum Trust Authority	-	-	-	-	-	-	4,150	-	-	31,500
Capital Improvement Fund	-	-	-	-	-	-	36,285	-	-	-
Bartlesville Municipal Authority	-	-	-	-	-	3,374,659	-	-	4,780,592	-
Wastewater Fund	-	-	-	-	-	-	711,042	-	-	-
Water Fund	-	-	-	-	-	-	948,056	-	-	-
Solid Waste Fund	-	-	-	-	-	-	711,042	-	-	-
Bartlesville Development Corporation	-	-	209,619	-	-	-	-	-	-	-
TIF Districts	-	-	-	-	-	-	-	-	-	-
Economic Development Fund	-	-	-	-	-	-	-	-	-	-
Transfers In Total	\$ 157,635	117,897	209,619	47,779	52,193	3,374,659	2,374,290	36,285	4,780,592	31,500

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 5 – INTERFUND TRANSACTIONS (continued)

5.A. INTERFUND OPERATING TRANSFERS (continued)

Transfers In (continued)					
Transfers Out	Sales Tax Capital Improvement Fund	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Bartlesville Community Center Trust Authority	Transfers Out Total
General Fund	\$ -	-	-	200,362	475,894
Bartlesville Library Trust Authority	-	-	-	-	47,779
Golf Course Memorial Fund	-	-	-	-	52,193
Bartlesville History Trust Authority	-	-	-	-	35,650
Capital Improvement Fund	-	-	93,500	-	129,785
Bartlesville Municipal Authority	201,200	-	-	-	8,356,451
Wastewater Fund	-	-	-	-	711,042
Water Fund	-	-	-	-	948,056
Solid Waste Fund	-	-	-	-	711,042
Bartlesville Development Corporation	-	81,200	30,000	-	320,819
TIF Districts	-	-	696,838	-	696,838
Economic Development Fund	-	1,021,477	-	-	1,021,477
Transfers In Total	\$ 201,200	1,102,677	820,338	200,362	13,507,026

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 5 – INTERFUND TRANSACTIONS (continued)

5.B. INTERFUND RECEIVABLES AND PAYABLES

<u>Interfund Payables</u>	<u>Bartlesville Community Center Trust Authority</u>	<u>Bartlesville Redevelopment Trust Authority</u>	<u>TIF Districts</u>	<u>Payables Total</u>
General Fund	\$ 33,946	-	3,150	37,096
Sales Tax Capital Improvement Fund	-	70,394		70,394
Receivables total	<u>\$ 33,946</u>	<u>70,394</u>	<u>3,150</u>	<u>107,490</u>

NOTE 6 – EMPLOYEES RETIREMENT PLANS

The City participates in the Oklahoma State Police Pension and Retirement System, Oklahoma State Firefighters Pension and Retirement System, Oklahoma Municipal Retirement Fund and a Defined Contribution Plan, which together provide coverage to substantially all full-time City employees. Plans in place are described in detail as follows:

6.A. DEFINED CONTRIBUTION PLAN

On January 1, 2010, the *City of Bartlesville* implemented a Defined Contribution Plan benefit. Eligible employees are all regular, full-time employees hired after December 31, 2009, except police, firefighters and other employees who are covered under an approved system; plus any regular, full-time employees hired before January 1, 2010, who made the one-time election to participate in the *City of Bartlesville* Defined Contribution Plan. Employees begin participation upon employment.

City employees participating in the defined contribution plan become 100% vested in the plan upon completion of seven years of service to the City.

Employee contributions are 3% mandatory pre-tax contributions called Government Pick-Up, up to an additional 3% after-tax contributions which are eligible for Employer match (called Mandatory Contributions) and voluntary after-tax

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.A. DEFINED CONTRIBUTION PLAN (continued)

contributions may also be made up to the maximum annual contribution limit of \$49,000, including all Employer and Employee contributions.

Employer contributions are fixed at 3% by the plan, plus dollar for dollar (100%) match of the Mandatory (after-tax) employee contributions up to 3% of compensation.

Employees direct how their money is invested.

Before vesting an employee can get returned the employee contribution account balance (if any). After vesting, benefit payment options include the distribution of both the Employee and Employer contribution account balances and can be paid in any form designated by the participant.

The plan has a loan feature. The employee can borrow the lesser of \$50,000 or 50% of vested account balance with a minimum of \$1,000.

For the fiscal year ended June 30, 2010 the City contributed \$14, 872 to the plan.

6.B. SINGLE EMPLOYER, DEFINED BENEFIT PENSION PLAN

A. Plan Description, Contribution Information and Funding Policies – The City contributes to an Employee Retirement Plan (the "Plan"), which is a single employer defined benefit pension plan.

All regular, full-time employees of the *City of Bartlesville*, except police, firefighters and other employees who are covered under an approved system, (with two years of service-prior to 7/1/06), participate in the Employee Retirement Plan. The plan was funded through a Group Annuity Contract with Southwestern Life Insurance Company, through July 1, 1997. The City began participation in the Oklahoma Municipal Retirement Fund on July 1, 1997.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS

6.B. SINGLE EMPLOYER, DEFINED BENEFIT PENSION PLAN (continued)

The number of Fund participants by category is as follows:

Terminated members entitled to but not yet receiving benefits	34
Retirees and beneficiaries currently receiving benefits	79
Fully Vested Employees	131
Non-vested Employees	86
Total	330

City employees participating in the defined benefit plan become vested in retirement benefits upon completion of seven years of service to the City. Participants are eligible for normal retirement at or after age 65 and with at least seven years of service. Early retirement benefits are available at reduced amounts under two separate formulas, "Rule of 80" or early retirement option. Under the "rule of 80", an employee may elect to retire when total years of consecutive service plus the employee's age are equal to 80 or more. Under this rule, the employee receives his total accrued benefit reduced 2% for each year his age is less than 65. If an employee has seven years of service, early retirement may be taken as early as age 55, however, the benefit received is an actuarial equivalent of the benefit accrued to the date which the employee would receive at age 65, the normal retirement date.

- B. Summary of Significant Accounting Policies and Plan Asset Matters - Basis of Accounting – Disclosures of the Fund's financial condition are prepared using the accrual basis of accounting.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.B. SINGLE EMPLOYER, DEFINED BENEFIT PENSION PLAN (continued)

C. Actuarially Determined Contribution Requirements and Contribution Made – Prior to July 1, 1997, the City purchased an annuity for each participating employee which would yield an annual payment equal to 2% of the normal annual compensation of the employee at the employee's normal retirement date. On July 1, 2006, the plan was revised to an annual payment equal to 2.5% of the normal annual compensation of the employee at the employee's normal retirement date and the employees can now contribute 3.0% of their pay. On January 1, 2010, the plan was revised. No new entrants may join the plan and the employee contribution rate increased to 6% of pay. Active participants were given a one-time election to opt out of the plan. Employees who opted out will continue to accrue service for benefit eligibility as long as they remain employed, but will not accrue any benefits on compensation. Upon reaching age 65, the employee's retirement benefit is the sum of the annuities purchased over the period of employment. Currently, the municipality required contribution rate is actuarially measured each plan year as the amount necessary to fund the plan on a long-term basis using the actuarial cost methods. The required contribution rate changes each year, reflecting the investment earnings and the demographic experience of the participant group. The significant actuarial assumptions are as follows:

Cost method	Unit Credit
Interest rate	7.5% per annum
Pay increases	Rates by age
Mortality	1994 Group Annuity Mortality (projected to 2010)
Retirement age	Rates by age
Turnover	Rates by age and service
Asset value	Actuarial method

The unfunded actuarial liability is being amortized over 23 years through the annual required contribution. The City is currently making additional contributions toward the unfunded actuarial liability.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.B. SINGLE EMPLOYER, DEFINED BENEFIT PENSION PLAN (continued)

Schedule of employer and employee contributions:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 933,294	984,760	106%
2009	988,002	1,160,338	117%
2010	1,375,706	1,062,993	77%

In fiscal year 2010 the City has implemented several cost cutting measures related to the pension, therefore the City elected to keep contributions consistent with that of the prior year while awaiting the result of those changes.

6.C. COST SHARING, MULTIPLE EMPLOYER PLANS

Oklahoma Police Pension and Retirement System – The *City of Bartlesville*, as the employer, and full-time police officers participate in the statewide cost-sharing multi-employer Police Pension and Retirement System (the Police Pension System). This system, a defined benefit plan, is managed by agencies of the State of Oklahoma and is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

All full-time officers, employed with a police department of a participating municipality, are eligible to participate in the System if not less than 21 years of age or more than 45 years of age when hired. Employees who retire upon completion of 20 years of credited service are entitled to a retirement benefit equal to 2-1/2% of the final average salary multiplied by the years of credited service, with a maximum of 30 years of service considered. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 50, or after 10 but before 20 years of service, and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

As of June 30, 2010, the System held no related party investments of the City or any of its entities.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.C. COST SHARING, MULTIPLE EMPLOYER PLANS (continued)

Oklahoma Firefighters Pension and Retirement System – The City, as the employer, and full-time firefighters participate in the statewide cost-sharing multi-employer Firefighters Pension and Retirement System (Fire Pension System) administered by agencies of the State of Oklahoma and is funded by participants, employers and state appropriations, as necessary, which covers both paid and volunteer firefighters.

All full-time or voluntary firefighters hired before the age of 45, employed with a fire department of a participating municipality, are eligible to participate in the System. Full-time employees who retire upon completion of 20 years of credited service are entitled to a retirement benefit equal to 2-1/2% of the final average salary multiplied by the years of credited service considered with a maximum of 30 years credited service. Benefits fully vest on reaching 10 years of service. Vested employees may retire at or after age 50, or after 10 but before 20 years of service, and receive reduced retirement benefits. The System also provides death and disability benefits. Benefits are established by State statute.

As of June 30, 2010, the System held no related party investments of the City or any of its entities.

The City's liability to these Systems is limited to monthly contributions of the statutorily set percentages of covered payroll, and the State assumes the full obligations for any unfunded actuarial accrued liability.

Cost-Sharing, Multiple-Employer Plans – The "pension benefit obligation" (the "PBO") is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. The Systems do not make separate measurements of assets and pension benefit obligation for individual employers.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.C. COST SHARING, MULTIPLE EMPLOYER PLANS (continued)

	Police Pension System	Fire Pension System
City contribution as a percent of covered payroll	13%	13%
Employee contributions as a percent of covered payroll	8%	8%

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighters Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2008	278,713	100%	404,487	100%
2009	286,523	100%	418,300	100%
2010	288,979	100%	413,460	100%

Historical trend information showing the progress of the Police Pension System and the Fire Pension System in accumulating sufficient assets to pay benefits when due is presented in the System's annual financial reports for June 30, 2010. Copies of these reports may be obtained from the State Retirement System.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 6 – EMPLOYEES RETIREMENT PLANS (continued)

6.D. RETIREE MEDICAL PLAN

On July 1, 2006, the *City of Bartlesville* implemented a Retiree Medical Plan 401(h) benefit. Eligible employees are retired from active service under the pension plan, having completed at least 20 years of eligibility service. The plan will pay the retiree's medical (including dental and vision) premiums in the amount in effect under the State and Education Employees Group Insurance Act at the time of retirement, but the plan will not pay more than \$10 per month per year of service. The payment of premiums under the retirement plan will terminate with respect to the retiree, the earlier of the date of the retiree's death or the 65th birthday of the retiree, with respect to the spouse or eligible dependent of a retiree, the 65th birthday of the retiree or, in the event that the retiree dies before attaining age 65, the date on which the retiree would have attained age 65. Funding requirement for fiscal year ending June 30, 2010 was \$137,366. Actual contributions were \$91,135.

6.E. COMPONENT UNIT RETIREMENT PLANS

The Bartlesville Development Corporation participates in a defined contribution plan administered by the American Chamber of Commerce Executives (ACCE) 401(k) Plan. The employer contributes four percent of annual salary as a match of employee's contribution of 1%. For the fiscal year ended June 30, 2010 the employer contributed \$10,304 to the plan.

The Bartlesville Community Center Trust Authority employees participate in a 403 (b) Thrift Plan whereby the Trust Authority contributes 5% of eligible employees' compensation received during the plan year. Employees may elect to make salary reduction contributions to the plan. For the fiscal year ended June 30, 2010, the employer contributed \$10,064 to the plan.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 7 – NET ASSETS RESTRICTED BY ENABLING LEGISLATION

Restricted net assets as reported in the Statement of Net Assets is comprised of the following:

	<u>Enabling Legislation</u>	<u>Statutory Requirement</u>	<u>External Contracts</u>
Restricted Net Assets - Governmental Activities:			
Economic Development	\$ 2,007,262	-	-
E-911	18,938	-	-
Special Library	270,451	-	-
Special Musuem	21,545	-	-
Municipal Airport	1,945,849	-	-
Bartlesville History Museum Trust Authority	255,106	-	-
Bartlesville Library Trust Authority	1,051,810	-	-
Restricted donations	-	-	260,287
Golf Course Memorial	-	-	1,302
Justice Assistance Grant	-	3,489	-
Neighborhood Park	111,960	-	-
Cemetary Perpetual Care	-	101,621	-
Memorial Statium Operations	-	-	83,709
Bartlesville Community Center	4,124,242	-	-
Debt Service	-	2,184,321	-
Capital Improvement Funds:			
Sales Tax Capital Improvement Fund	3,998,141	-	-
Park & Recreation Fund	230,585	-	-
Wastewater Fund	90,783	-	-
Wastewater Regulatory Fund	1,238,834	-	-
Storm Sewer Fund	35,574	-	-
CDBG Fund	-	-	-
General Obligation Bond Funds:			
2005 G.O. Bond Fund	-	426,500	-
2007 G.O. Bond Fund	-	1,224,351	-
2008A G.O. Bond Fund	-	2,962,508	-
2008B G.O. Bond Fund	-	15,705	-
2009 G.O. Bond Fund	-	2,884,822	-
Total restricted net assets	<u>\$ 15,401,080</u>	<u>9,803,317</u>	<u>345,298</u>
Restricted Net Assets - Business-type Activities:			
Bartlesville Municipal Authority	\$ -	-	8,306,716
Water	408,956	-	-
Adams Municipal Golf Course	-	2,031	-
Total restricted net assets	<u>\$ 408,956</u>	<u>2,031</u>	<u>8,306,716</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 8 – PRIOR PERIOD ADJUSTMENTS

The *City of Bartlesville* made various adjustments to correct prior year balances that were previously reported incorrectly. The adjustments were in relation to:

- Overstatements of cash in the CDBG Fund of \$14,274 with an offsetting understatement of cash in the CIP – Sales Tax Fund of \$14,274 due to an expenditure being recorded in the wrong fund.
- Overstatements of construction in progress in the Water Fund of \$48,752 due to the incorrect capitalization of professional services related to a capital project.

NOTE 9 – ACCOUNTS RECEIVABLE

Accounts receivable of the governmental and business-type activities is net of allowance for uncollectible accounts on the statement of net assets. Accounts receivable of the business-type activities consist of customers' utilities services provided, both billed and unbilled, due at year end.

The governmental activities accounts receivables include fines, taxes, interest and miscellaneous receivables as follows:

Governmental Activities:	<u>Interest</u>	<u>Taxes</u>	<u>Court</u>	<u>Other</u>	<u>Total</u>
Accounts receivable	\$ 144,624	2,821,287	574,727	354,117	3,894,755
Less: allowance for uncollectible accounts	-	-	(432,189)	-	(432,189)
Accounts receivable, net of allowance	<u>\$ 144,624</u>	<u>2,821,287</u>	<u>142,538</u>	<u>354,117</u>	<u>3,462,566</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2010
(continued)

NOTE 9 – ACCOUNTS RECEIVABLE (continued)

The business-type activities accounts receivable follows:

Business-type Activities:	Utility Accounts Receivable	Misc. Accounts Receivable	Total
Water	\$ 754,696	129,095	883,791
Solid Waste	410,768	9,330	420,098
Wastewater	471,343	1,878	473,221
Golf	-	4,070	4,070
	<hr/>	<hr/>	<hr/>
Total	1,636,807	144,373	1,781,180
Less: allowance for uncollectible accounts	(605,618)	-	(605,618)
	<hr/>	<hr/>	<hr/>
Accounts receivable, net of allowance	\$ 1,031,189	144,373	1,175,562
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated and disclosed no subsequent events up to and including April 4, 2011, which is the date the financial statements were available for issuance.

CITY OF BARTLESVILLE
Required Supplementary Information
June 30, 2010

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress – Defined Benefit Retirement Program
- Budgetary Comparison Schedules – General Fund, Economic Development Fund, and Sales Tax Capital Improvement Fund

CITY OF BARTLESVILLE
 Required Supplementary Information on
 Pension Plan Funding Progress
 June 30, 2010

**DEFINED BENEFIT RETIREMENT PLAN – SCHEDULE OF FUNDING
 PROGRESS**

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the Fund's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other Public Employee Retirement Systems. The measure is independent of the actuarial funding method used to determine contributions to the defined benefit plans of each participant.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/05	\$ 3,361,482	4,476,154	1,114,673	75.1%	6,019,000	18.5%
1/1/06	3,997,881	5,452,141	1,454,260	73.3%	5,743,064	25.3%
1/1/07	4,660,888	8,392,743	3,711,855	55.8%	7,439,181	49.9%
1/1/08	5,496,136	9,733,979	4,237,843	56.5%	7,130,565	59.4%
1/1/09	5,857,260	13,096,204	7,238,944	44.7%	7,708,287	93.9%
1/1/10	6,735,427	15,940,247	9,204,821	42.3%	6,824,433	134.9%

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 13,697,649	12,924,495	12,691,260	(233,235)
Fees and fines	760,600	716,878	781,716	64,838
Licenses and permits	228,200	233,922	234,622	700
Intergovernmental	571,662	590,484	570,332	(20,152)
Charges for services	421,965	434,290	461,155	26,865
Investment earnings	168,930	117,951	(49,222)	(167,173)
Contributions and donations	-	-	7,001	7,001
Miscellaneous	154,700	-	155,158	155,158
Total revenues	<u>16,003,706</u>	<u>15,018,020</u>	<u>14,852,022</u>	<u>(165,998)</u>
EXPENDITURES				
Current:				
General government	5,678,494	5,477,422	4,801,301	676,121
Public safety	9,194,364	9,007,661	9,339,156	(331,495)
Public works	1,248,689	1,265,112	1,070,878	194,234
Culture and recreation	2,429,674	2,131,310	2,053,050	78,260
Debt Service:				
Principal	125,689	125,689	125,689	-
Interest and other charges	5,380	5,380	5,379	1
Capital outlay	-	-	50,380	(50,380)
Total Expenditures	<u>18,682,290</u>	<u>18,012,574</u>	<u>17,445,833</u>	<u>566,741</u>
Excess (deficiency) of revenues over expenditures	<u>(2,678,584)</u>	<u>(2,994,554)</u>	<u>(2,593,811)</u>	<u>400,743</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,139,500	2,374,640	2,374,290	(350)
Transfers out	(275,532)	(475,894)	(475,894)	-
Total other financing sources and uses	<u>1,863,968</u>	<u>1,898,746</u>	<u>1,898,396</u>	<u>(350)</u>
SPECIAL ITEM				
Proceeds from sale of capital assets	-	(28,440)	9,584	38,024
Net change in fund balances	<u>(814,616)</u>	<u>(1,124,248)</u>	<u>(685,831)</u>	<u>(438,417)</u>
Fund balances - beginning	2,236,971	1,841,709	4,199,826	(2,358,117)
Fund balances - ending	<u>\$ 1,422,355</u>	<u>717,461</u>	<u>3,513,995</u>	<u>(2,796,534)</u>

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE
 Budgetary Comparison Schedule – Municipal Airport Fund
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	-	3,339,751	3,339,751
Investment earnings	63,000	63,000	44,140	(18,860)
Miscellaneous	-	-	640	640
Total revenues	<u>63,000</u>	<u>63,000</u>	<u>3,384,531</u>	<u>3,321,531</u>
EXPENDITURES				
Current:				
General government	2,109,625	1,754,589	193,984	1,560,605
Capital outlay	-	3,920,787	3,339,964	580,823
Total Expenditures	<u>2,109,625</u>	<u>5,675,376</u>	<u>3,533,948</u>	<u>2,141,428</u>
Excess (deficiency) of revenues over expenditures	<u>(2,046,625)</u>	<u>(5,612,376)</u>	<u>(149,417)</u>	<u>5,462,959</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,046,625)	(5,612,376)	(149,417)	(5,462,959)
Fund balances - beginning	2,046,625	5,423,662	2,095,266	3,328,396
Fund balances - ending	<u>\$ -</u>	<u>(188,714)</u>	<u>1,945,849</u>	<u>(2,134,563)</u>

CITY OF BARTLESVILLE

Budgetary Comparison Schedule – Sales Tax Capital Improvement Fund For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 2,598,420	2,598,420	2,475,594	(122,826)
Investment earnings	86,130	86,130	73,915	(12,215)
Contributions and donations	-	-	6,852	6,852
Miscellaneous	-	-	8,116	8,116
Total revenues	<u>2,684,550</u>	<u>2,684,550</u>	<u>2,564,477</u>	<u>(120,073)</u>
EXPENDITURES				
Current:				
General government	349,500	382,682	169,406	213,276
Public works	-	56,100	28,942	27,158
Culture and recreation	-	62,360	46,566	15,794
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	<u>3,785,640</u>	<u>4,666,436</u>	<u>1,660,542</u>	<u>3,005,894</u>
Total Expenditures	<u>4,135,140</u>	<u>5,167,578</u>	<u>1,905,456</u>	<u>3,262,122</u>
Excess (deficiency) of revenues over expenditures	<u>(1,450,590)</u>	<u>(2,483,028)</u>	<u>659,021</u>	<u>3,142,049</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)in	-	-	201,200	(201,200)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>201,200</u>	<u>(201,200)</u>
Net change in fund balances	(1,450,590)	(2,483,028)	860,221	(3,343,249)
Fund balances - beginning, Unadjusted	<u>2,890,653</u>	<u>(520,676)</u>	<u>3,123,646</u>	<u>(3,644,322)</u>
Prior period adjustment (Note 8)	-	-	14,274	
Fund balances - beginning, adjusted	<u>2,890,653</u>	<u>(520,676)</u>	<u>3,137,920</u>	<u>(3,644,322)</u>
Fund balances - ending	<u>\$ 1,440,063</u>	<u>(3,003,704)</u>	<u>3,998,141</u>	<u>(6,987,571)</u>

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE
Notes to Required Supplementary Information on
Budgetary Accounting and Control
June 30, 2010

BUDGETARY ACCOUNTING AND CONTROL

BUDGET LAW

The City prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the “Budget Act”). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Council meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the City Council.
- d. Subsequent to City Council enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

CITY OF BARTLESVILLE

Notes to Required Supplementary Information on Budgetary Accounting and Control

June 30, 2010

(continued)

BUDGETARY ACCOUNTING AND CONTROL (continued)

BUDGET LAW (continued)

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is at the department level of each fund.

All supplemental appropriations require the approval of the City Council. All transfers of appropriation between department and object categories require the approval of the City Manager.

The City prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Bartlesville Municipal Authority, Bartlesville Downtown Trust Authority, Bartlesville Community Center Trust Authority, and Bartlesville Adult Center Trust Authority are required to prepare an annual budget and submit a copy to the City as beneficiary. However, there are no further requirements such as form of budget, approval of the budget, or definition of legal spending limit.

BUDGETARY ACCOUNTING

The annual operating budgets of governmental funds are prepared and presented on the modified accrual basis of accounting.

The City utilizes encumbrance accounting under which purchase orders, contracts, and other applicable commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

CITY OF BARTLESVILLE

Notes to Required Supplementary Information on
Budgetary Accounting and Control

June 30, 2010

(continued)

BUDGETARY ACCOUNTING AND CONTROL (continued)

BUDGET REQUIREMENTS

Supplemental increases and decreases in budget appropriations were properly approved by the City Council. For the year ended June 30, 2010, the following supplemental increases and decrease in appropriations were approved:

	<u>Original Appropriations</u>	<u>Net Supplemental Appropriations (Increases)</u>	<u>Revised Appropriations</u>
General fund	\$ 18,682,290	(469,354)	18,212,936
General fund transfers	275,532	0	275,532
Debt service	2,739,266	35,288	2,774,554
Special revenue funds	6,179,590	3,803,048	9,982,638
Special revenue funds transfers	0	52,193	52,193
Capital projects funds	14,022,875	5,733,339	19,756,214
Capital projects funds transfers	0	36,285	36,285

CITY OF BARTLESVILLE
Other Supplementary Information
For the Year Ended June 30, 2010

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

The supplementary information includes:

- Combining financial statements of non-major governmental funds
- Combining financial statements of internal service funds
- Schedule of Expenditures of Federal Awards

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2010

	Special Revenue Funds						
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Economic Development Fund	Bartlesville Library Trust Authority	Restricted Donations Fund
<u>ASSETS</u>							
Cash and cash equivalents	\$ -	-	-	-	-	-	-
Taxes receivable, net	-	37,008	-	-	222,365	-	-
Receivable from other governments	-	-	-	-	-	-	-
Other receivables	1,533	132	1,639	129	10,750	695	1,666
Cash - restricted	-	-	-	-	-	-	-
Investments - restricted	253,573	21,833	271,230	21,416	1,779,762	1,051,115	275,053
Total assets	<u>\$ 255,106</u>	<u>58,973</u>	<u>272,869</u>	<u>21,545</u>	<u>2,012,877</u>	<u>1,051,810</u>	<u>276,719</u>
<u>LIABILITIES AND FUND BALANCES</u>							
Liabilities:							
Accounts payable	\$ -	-	355	-	5,615	-	16,432
Payable to other governments	-	-	-	-	-	-	-
Cash fund overdraft	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Other accrued expenses	-	40,035	2,063	-	-	-	-
Other payables	-	-	-	-	-	-	-
Total liabilities	<u>\$ -</u>	<u>40,035</u>	<u>2,418</u>	<u>-</u>	<u>5,615</u>	<u>-</u>	<u>16,432</u>
Fund balances:							
Reserved for:							
Other purposes	\$ 255,106	18,938	270,451	21,545	2,007,262	1,051,810	260,287
Debt service	-	-	-	-	-	-	-
Total fund balances	<u>255,106</u>	<u>18,938</u>	<u>270,451</u>	<u>21,545</u>	<u>2,007,262</u>	<u>1,051,810</u>	<u>260,287</u>
Total liabilities and fund balances	<u>\$ 255,106</u>	<u>58,973</u>	<u>272,869</u>	<u>21,545</u>	<u>2,012,877</u>	<u>1,051,810</u>	<u>276,719</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2010
 (continued)

	Special Revenue Funds					
	Golf Course Memorial Fund	Justice Assistance Grant Fund	Neighborhood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	Total Special Revenue Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,697	-	-	-	-	1,697
Taxes receivable, net	-	-	-	-	-	259,373
Receivable from other governments	-	-	-	-	-	-
Other receivables	12	187	672	610	507	18,532
Cash - restricted	-	-	-	-	-	-
Investments - restricted	-	30,763	111,288	101,011	83,951	4,000,995
Total assets	<u>\$ 1,709</u>	<u>30,950</u>	<u>111,960</u>	<u>101,621</u>	<u>84,458</u>	<u>4,280,597</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 407	-	-	-	-	22,809
Payable to other governments	-	-	-	-	-	-
Cash fund overdraft	-	-	-	-	-	-
Deferred revenue	-	27,461	-	-	-	27,461
Other accrued expenses	-	-	-	-	749	42,847
Other payables	-	-	-	-	-	-
Total liabilities	<u>\$ 407</u>	<u>27,461</u>	<u>-</u>	<u>-</u>	<u>749</u>	<u>93,117</u>
Fund balances:						
Reserved for:						
Other purposes	\$ 1,302	3,489	111,960	101,621	83,709	4,187,480
Debt service	-	-	-	-	-	-
Total fund balances	<u>1,302</u>	<u>3,489</u>	<u>111,960</u>	<u>101,621</u>	<u>83,709</u>	<u>4,187,480</u>
Total liabilities and fund balances	<u>\$ 1,709</u>	<u>30,950</u>	<u>111,960</u>	<u>101,621</u>	<u>84,458</u>	<u>4,280,597</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2010
 (continued)

	Capital Project Funds					
	Capital Improvement - Park & Recreation Fund	Capital Improvement - Wastewater Fund	Capital Improvement - Wastewater Regulatory Fund	Capital Improvement - Storm Sewer Fund	CDBG Fund	2005 G.O. Bond Fund
<u>ASSETS</u>						
Cash and cash equivalents	\$ -	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	-	-
Other receivables	1,386	818	7,440	214	120,421	3,062
Cash - restricted	-	-	-	-	-	-
Investments - restricted	229,199	135,382	1,231,394	35,360	-	506,366
Total assets	<u>\$ 230,585</u>	<u>136,200</u>	<u>1,238,834</u>	<u>35,574</u>	<u>120,421</u>	<u>509,428</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ -	-	-	-	7,720	78,975
Payable to other governments	-	-	-	-	-	-
Cash fund overdraft	-	-	-	-	112,701	-
Deferred revenue	-	-	-	-	-	-
Other accrued expenses	-	-	-	-	-	-
Other payables	-	45,417	-	-	-	3,953
Total liabilities	<u>\$ -</u>	<u>45,417</u>	<u>-</u>	<u>-</u>	<u>120,421</u>	<u>82,928</u>
Fund balances:						
Reserved for:						
Other purposes	\$ 230,585	90,783	1,238,834	35,574	-	426,500
Debt service	-	-	-	-	-	-
Total fund balances	<u>230,585</u>	<u>90,783</u>	<u>1,238,834</u>	<u>35,574</u>	<u>-</u>	<u>426,500</u>
Total liabilities and fund balances	<u>\$ 230,585</u>	<u>136,200</u>	<u>1,238,834</u>	<u>35,574</u>	<u>120,421</u>	<u>509,428</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2010
 (continued)

	<u>Capital Project Funds</u>						Bartlesville Adult Center Trust Authority	Total Other Governmental Funds
	<u>2007 G.O. Bond Fund</u>	<u>2008A G.O. Bond Fund</u>	<u>2008B G.O. Bond Fund</u>	<u>2009 G.O. Bond Fund</u>	<u>Total Capital Project Funds</u>	<u>Debt Service Fund</u>		
<u>ASSETS</u>								
Cash and cash equivalents	\$ -	-	-	-	-	-	16,420	18,117
Taxes receivable, net	-	-	-	-	-	-	-	259,373
Receivable from other governments	-	-	-	-	-	10,897	-	10,897
Other receivables	7,909	19,030	263	17,405	177,948	-	-	196,480
Cash - restricted	-	-	-	-	-	-	-	-
Investments - restricted	1,306,662	3,147,823	45,150	2,880,017	9,517,353	2,173,424	81,947	15,773,719
Total assets	<u>\$ 1,314,571</u>	<u>3,166,853</u>	<u>45,413</u>	<u>2,897,422</u>	<u>9,695,301</u>	<u>2,184,321</u>	<u>98,367</u>	<u>16,258,586</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 90,220	204,345	4,708	12,600	398,568	-	-	421,377
Payable to other governments	-	-	-	-	-	-	-	-
Cash fund overdraft	-	-	-	-	112,701	-	-	112,701
Deferred revenue	-	-	-	-	-	-	-	27,461
Other accrued expenses	-	-	-	-	-	-	-	42,847
Other payables	-	-	25,000	-	74,370	-	1,049	75,419
Total liabilities	<u>\$ 90,220</u>	<u>204,345</u>	<u>29,708</u>	<u>12,600</u>	<u>585,639</u>	<u>-</u>	<u>1,049</u>	<u>679,805</u>
Fund balances:								
Reserved for:								
Other purposes	\$ 1,224,351	2,962,508	15,705	2,884,822	9,109,662	-	97,318	9,206,980
Debt service	-	-	-	-	-	2,184,321	-	6,371,801
Total fund balances	<u>1,224,351</u>	<u>2,962,508</u>	<u>15,705</u>	<u>2,884,822</u>	<u>9,109,662</u>	<u>2,184,321</u>	<u>97,318</u>	<u>15,578,781</u>
Total liabilities and fund balances	<u>\$ 1,314,571</u>	<u>3,166,853</u>	<u>45,413</u>	<u>2,897,422</u>	<u>9,695,301</u>	<u>2,184,321</u>	<u>98,367</u>	<u>16,258,586</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 (continued)

	Special Revenue Funds						
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Economic Development Fund	Bartlesville Library Trust Authority	Restricted Donations Fund
REVENUES:							
Property taxes	\$ -	-	-	-	-	-	-
Sales and miscellaneous taxes	-	463,907	-	-	1,376,817	-	-
Intergovernmental	-	-	33,339	-	-	-	-
Charges for services	-	2,400	17	-	-	-	-
Investment earnings	5,442	287	5,668	389	32,546	306,807	8,543
Miscellaneous	-	-	-	-	-	-	-
Contributions and donations	8,120	-	32,503	8,728	-	-	57,646
Total revenues	<u>13,562</u>	<u>466,594</u>	<u>71,527</u>	<u>9,117</u>	<u>1,409,363</u>	<u>306,807</u>	<u>66,189</u>
EXPENDITURES:							
Current:							
General government	-	-	-	-	1,056,511	-	1,570
Public safety	-	644,793	-	-	-	-	33,583
Highways and roads	-	-	-	-	-	-	-
Culture and recreation	7,987	-	157,691	19,829	-	40	74,192
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	298,066
Total expenditures	<u>7,987</u>	<u>644,793</u>	<u>157,691</u>	<u>19,829</u>	<u>1,056,511</u>	<u>40</u>	<u>407,411</u>
Excess (deficiency) of revenues over expenditures	<u>5,575</u>	<u>(178,199)</u>	<u>(86,164)</u>	<u>(10,712)</u>	<u>352,852</u>	<u>306,767</u>	<u>(341,222)</u>
OTHER FINANCING SOURCES (USES):							
Proceeds from long-term debt, net	-	-	-	-	-	-	-
Transfers in	-	157,635	47,779	31,500	209,619	-	-
Transfers out	(35,650)	-	-	-	-	(47,779)	(52,193)
Total other financing sources and uses	<u>(35,650)</u>	<u>157,635</u>	<u>47,779</u>	<u>31,500</u>	<u>209,619</u>	<u>(47,779)</u>	<u>(52,193)</u>
SPECIAL ITEM:							
Proceeds from sale of fixed assets	-	-	1,305	-	-	-	-
Net change in fund balances	<u>(30,075)</u>	<u>(20,564)</u>	<u>(37,080)</u>	<u>20,788</u>	<u>562,471</u>	<u>258,988</u>	<u>(393,415)</u>
Fund balances - beginning, unadjusted	285,181	39,502	307,531	757	1,444,791	792,822	653,702
Prior period adjustment	-	-	-	-	-	-	-
Fund balances - beginning, adjusted	<u>285,181</u>	<u>39,502</u>	<u>307,531</u>	<u>757</u>	<u>1,444,791</u>	<u>792,822</u>	<u>653,702</u>
Fund balances - ending	<u>\$ 255,106</u>	<u>18,938</u>	<u>270,451</u>	<u>21,545</u>	<u>2,007,262</u>	<u>1,051,810</u>	<u>260,287</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 (continued)

	Special Revenue Funds					Total Special Revenue Funds
	Golf Course Memorial Fund	Justice Assistance Grant Fund	Neighborhood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	
REVENUES:						
Property taxes	\$ -	-	-	-	-	-
Sales and miscellaneous taxes	-	-	-	-	-	1,840,724
Intergovernmental	-	44,000	-	-	-	77,339
Charges for services	-	-	-	2,212	-	4,629
Investment earnings	7	1,026	2,242	2,073	1,807	366,837
Miscellaneous	-	-	-	-	18,609	18,609
Contributions and donations	2,338	-	3,445	1,709	1,000	115,489
Total revenues	<u>2,345</u>	<u>45,026</u>	<u>5,687</u>	<u>5,994</u>	<u>21,416</u>	<u>2,423,627</u>
EXPENDITURES:						
Current:						
General government	-	-	-	1,600	-	1,059,681
Public safety	-	44,000	-	-	-	722,376
Highways and roads	-	-	-	-	-	-
Culture and recreation	3,911	-	3,153	-	40,294	307,097
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	3,800	-	2,054	-	-	303,920
Total expenditures	<u>7,711</u>	<u>44,000</u>	<u>5,207</u>	<u>1,600</u>	<u>40,294</u>	<u>2,393,074</u>
Excess (deficiency) of revenues over expenditures	<u>(5,366)</u>	<u>1,026</u>	<u>480</u>	<u>4,394</u>	<u>(18,878)</u>	<u>30,553</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from long-term debt, net	-	-	-	-	-	-
Transfers in	-	-	-	-	-	446,533
Transfers out	-	-	-	-	-	(135,622)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,911</u>
SPECIAL ITEM:						
Proceeds from sale of fixed assets	-	-	-	-	-	1,305
Net change in fund balances	<u>(5,366)</u>	<u>1,026</u>	<u>480</u>	<u>4,394</u>	<u>(18,878)</u>	<u>342,769</u>
Fund balances - beginning, unadjusted	6,668	2,463	111,480	97,227	102,587	3,844,711
Prior period adjustment	-	-	-	-	-	-
Fund balances - beginning, adjusted	<u>6,668</u>	<u>2,463</u>	<u>111,480</u>	<u>97,227</u>	<u>102,587</u>	<u>3,844,711</u>
Fund balances - ending	<u>\$ 1,302</u>	<u>3,489</u>	<u>111,960</u>	<u>101,621</u>	<u>83,709</u>	<u>4,187,480</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 (continued)

	Capital Project Funds					
	Capital Improvement - Park & Recreation Fund	Capital Improvement - Wastewater Fund	Capital Improvement - Wastewater Regulatory Fund	Capital Improvement - Storm Sewer Fund	CDBG Fund	2005 G.O. Bond Fund
REVENUES:						
Property taxes	\$ -	-	-	-	-	-
Sales and miscellaneous taxes	-	-	-	-	-	-
Intergovernmental	-	-	-	-	143,025	-
Charges for services	-	55,400	1,013,874	9,097	-	-
Investment earnings	5,156	2,007	23,000	654	-	11,486
Miscellaneous	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-
Total revenues	<u>5,156</u>	<u>57,407</u>	<u>1,036,874</u>	<u>9,751</u>	<u>143,025</u>	<u>11,486</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	37,139	42,815
Public safety	-	-	-	-	-	-
Highways and roads	-	2,938	173,515	606	-	-
Culture and recreation	-	-	-	-	-	20,735
Debt service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Capital outlay	15,486	574,709	187,177	-	105,886	255,298
Total expenditures	<u>15,486</u>	<u>577,647</u>	<u>360,692</u>	<u>606</u>	<u>143,025</u>	<u>318,848</u>
Excess (deficiency) of revenues over expenditures	<u>(10,330)</u>	<u>(520,240)</u>	<u>676,182</u>	<u>9,145</u>	<u>-</u>	<u>(307,362)</u>
OTHER FINANCING SOURCES (USES):						
Proceeds from long-term debt, net	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(36,285)	-	-	-	-	-
Total other financing sources and uses	<u>(36,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SPECIAL ITEM:						
Proceeds from sale of fixed assets	-	-	-	-	-	-
Net change in fund balances	<u>(46,615)</u>	<u>(520,240)</u>	<u>676,182</u>	<u>9,145</u>	<u>-</u>	<u>(307,362)</u>
Fund balances - beginning, unadjusted	277,200	611,023	562,652	26,429	14,273	733,862
Prior period adjustment	-	-	-	-	(14,273)	-
Fund balances - beginning, adjusted	<u>277,200</u>	<u>611,023</u>	<u>562,652</u>	<u>26,429</u>	<u>-</u>	<u>733,862</u>
Fund balances - ending	<u>\$ 230,585</u>	<u>90,783</u>	<u>1,238,834</u>	<u>35,574</u>	<u>-</u>	<u>426,500</u>

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CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Non-major Governmental Funds
 For the Fiscal Year Ended June 30, 2010
 (continued)

	<u>Capital Project Funds</u>						Bartlesville Adult Center Trust Authority	Total Other Governmental Funds
	2007 G.O. Bond Fund	2008A G.O. Bond Fund	2008B G.O. Bond Fund	2009 G.O. Bond Fund	Total Capital Project Funds	Debt Service Fund		
REVENUES:								
Property taxes	\$ -	-	-	-	-	2,902,621	-	2,902,621
Sales and miscellaneous taxes	-	-	-	-	-	-	-	1,840,724
Intergovernmental	-	-	-	-	143,025	-	11,125	231,489
Charges for services	-	-	-	-	1,078,371	-	-	1,083,000
Investment earnings	36,159	70,512	121	48,297	197,392	-	7	564,236
Miscellaneous	-	-	-	-	-	-	-	18,609
Contributions and donations	-	-	250	-	250	-	32,583	148,322
Total revenues	<u>36,159</u>	<u>70,512</u>	<u>371</u>	<u>48,297</u>	<u>1,419,038</u>	<u>2,902,621</u>	<u>43,715</u>	<u>6,789,001</u>
EXPENDITURES:								
Current:								
General government	-	-	-	50,336	130,290	1,625	-	1,191,596
Public safety	-	-	-	-	-	-	-	722,376
Highways and roads	8,932	18,017	-	113,140	317,148	-	-	317,148
Culture and recreation	-	-	-	-	20,735	-	41,042	368,874
Debt service:								
Principal	-	-	-	-	-	2,155,000	-	2,155,000
Interest and other charges	-	-	-	-	-	567,303	-	567,303
Capital outlay	1,227,524	803,043	1,413,710	-	4,582,833	-	7,065	4,893,818
Total expenditures	<u>1,236,456</u>	<u>821,060</u>	<u>1,413,710</u>	<u>163,476</u>	<u>5,051,006</u>	<u>2,723,928</u>	<u>48,107</u>	<u>10,216,115</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200,297)</u>	<u>(750,548)</u>	<u>(1,413,339)</u>	<u>(115,179)</u>	<u>(3,631,968)</u>	<u>178,693</u>	<u>(4,392)</u>	<u>(3,427,114)</u>
OTHER FINANCING SOURCES (USES):								
Proceeds from long-term debt, net	-	-	-	3,000,000	3,000,000	-	-	3,000,000
Transfers in	52,193	-	-	-	52,193	36,285	-	535,011
Transfers out	-	-	-	-	(36,285)	-	-	(171,907)
Total other financing sources and uses	<u>52,193</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>	<u>3,015,908</u>	<u>36,285</u>	<u>-</u>	<u>3,363,104</u>
SPECIAL ITEM:								
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	1,305
Net change in fund balances	(1,148,104)	(750,548)	(1,413,339)	2,884,821	(616,060)	214,978	(4,392)	(62,705)
Fund balances - beginning, unadjusted	2,372,455	3,713,056	1,429,044	1	9,739,995	1,969,343	101,710	15,655,759
Prior period adjustment	-	-	-	-	(14,273)	-	-	(14,273)
Fund balances - beginning, adjusted	<u>2,372,455</u>	<u>3,713,056</u>	<u>1,429,044</u>	<u>1</u>	<u>9,725,722</u>	<u>1,969,343</u>	<u>101,710</u>	<u>15,641,486</u>
Fund balances - ending	<u>\$ 1,224,351</u>	<u>2,962,508</u>	<u>15,705</u>	<u>2,884,822</u>	<u>9,109,662</u>	<u>2,184,321</u>	<u>97,318</u>	<u>15,578,781</u>

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CITY OF BARTLES VILLE
 Combining Statement of Net Assets
 Internal Service Funds
 June 30, 2010

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
<u>ASSETS</u>			
Cash held by third party	\$ 40,000	7,814	47,814
Investments	-	109,809	109,809
Other receivables	-	20,741	20,741
Total assets	<u>\$ 40,000</u>	<u>138,364</u>	<u>178,364</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 22,361	17,349	39,710
Cash fund overdraft	35,503	-	35,503
Total liabilities	<u>\$ 57,864</u>	<u>17,349</u>	<u>75,213</u>
<u>NET ASSETS</u>			
Restricted for other purposes	\$ 40,000	7,814	47,814
Unrestricted	(57,864)	113,201	55,337
Total net assets	<u>\$ (17,864)</u>	<u>121,015</u>	<u>103,151</u>

CITY OF BARTLESVILLE

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended June 30, 2010

	Workers' Compensation	Health Insurance	Total
REVENUES:			
Charges for services	\$ 427,428	2,457,993	2,885,421
Total operating revenues	<u>427,428</u>	<u>2,457,993</u>	<u>2,885,421</u>
OPERATING EXPENSES:			
Personal services	454,086	2,166,213	2,620,299
Contractual services	20,100	218,674	238,774
Total operating expenses	<u>474,186</u>	<u>2,384,887</u>	<u>2,859,073</u>
Operating income (loss)	<u>(46,758)</u>	<u>73,106</u>	<u>26,348</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	-	2,481	2,481
Miscellaneous revenue	3,988	-	3,988
Total non-operating revenue (expenses)	<u>3,988</u>	<u>2,481</u>	<u>6,469</u>
Income (loss) before contributions and transfers	<u>(42,770)</u>	<u>75,587</u>	<u>32,817</u>
Change in net assets	<u>(42,770)</u>	<u>75,587</u>	<u>32,817</u>
Total net assets - beginning	<u>24,906</u>	<u>45,428</u>	<u>70,334</u>
Total net assets - ending	<u>\$ (17,864)</u>	<u>121,015</u>	<u>103,151</u>

CITY OF BARTLESVILLE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	Workers' Compensation	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 427,428	2,443,714	2,871,142
Payments to suppliers	(471,270)	(2,384,344)	(2,855,614)
Net cash provided (used) by operating activities	<u>(43,842)</u>	<u>59,370</u>	<u>15,528</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other income	3,988	-	3,988
Net cash provided (used) by noncapital financing activities	<u>3,988</u>	<u>-</u>	<u>3,988</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash held by third party		2,186	2,186
Net cash provided by capital and related financing activities	<u>-</u>	<u>2,186</u>	<u>2,186</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	-	2,481	2,481
Purchase of investments	-	(64,037)	(64,037)
Sale of investments	4,350	-	4,350
Net cash provided (used) by investing activities	<u>4,350</u>	<u>(61,556)</u>	<u>(57,206)</u>
Net (decrease) in cash and cash equivalents	(35,504)	-	(35,504)
Cash and cash equivalents, beginning of year	1	-	1
Cash and cash equivalents, end of year	<u>\$ (35,503)</u>	<u>-</u>	<u>(35,503)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) OF NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (46,758)	73,106	26,348
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	-	(14,279)	(14,279)
Increase (decrease) in accounts payable	2,916	543	3,459
Total adjustments	<u>2,916</u>	<u>(13,736)</u>	<u>(10,820)</u>
Net cash provided (used) by operating activities	<u>\$ (43,842)</u>	<u>59,370</u>	<u>15,528</u>

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CITY OF BARTLESVILLE

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the *City of Bartlesville, Oklahoma* and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF BARTLESVILLE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Disbursements / Expenditures</u>
Department of Housing and Urban Development			
Passed through the Oklahoma Department of Commerce			
CDBG Small Cities Program	14.228	13444 CDBG 08	\$ 105,886
CDGB Small Cities Program	14.228	13896 CDBG 09	29,419
Total Department of Housing and Urban Development			<u>135,305</u>
U.S. Department of Justice:			
Joint Terrorism Task Force	16.607	none	417
ARRA Edward Byrne Memorial Justice Assitance Grant	16.804	2009-SB-B9-3219	44,000
Total U.S. Department of Justice			<u>44,417</u>
U.S. Department of Transportation:			
ARRA Rehabilitate Runway 17/35	20.106	3-40-0007-008-2009	3,319,896
Total U.S. Department of Transportation			<u>3,319,896</u>
Environmental Protection Agency:			
Passed through the Oklahoma Water Resources Board			
Safe Drinking Water State Revolving Fund			
Federal Loan Balance	66.468	ORF-09-0003-DW	2,000,000
Department of Homeland Security			
Passed through the Oklahoma Department of Emergency			
Management			
Emergency Protective Measures	97.036	1876-DR-OK	30,119
Emergency Protective Measures	97.036	1883-DR-OK	31,509
Total Department of Homeland Security			<u>61,628</u>
Total Expenditures of Federal Awards			<u>\$ 5,561,246</u>

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