

***CITY OF BARTLESVILLE,***  
***OKLAHOMA***  
**Independent Auditor's Report**  
**and Financial Statements**  
**For the Fiscal Year Ended June 30, 2005**

# CITY OF BARTLESVILLE

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# ***CITY OF BARTLESVILLE***

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# ***CITY OF BARTLESVILLE***

## List of Principal Officials

### **City Council**

Julie Daniels, Mayor

Mike Dunlap, Vice Mayor

Clark Miller

Betty Dalrymple

Eddie Mason

### **City Manager**

Steve Brown

### **City Clerk/Finance Director**

George Jones

### **City Treasurer**

Kelly Jones

### **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, State of Oklahoma*, as of and for the year ended June 30, 2005, 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'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. 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 and Bartlesville Community Center Trust 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The audit of the Bartlesville Development Corporation that was performed by other auditors was not conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 report 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 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*, State of Oklahoma, as of June 30, 2005, 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 December 12, 2005, on our consideration of the *City of Bartlesville*, State of Oklahoma's internal control over financial reporting and 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 the 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.

The management's discussion and analysis on pages 16-29, the pension plan funding progress report, budgetary comparison schedules, and the notes to the required supplementary information on budgetary accounting and control on pages 84-90 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic 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 not a required part of the basic financial statements. The schedule of expenditures of federal awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Archambo & Mueggenborg, PC*

*Archambo & Mueggenborg, PC*  
Certified Public Accountants

December 12, 2005

**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 *City of Bartlesville* as of and for the year ended June 30, 2005, and have issued our report thereon dated December 12, 2005. 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. 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 and Bartlesville Community Center Trust 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 not conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



### ***Internal Control over Financial Reporting***

In planning and performing our audit, we considered *City of Bartlesville's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. *Reportable conditions* involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect *City of Bartlesville's* ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 97-1 and 97-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 97-1 and 97-2, to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the *City of Bartlesville'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 the management of the *City of Bartlesville*, State of Oklahoma, in a separate letter dated December 12, 2005.

This report is intended solely for the information and use of the management, City Council, 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*

*Archambo & Mueggenborg, PC*  
Certified Public Accountants

December 12, 2005

**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 *City of Bartlesville* 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 each of its major federal programs for the year ended June 30, 2005. *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 *City of Bartlesville's* compliance with those requirements and performing other procedures as we considered necessary in the circumstances. 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. 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 and Bartlesville Community Center Trust Authority, are based on the report of the other auditors. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on *City of Bartlesville's* compliance with those requirements.

In our opinion, *City of Bartlesville* 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, 2005.

### **Internal Control over Compliance**

The management of *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 *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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A *material weakness* is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Archambo & Mueggenborg, PC". The signature is written in a cursive, flowing style.

*Archambo & Mueggenborg, PC*  
Certified Public Accountants

December 12, 2005

**CITY OF BARTLESVILLE**  
**Summary of Auditor's Results**  
**For the Year Ended June 30, 2005**

<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?	97-1, 97-2
b. Reportable conditions 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. Reportable conditions 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	Capitalization Grants for Drinking Water State Revolving Fund
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***  
Summary of Auditor's Results  
For the Year Ended June 30, 2005  
(continued)

**Section 2**

**Financial Statement Findings**

(None reported)

**Section 3**

**Federal Award Findings and Questioned Costs**

(None reported)

***CITY OF BARTLESVILLE***  
Schedule of Findings and Questioned Costs  
June 30, 2005

**PRIOR YEAR FINDINGS**

Internal Control Over Financial Reporting

97-1 Financial Management - Accounting Policies and Procedures

Condition and effect: 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. 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

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.



**CITY OF BARTLESVILLE**  
Schedule of Findings and Questioned Costs  
June 30, 2005  
(continued)

**PRIOR YEAR FINDINGS**  
(continued)

Internal Control Over Financial Reporting (continued)

97-2 Capital Expenditures and Fixed Assets - Periodic Physical Inventory of Recorded Fixed Assets

Condition and effect: Now that the City has developed fixed asset records for both its Enterprise Funds and its general fixed assets, a policy requiring periodic physical inventories should be adopted and implemented to insure the detail records remain accurate and complete. Without a physical inventory being performed, certain assets could remain unrecorded and others could remain recorded when actually retired. These recognition problems could have a material effect upon the calculation of depreciation expense. In addition, physical control over these assets of the City is difficult to achieve without such an inventory. In addition, timely information on additions and deletions is not being submitted to the centralized accounting department so that the records can be updated currently.

Recommendation: We recommend, as time allows, that the City institute a policy of performing periodic physical inventories of all recorded fixed assets, and that a policy of submitting detailed equipment additions and deletions to the accounting department on a monthly basis be initiated. We recommend that a formal policy be adopted that will continue to address these issues prospectively.

Management's response: The City is doing an inventory informally every other year. Although there is no written policy there is an informal policy in place that is being used.

***CITY OF BARTLESVILLE***  
Schedule of Findings and Questioned Costs  
June 30, 2005  
(continued)

**CURRENT YEAR FINDINGS**

*None*

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005

**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, 2005. 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 third 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 2005 were:

- The assets of the City of Bartlesville exceeded its liabilities at the close of the fiscal year by almost \$106.1 million. Of this amount, \$29.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's main governmental revenue source, the sales tax, ended the year with an increase of 3.58%.
- In April 2005, voters approved the issuance of general obligation bonds in the sum of \$13,000,000 for street, water, drainage, municipal facilities and equipment improvements. Of this total amount approved, \$4,500,000 of general obligation bonds was issued in May 2005.
- Noteworthy changes to the City's capital assets included the completion of the Madison Road and Price Road extension project, the completion of the community accessible park at Nowata Road and Silverlake Road, the completion of the Sand Creek Bridge and the sale of Bar-Dew Lake.

**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.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

***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 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 35. 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. These individual fund financial statements focus on the most significant funds, in terms of the assets, liabilities, revenues, and expenditures of each fund.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

*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.

**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 2005.

**CITY OF BARTLESVILLE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

**Table I**  
**Governmental Activities**  
**Net Assets (In Millions)**

	<b>2004</b>	<b>2005</b>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 26.1	\$ 30.2
Capital Assets, Net	34.0	38.1
Total Assets	60.1	68.3
<b><u>Liabilities</u></b>		
Current Liabilities	1.5	1.8
Long-term Liabilities		
Due within one year	3.5	0.8
Due in more than one year	9.3	13.8
Total Liabilities	14.3	16.4
<b><u>Net Assets</u></b>		
Invested in Capital Assets		
Net of Related Debt	22.0	24.3
Restricted for:		
Capital Projects	8.4	10.1
Debt Service	0.2	0.3
Other Purposes	15.2	17.3
Total Net Assets	\$ 45.8	52.0

Note: This is a recap of the Governmental Activities Column from the Statement of Net Assets on page 31 of the financial statement.

**CITY OF BARTLESVILLE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

**Table 2**  
**Governmental Activities**  
**Statement of Activities (In Millions)**

	<b>2004</b>	<b>2005</b>
<b><u>Governmental Activities (Expenses)</u></b>		
General Government	\$ (4.0)	(3.4)
Public Safety	(7.3)	(7.6)
Public Works	(2.1)	(0.9)
Health, welfare and sanitation	(3.1)	(0.2)
Culture and recreation	(1.1)	(0.8)
Interest of long-term debt	(0.6)	0.0
	(14.0)	(12.9)
<b><u>General Revenues</u></b>		
Taxes		
Property taxes, levied for debt service	2.5	1.6
Franchise taxes	2.4	2.3
Public service taxes	13.3	13.9
Grants and contributions, unrestricted	0.4	0.2
Investment earnings, unrestricted	0.7	1.0
Miscellaneous	0.4	0.1
Special item – gain on sale of asset	0.1	0.2
Transfers	(2.4)	(5.0)
	17.4	14.3
Change in net assets	3.4	1.4
Net Assets – beginning, unadjusted	42.3	45.7
Prior period adjustment	0.0	4.9
Net Assets – beginning, adjusted	42.3	50.6
Net Assets – ending	\$ 45.7	52.0

*Note: This is a recap of the Governmental Activities Column from the Statement of Activities on page 32 of the financial statement.*

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

Total assets from governmental activity are about \$68.3 million (rounded), whereas the total net assets of the City are about \$106.1 million. Factors influencing the change in net assets include construction financed by a special sales tax for capital improvements, general obligation bond issues and purchases made from appropriations.

The City's investment strategy for 2005 placed a premium on safety and liquidity. The Treasurer actively manages the portfolio within that framework so that strong yields may be achieved. As interest rates rose throughout the year, the City was able to increase its investment earnings. The City mainly invested in two-year government agency issues. This practice is consistent with the City's Council-adopted investment policy.

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.

The City has continued its concerted effort to improve work place safety so that worker's compensation costs are reduced. The City is "own risk" or self-insured for worker's compensation.

Money-saving programs and approaches to service delivery are constantly sought. Available grants are applied for to reduce local expenses.



***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(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. The remaining 25% is divided between economic development (1/3) and capital improvements (2/3). Sales tax revenue of \$10,326,662 represented a 3.58% increase over prior year receipts. The City also began receiving cigarette, tobacco and tobacco products tax in January 2005. It is apportioned in the same manner as sales tax. For the six months of January through June, the General Fund received \$64,347 in cigarette/tobacco tax proceeds. The City experienced an approximate 12% decrease in fees and fines, \$890,050 in 2005 as compared to \$1,011,873 in 2004, due primarily to decreases in weed abatement fees, parking fines, court cost fees and municipal court fines. Investment earnings increased due to a vigorous interest rate environment. For the City's governmental funds, investment earnings totaled \$978,082 for 2005, a 25% increase over 2004.

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 32% of governmental expenditures. The Fire department consists of 67 full-time employees, including one administrative assistant. The department handled 2,417 calls for service in fiscal year 2005. Of those calls, 1,805 were Emergency Medical Services and 612 were fire or other emergency related calls. The Police department consists of 77 full time employees with 50 being sworn enforcement personnel and 27 being civilian administrative or technical personnel. The department responded to 24,699 calls for service in 2005.

The City has 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, 2005  
(continued)

**The City's Funds**

Information on the City's major funds starts on page 35. The governmental funds utilize the modified accrual basis of accounting. All governmental funds had total revenues of \$24,231,941 for the year and \$25,275,752 in expenditures. The net change in fund balance for the year was not significant in any of the governmental funds. There were significant expenditures, but in almost all cases, the expended revenue was replaced or offset in some other way.

The general fund reflects an increase in fund balance of \$256,617. 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.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

*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. Normally, several meetings are devoted to discussion and explanation of the proposed budget by staff. The City Manager may transfer appropriations from one department to another or from one line item to another within the same department 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. She 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 \$970,092 in excess of the budget estimates of \$13,246,450. The City continues the conservative practice of estimating revenues anticipating little or no growth in revenues. 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 2005 were \$738,112 below the final budget of \$15,315,324. These savings were achieved through spending restraint and holding open job vacancies.

The City's ending unreserved fund balance, budget basis, in its General Fund was \$3,998,450.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

*Business-Type Activities*

Overall, the business-type activities saw an increase of \$6,274,514 in net assets. With the Water Treatment Plant construction project, the City has been on a program of increasing water rates to develop a revenue stream sufficient to support the debt requirements. The increased rates have resulted in an increase in cash flow and the resulting increase in liquid assets. A modest increase in sanitation rates became effective July 1, 2005. The Sanitation Fund was able to upgrade its fleet this year with the purchase of two trash trucks and a street sweeper. The Adams Municipal Golf Course continues a multi-year trend of having difficulty meeting revenue targets. The aging population of this geographical area and more golf course availability in the area are contributing factors. Deliberate efforts are being made to reverse these negative financial effects, including a \$1 green fee increase effective July 1, 2005, and a planned kitchen improvement project, funded primarily by donations. Some hard decisions will face the City if this trend toward less play is not reversed. Although it has always operated at a loss, requiring a transfer of funds from the general fund to subsidize operations, the losses have been greater in recent years than those experienced in the earlier years. There were no significant changes to the net assets balances of the proprietary funds, other than the Bartlesville Municipal Authority, which reflects the construction in progress of the new Water Treatment Plant.

**CITY OF BARTLESVILLE**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2005**  
(continued)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal 2005, the City of Bartlesville had \$123,715,861 invested in land, buildings and capital equipment (net of depreciation). Table 2 shows fiscal 2005 balances of capital assets.

**Table 2 Capital Assets Net of Accumulated Depreciation**

	<b>Governmental Activities 2005</b>	<b>Business- Type Activities 2005</b>	<b>Total 2005</b>
Land	\$ 4,082,581	962,801	5,045,382
Buildings	26,003,405	14,942,765	40,946,170
Other Improvements & Infrastructure	14,441,564	75,602,212	90,043,776
Machinery & Equipment	1,501,881	6,130,132	7,632,013
Office Equipment	950,738	172,119	1,122,857
Vehicles & Off-road Equipment	4,963,045	3,287,598	8,250,643
Construction in Progress	4,016,941	35,687,904	39,704,845
Total Capital Assets	<u>51,151,974</u>	<u>105,284,914</u>	<u>156,436,888</u>
(Less) Depreciation	<u>(18,351,966)</u>	<u>(51,503,777)</u>	<u>(69,855,743)</u>
Capital Assets (Net of Depreciation)	<u>\$ 38,110,300</u>	<u>85,605,561</u>	<u>123,715,861</u>

These statements do not reflect the value of infrastructure fixed assets prior to July 1, 2002, except for infrastructure in the business-type funds. The City has been in an aggressive mode in the construction and reconstruction of its water and sewer system in recent years. Phase IV of the sanitary sewer system project was completed which included construction of relief lines, a facility plan and a Total Maximum Daily Limit (TMDL) study. The construction of a new potable water treatment plant is currently ahead of its contracted deadline of late August 2006. Barring unforeseen circumstances or inclement weather, it is plausible that the new plant may be operational by June or July of 2006.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(continued)

Funds provided by the capital improvement sales tax are permitting some street and drainage system improvements. In 2002, the citizens approved an extension of the capital improvements sales tax for an additional five years beginning July 1, 2004. 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 or sold at auction or 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 is 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, 2005**  
(continued)

**Debt**

As of June 30, 2005 the City of Bartlesville had \$52,581,119 in outstanding debt. Of this total, \$13,825,000 was in General Obligation Bonds. Table 3 summarizes the outstanding debt.

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

	<u>2004</u>	<u>2005</u>
General Obligation Bonds	\$ 11,855,000	13,825,000
Capital Leases	125,913	0
Workers Compensation Claims	200,671	453,303
Notes Payable	<u>7,774,517</u>	<u>38,302,816</u>
 Total	 <u>\$ 19,956,101</u>	 <u>52,581,119</u>

All of the City's General Obligation is 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 or permanent notes used to replace the OWRB notes. These notes carry low interest rates and administrative fees.

The City had one capital lease obligation at the beginning of the fiscal year. The final principal payment of \$125,914 with accumulated interest payable to Fifth-Third Bank, Cincinnati, Ohio, was made in August 2005. This completed the City's financial obligation for two fire apparatus purchased by the City in 1998.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2005  
(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. 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/Finance Director, Kelly Jones at the City of Bartlesville, 401 S Johnstone Ave, Bartlesville, OK 74003, by phone at (918) 338-4281 or by email at [kmjones@cityofbartlesville.org](mailto:kmjones@cityofbartlesville.org).



# ***CITY OF BARTLESVILLE***

## **Basic Financial Statements For the Year Ended June 30, 2005**

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, 2005

	Component Units					
	Governmental Activities	Business-type Activities	Total	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority
<b>ASSETS</b>						
Cash and equivalents	\$ 3,003,278	2,721,075	5,724,353	197,369	8,278	135,063
Investments	23,501,956	5,241,635	28,743,591	0	0	189,679
Receivables	2,941,790	1,195,039	4,136,829	0	17,026	0
Internal Balances	19,519	(19,519)	0	0	0	0
Due from other governmental agencies	619,386	3,476,401	4,095,787	0	0	0
Inventories	53,838	176,090	229,928	0	0	0
Other assets	130,678	44,416	175,094	9,391	0	0
Capital assets						
Land	4,082,581	962,801	5,045,382	0	734,675	14,366
Infrastructure and other improvements	14,441,564	75,602,212	90,043,776	0	0	0
Buildings	26,003,405	14,942,765	40,946,170	0	5,000,000	0
Equipment and furniture	7,917,775	9,913,656	17,831,431	29,303	0	0
Construction in progress	4,016,941	35,687,904	39,704,845	0	0	0
Less: Accumulated depreciation	(18,351,966)	(51,503,777)	(69,855,743)	(25,655)	(810,550)	0
Total capital assets	<u>38,110,300</u>	<u>85,605,561</u>	<u>123,715,861</u>	<u>3,648</u>	<u>4,924,125</u>	<u>14,366</u>
Total assets	<u>68,380,745</u>	<u>98,440,698</u>	<u>166,821,443</u>	<u>210,408</u>	<u>4,949,429</u>	<u>339,108</u>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	743,060	5,560,424	6,303,484	41,219	8,278	0
Due to other governmental agencies	790,098	0	790,098	0	0	0
Deferred revenues	232,085	17,347	249,432	0	0	0
Long-term liabilities						
Due within one year						
Bonds, capital leases and contracts	0	747,058	747,058	0	172,044	0
Compensated absences	582,439	178,255	760,694	0	0	0
Claims payable	201,962	251,341	453,303	0	0	0
Due in more than one year						
Bonds, capital leases and contracts	<u>13,825,000</u>	<u>37,555,758</u>	<u>51,380,758</u>	<u>0</u>	<u>4,231,961</u>	<u>0</u>
Total liabilities	<u>16,374,644</u>	<u>44,310,183</u>	<u>60,684,827</u>	<u>41,219</u>	<u>4,412,283</u>	<u>0</u>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	24,285,300	47,302,745	71,588,045	3,648	520,120	14,366
Restricted for:						
Capital projects	10,141,091	0	10,141,091	0	0	0
Debt service	256,266	118,662	374,928	0	0	0
Other projects	0	235,750	235,750	40,482	0	0
Unrestricted	<u>17,323,444</u>	<u>6,473,358</u>	<u>23,796,802</u>	<u>125,059</u>	<u>17,026</u>	<u>324,742</u>
Total net assets	<u>\$ 52,006,101</u>	<u>54,130,515</u>	<u>106,136,616</u>	<u>169,189</u>	<u>537,146</u>	<u>339,108</u>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Activities – Government Wide

### June 30, 2005

Functions/Programs	Program Revenue				Primary Government				Component Units			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority	Net (Expense) Revenue and Changes in Net Assets	
											Total	Total
<b>Primary government</b>												
Governmental Activities												
General Government	\$ 6,321,052	423,718	53,157	2,424,365	(3,419,812)						(3,419,812)	
Public Safety	8,615,000	951,244	7,964	0	(7,655,792)						(7,655,792)	
Public Works	1,172,384	27,730	0	166,401	(978,253)						(978,253)	
Health, Welfare and Sanitation	191,962	37,400	0	0	(154,562)						(154,562)	
Culture and Recreation	1,737,527	450,790	116,446	403,671	(766,620)						(766,620)	
<b>Total governmental activities</b>	<b>18,037,925</b>	<b>1,890,882</b>	<b>177,567</b>	<b>2,994,437</b>	<b>(12,975,039)</b>						<b>(12,975,039)</b>	
Business-type Activities												
Water System	4,387,599	6,671,694	162,023	0		2,446,118					2,446,118	
Wastewater System	3,799,295	2,912,140	181,069	0	(706,086)						(706,086)	
Solid Waste Disposal	2,853,612	2,950,261	0	0	96,649						96,649	
Other Business-type Activities	613,679	333,181	0	0	(280,498)						(280,498)	
<b>Total business-type Activities</b>	<b>11,654,185</b>	<b>12,867,276</b>	<b>343,092</b>	<b>0</b>	<b>1,556,183</b>						<b>1,556,183</b>	
<b>Total Primary Government</b>	<b>29,692,110</b>	<b>14,758,158</b>	<b>520,659</b>	<b>2,994,437</b>	<b>(12,975,039)</b>						<b>(11,418,856)</b>	
<b>Component Units</b>												
Bartlesville Development Corporation	1,131,610	1,096,384	0	0			(35,226)				0	0
Bartlesville Development Authority	483,641	485,916	0	0				2,275			2,275	0
Bartlesville Redevelopment Trust Authority	80,470	0	2,000	0							0	(78,470)
<b>Total component units</b>	<b>1,695,721</b>	<b>1,582,300</b>	<b>2,000</b>	<b>0</b>			(35,226)				2,275	(78,470)
<b>General revenues:</b>												
<b>Taxes:</b>												
Property taxes, levied for debt service				\$ 1,675,953							0	0
Franchise taxes				2,377,366							0	0
Public service taxes				13,854,679							0	0
Grants and contributions not restricted to specific programs				228,859							0	0
Unrestricted investment earnings				986,455							144,853	0
Miscellaneous				54,116							8,033	62,149
Special item - gain (loss) on sale of asset				146,150							(26,739)	119,411
Transfers				(5,022,975)							4,618,233	(404,742)
<b>Total general revenues, special items, and transfers</b>				<b>14,300,603</b>							<b>4,744,380</b>	<b>19,044,983</b>
Change in net assets				1,325,564							6,300,563	7,626,127
Net assets - beginning, unadjusted				45,773,632							52,700,113	98,473,745
Prior period adjustment				4,906,905							(4,870,161)	36,744
Net assets - beginning, adjusted				50,680,537							47,829,952	98,510,489
Net assets - ending				52,006,101							54,130,515	106,136,616

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 June 30, 2005**

Total fund balance, governmental funds \$ 27,567,813

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. 37,854,306

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. 576,481

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. (13,992,499)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 52,006,101

## ***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 June 30, 2005

Net change in fund balances - total governmental funds:	\$ 3,865,938
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
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 \$5,951,975 exceeded depreciation \$1,416,004 in the current period.	4,535,971
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.	(12,983)
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.	(1,844,086)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Accrued interest not reflected on Governmental funds	0
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.	(5,279,099)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and worker's compensation, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>59,823</u>
Change in net assets of governmental activities	<u>\$ 1,325,564</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
 Balance Sheet – Governmental Funds  
 June 30, 2005

	General Fund	Bartlesville Community Center	Debt Service	99 Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 967,441	333,706	158,634	136,336	1,246,717	2,842,834
Cash held by third party	0	0	43,975	0	0	43,975
Investments	1,926,531	4,262,661	2,058,574	3,178,936	11,845,254	23,271,956
Taxes receivable, net	1,980,075	0	0	391,562	229,222	2,600,859
Due from other funds	1,362	34,463	0	45,568	0	81,393
Receivable from other governments	58,741	0	7,500	0	553,145	619,386
Other receivables	169,862	41,390	0	16,900	97,188	325,340
Prepaid expenses	122,010	0	0	0	5,785	127,795
Total assets	<u>5,226,022</u>	<u>4,672,220</u>	<u>2,268,683</u>	<u>3,769,302</u>	<u>13,977,311</u>	<u>29,913,538</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	16,346	57,740	0	22,445	157,887	254,418
Due to other funds	34,463	0	0	0	0	34,463
Payable to other governments	255	0	789,758	0	467	790,480
Deferred revenue	229,893	0	0	0	2,192	232,085
Other accrued expenses	882,976	0	0	0	24,897	907,873
Other payables	22,490	0	0	30,299	73,617	126,406
Total liabilities	<u>1,186,423</u>	<u>57,740</u>	<u>789,758</u>	<u>52,744</u>	<u>259,060</u>	<u>2,345,725</u>
Fund balances:						
Reserved for:						
Prepaid expenses	122,010	0	0	0	5,785	127,795
Debt service	0	0	1,478,925	0	0	1,478,925
Other purposes	(1,228)	0	0	0	328,567	327,339
Unreserved	3,918,817	4,614,480	0	3,716,558	0	12,249,855
Unreserved, reported in non-major:						
Special revenue funds	0	0	0	0	7,182,736	7,182,736
Capital projects funds	0	0	0	0	6,201,163	6,201,163
Total fund balances	<u>4,039,599</u>	<u>4,614,480</u>	<u>1,478,925</u>	<u>3,716,558</u>	<u>13,718,251</u>	<u>27,567,813</u>
Total liabilities and fund balances	<u>\$ 5,226,022</u>	<u>4,672,220</u>	<u>2,268,683</u>	<u>3,769,302</u>	<u>13,977,311</u>	<u>29,913,538</u>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds June 30, 2005

	General Fund	Bartlesville Community Center	Debt Service	99 Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes	0	0	1,675,953	0	0	1,675,953
Sales and miscellaneous taxes	12,407,285	0	0	2,309,113	1,512,722	16,229,120
Fees and fines	801,357	0	0	0	88,693	890,050
Licenses and permits	239,093	0	0	0	0	239,093
Intergovernmental	155,535	0	0	21,859	2,494,483	2,671,877
Charges for services	358,201	270,761	0	0	91,242	720,204
Investment earnings (losses)	219,625	394,326	4,777	76,401	282,953	978,082
Miscellaneous	35,446	482,684	0	0	309,432	827,562
Total revenues	<u>14,216,542</u>	<u>1,147,771</u>	<u>1,680,730</u>	<u>2,407,373</u>	<u>4,779,525</u>	<u>24,231,941</u>
<b>EXPENDITURES:</b>						
Current:						
General government	3,773,010	0	0	45,356	1,435,914	5,254,280
Public Safety	7,863,391	0	0	0	607,081	8,470,472
Public Works	947,771	0	0	9,497	204,366	1,161,634
Culture and recreation	1,808,086	787,973	0	58,710	244,013	2,898,782
Debt Service:						
Principal	125,914	0	2,530,000	0	0	2,655,914
Interest and other charges	0	0	458,071	0	0	458,071
Capital outlay	59,040	9,498	0	2,093,957	2,214,104	4,376,599
Total expenditures	<u>14,577,212</u>	<u>797,471</u>	<u>2,988,071</u>	<u>2,207,520</u>	<u>4,705,478</u>	<u>25,275,752</u>
Excess (deficiency) of revenues over expenditures	<u>(360,670)</u>	<u>350,300</u>	<u>(1,307,341)</u>	<u>199,853</u>	<u>74,047</u>	<u>(1,043,811)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long-term debt, net	0	0	0	0	4,500,000	4,500,000
Transfers in	1,382,230	181,412	0	0	397,199	1,960,841
Transfers out	(918,568)	0	0	(308,010)	(478,139)	(1,704,717)
Total other financing sources and uses	<u>463,662</u>	<u>181,412</u>	<u>0</u>	<u>(308,010)</u>	<u>4,419,060</u>	<u>4,756,124</u>
<b>SPECIAL ITEM:</b>						
Proceeds from sale of fixed assets	153,625	0	0	0	0	153,625
Net change in fund balances	<u>256,617</u>	<u>(1,307,341)</u>	<u>(1,307,341)</u>	<u>(108,157)</u>	<u>4,493,107</u>	<u>3,865,938</u>
Fund balances - beginning, unadjusted	3,782,982	4,082,768	2,786,266	3,824,715	9,231,708	23,708,439
Prior period adjustment	0	0	0	0	(6,564)	(6,564)
Fund balances - beginning, adjusted	<u>3,782,982</u>	<u>4,082,768</u>	<u>2,786,266</u>	<u>3,824,715</u>	<u>9,225,144</u>	<u>23,701,875</u>
Fund balances - ending	<u>4,039,599</u>	<u>4,614,480</u>	<u>1,478,925</u>	<u>3,716,558</u>	<u>13,718,251</u>	<u>27,567,813</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Net Assets – Proprietary Funds  
June 30, 2005

	Enterprise Funds							Internal Service Funds
	Bartlesville			Other		Total	Internal Service Funds	
	Wastewater	Water	Solid Waste	Municipal Authority	Enterprise Funds			
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 294,989	171,848	24,652	358,216	17,227	866,932	76,469	
Cash held by third party	0	0	0	1,854,143	0	1,854,143	40,000	
Investments	0	30,000	175,000	5,036,635	0	5,241,635	230,000	
Accounts receivable, net	0	61	261,777	897,823	0	1,159,661	0	
Due from other funds	0	0	0	863,019	0	863,019	7,719	
Receivables from other governments	0	0	0	3,476,401	0	3,476,401	0	
Other receivables	0	846	931	14,502	19,099	35,378	6,510	
Inventories	0	176,090	0	0	0	176,090	53,838	
Prepaid expenses	6,123	19,117	16,615	0	2,561	44,416	2,883	
Total current assets	<u>301,112</u>	<u>397,962</u>	<u>478,975</u>	<u>12,500,739</u>	<u>38,887</u>	<u>13,717,675</u>	<u>417,419</u>	
Non-current assets:								
Capital assets:								
Land and improvements	6,528	138,204	0	319,569	498,500	962,801	0	
Utility System	43,201,243	26,065,880	0	4,265,444	2,069,645	75,602,212	0	
Construction in Progress	0	675	0	35,687,229	0	35,687,904	0	
Buildings	10,127,005	3,563,513	134,434	830,084	287,729	14,942,765	515,052	
Equipment and Furniture	5,602,227	2,643,173	1,367,548	0	300,708	9,913,656	99,841	
Less accumulated depreciation	<u>(28,776,452)</u>	<u>(20,113,141)</u>	<u>(973,933)</u>	<u>(222,069)</u>	<u>(1,418,182)</u>	<u>(51,503,777)</u>	<u>(358,899)</u>	
Total non-current assets	<u>30,160,551</u>	<u>12,298,304</u>	<u>528,049</u>	<u>40,880,257</u>	<u>1,738,400</u>	<u>85,605,561</u>	<u>255,994</u>	
Total assets	<u>30,461,663</u>	<u>12,696,266</u>	<u>1,007,024</u>	<u>53,380,996</u>	<u>1,777,287</u>	<u>99,323,236</u>	<u>673,413</u>	

See accompanying notes to the financial statements



**CITY OF BARTLESVILLE**  
 Statement of Net Assets – Proprietary Funds  
 June 30, 2005  
 (continued)

	Enterprise Funds						Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	4,289	313	33,665	5,143,751	4,008	5,186,026	15,525
Salaries payable	16,756	45,598	42,893	0	10,479	115,726	7,333
Accrued interest payable	0	0	0	258,672	0	258,672	0
Due to other funds	23,651	16,318	0	868,618	0	908,587	0
Deferred revenue	0	0	0	0	17,347	17,347	0
Compensated absences	21,464	63,083	90,068	0	3,640	178,255	12,848
Claims and judgments	23,756	12,607	214,128	0	850	251,341	714
Bonds, notes and loans payable	0	0	0	747,058	0	747,058	0
Total current liabilities	89,916	137,919	380,754	7,018,099	36,324	7,663,012	36,420
Non-current liabilities:							
Bonds, notes and loans payable	0	0	0	37,555,758	0	37,555,758	0
Total non-current liabilities	0	0	0	37,555,758	0	37,555,758	0
Total liabilities	89,916	137,919	380,754	44,573,857	36,324	45,218,770	36,420
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	30,160,551	12,298,304	528,049	2,577,441	1,738,400	47,302,745	255,994
Restricted for debt service	0	0	0	118,662	0	118,662	0
Restricted for other purposes	6,122	210,452	16,615	0	2,561	235,750	56,721
Unrestricted	205,074	49,591	81,606	6,229,698	2	6,565,971	324,278
Total net assets	30,371,747	12,558,347	626,270	8,925,801	1,740,963	54,223,128	636,993

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

Total net assets per Government-Wide financial statements

\$ 26,049  
 \$ 54,249,177

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds June 30, 2005

	Enterprise Funds					Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	
<b>REVENUES:</b>						
Charges for services	\$ 0	44,276	2,950,261	9,539,558	333,181	12,867,276
Total operating revenues	<u>0</u>	<u>44,276</u>	<u>2,950,261</u>	<u>9,539,558</u>	<u>333,181</u>	<u>12,867,276</u>
<b>OPERATING EXPENSES:</b>						
Personal services	580,432	1,604,536	1,667,632	0	283,089	4,135,689
Contractual services	18,733	14,668	753,454	774,983	70,756	1,632,594
Utilities	2,862	341,489	4,306	0	23,418	372,075
Repairs and maintenance	54,040	230,537	185,159	0	42,161	511,897
Other supplies and expenses	1,622,106	503,015	122,171	86,180	56,088	2,389,560
Depreciation	1,445,605	738,252	78,026	132,634	103,134	2,497,651
Total operating expenses	<u>3,723,778</u>	<u>3,432,497</u>	<u>2,810,748</u>	<u>993,797</u>	<u>578,646</u>	<u>11,539,466</u>
Operating income (loss)	<u>(3,723,778)</u>	<u>(3,388,221)</u>	<u>139,513</u>	<u>8,545,761</u>	<u>(245,465)</u>	<u>1,327,810</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest and investment revenue	3,375	4,371	7,375	128,668	1,064	144,853
Miscellaneous revenue	4,052	0	3,759	109	113	8,033
Operating grants and contributions	181,069	162,023	0	0	0	343,092
Interest expense	0	0	0	(140,768)	0	(140,768)
Total non-operating revenue (expenses)	<u>188,496</u>	<u>166,394</u>	<u>11,134</u>	<u>(11,991)</u>	<u>1,177</u>	<u>355,210</u>
Income (loss) before contributions and transfers	<u>(3,535,282)</u>	<u>(3,221,827)</u>	<u>150,647</u>	<u>8,533,770</u>	<u>(244,288)</u>	<u>1,683,020</u>
Capital asset transfers	4,782,000	497,098	0	0	0	5,279,098
Transfers in	2,628,173	3,257,252	0	308,010	156,125	6,349,560
Transfers out	(350,000)	(450,000)	(325,000)	(5,885,425)	0	(7,010,425)
Special item - gain (loss) on sale of capital assets	1,950	19,571	(49,510)	0	1,250	(26,739)
Change in net assets	<u>3,526,841</u>	<u>102,094</u>	<u>(223,863)</u>	<u>2,956,355</u>	<u>(86,913)</u>	<u>6,274,514</u>
Total net assets - beginning, unadjusted	31,461,179	12,733,986	850,133	5,828,513	1,826,302	52,700,113
Prior period adjustment (Note 7)	(4,616,273)	(277,733)	0	22,271	1,574	(4,870,161)
Total net assets - beginning, adjusted	<u>26,844,906</u>	<u>12,456,253</u>	<u>850,133</u>	<u>5,850,784</u>	<u>1,827,876</u>	<u>47,829,952</u>
Total net assets - ending	<u>\$ 30,371,747</u>	<u>12,558,347</u>	<u>626,270</u>	<u>8,807,139</u>	<u>1,740,963</u>	<u>54,104,466</u>
Change in net assets, per above						6,274,514
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of certain internal service funds is reported with Business Activities.						26,049
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements						<u>\$ 6,300,563</u>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Cash Flows – Proprietary Funds June 30, 2005

	Enterprise Funds						Total
	Bartlesville			Other			
	Wastewater	Water	Solid Waste	Municipal Authority	Enterprise Funds	Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from customers	\$ 75,151	44,803	2,941,849	6,893,113	341,776	10,296,692	
Payments to suppliers	(1,721,080)	(1,102,631)	(1,064,328)	2,915,136	(192,781)	(1,165,684)	
Payments to employees	(586,671)	(1,619,948)	(1,694,718)	0	(280,196)	(4,181,533)	
Net cash provided (used) by operating activities	<u>(2,232,600)</u>	<u>(2,677,776)</u>	<u>182,803</u>	<u>9,808,249</u>	<u>(131,201)</u>	<u>4,949,475</u>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Other income	4,052	0	3,759	109	113	8,033	
Intergovernmental income	181,069	162,023	0	0	0	343,092	
Fund cash overdraft borrowing (repayment)	0	0	0	0	(10,124)	(10,124)	
Interfund transfers in (out)	2,278,173	2,807,252	(325,000)	(5,577,415)	156,125	(660,865)	
Net cash provided (used) by noncapital financing activities	<u>2,463,294</u>	<u>2,969,275</u>	<u>(321,241)</u>	<u>(5,577,306)</u>	<u>146,114</u>	<u>(319,864)</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Proceeds from sale of capital assets	1,947	18,895	9,228	0	1,250	31,320	
Purchases of capital assets	(213,761)	(445,595)	(290,009)	(30,707,287)	0	(31,656,652)	
Proceeds from issuance of long-term debt	0	0	0	34,193,657	0	34,193,657	
Cash held by third party	0	0	0	(1,735,481)	0	(1,735,481)	
Principal paid on capital debt	0	0	0	(3,665,358)	0	(3,665,358)	
Interest paid on capital debt	0	0	0	(140,768)	0	(140,768)	
Net cash provided (used) by capital and related financing activities	<u>(211,814)</u>	<u>(426,700)</u>	<u>(280,781)</u>	<u>(2,055,237)</u>	<u>1,250</u>	<u>(2,973,282)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Investment income	3,375	4,371	7,375	128,668	1,064	144,853	
Purchase of investments	0	0	0	(2,361,635)	0	(2,361,635)	
Sale of investments	150,000	95,000	400,000	0	0	645,000	
Net cash provided (used) by investing activities	<u>153,375</u>	<u>99,371</u>	<u>407,375</u>	<u>(2,232,967)</u>	<u>1,064</u>	<u>(1,571,782)</u>	
Net increase (decrease) in cash and cash equivalents	172,255	(35,830)	(11,844)	(57,261)	17,227	84,547	
Cash and cash equivalents, beginning of year	122,734	207,678	36,496	415,477	0	782,385	
Cash and cash equivalents, end of year	<u>\$ 294,989</u>	<u>171,848</u>	<u>24,652</u>	<u>358,216</u>	<u>17,227</u>	<u>866,932</u>	

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
 Statement of Cash Flows – Proprietary Funds  
 June 30, 2005  
 (continued)

	Enterprise Funds					Total
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	
Operating income (loss)	\$ (3,723,778)	(3,388,221)	139,513	8,545,761	(245,465)	1,327,810
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,445,605	738,252	78,026	132,634	103,134	2,497,651
(Increase) decrease in accounts receivable	75,151	527	(8,412)	(2,646,445)	(2,599)	(2,581,778)
(Increase) decrease in inventories	0	15,245	0	0	0	15,245
(Increase) decrease in prepaid items	(343)	(1,063)	1,814	0	(750)	(342)
Increase (decrease) in accounts payable	(22,996)	(27,104)	(1,052)	3,776,299	392	3,725,539
Increase (decrease) in deferred revenue	0	0	0	0	11,194	11,194
Increase (decrease) in payroll liabilities	(6,239)	(15,412)	(27,086)	0	2,893	(45,844)
Total adjustments	1,491,178	710,445	43,290	1,262,488	114,264	3,621,665
Net cash provided by operating activities	\$ (2,232,600)	(2,677,776)	182,803	9,808,249	(131,201)	4,949,475

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Net Assets – Fiduciary Funds  
June 30, 2005

	<u>Mausoleum Endowment</u>	<u>Utility Deposits</u>	<u>Municipal Court Bond</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,446	82,933	42,557
Receivables:			
Interest and Dividends	0	0	85
Investments	<u>12,857</u>	<u>425,000</u>	<u>0</u>
Total assets	<u><u>16,303</u></u>	<u><u>507,933</u></u>	<u><u>42,642</u></u>
<b>LIABILITIES</b>			
Due to other funds	0	0	1,362
Refunds payable and other liabilities	<u>0</u>	<u>507,933</u>	<u>41,280</u>
Total liabilities	<u><u>0</u></u>	<u><u>507,933</u></u>	<u><u>42,642</u></u>
<b>NET ASSETS</b>			
Held in trust for benefits and other purposes	<u><u>\$ 16,303</u></u>		

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See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds  
June 30, 2005

	<u><b>Mausoleum Endowment</b></u>
<b>ADDITIONS:</b>	
Investment earnings:	
Interest	\$ <u>289</u>
<b>DEDUCTIONS:</b>	
Miscellaneous expense	<u>0</u>
Change in net assets	289
Net assets - beginning	<u>16,014</u>
Net assets - ending	<u><u>\$ 16,303</u></u>

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See accompanying notes to the financial statements

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements - Index

June 30, 2005

### **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
- F. Revenues, Expenditures, and Expenses

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# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **1.A. INTRODUCTION**

The financial statements of the *City of Bartlesville* (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* 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 discreetly.

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



# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **1.B. FINANCIAL REPORTING ENTITY** (continued)

<b>Blended Component Units Reported with the Primary Government</b>	<b>Brief Description of Activities Relationship to City</b>	<b>Reporting Funds</b>
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 Downtown Trust Authority	Finance and promote activities to benefit the citizens. The Board of Trustees consists of six members appointed by the City Council and one City Council member. Dissolved September 13, 2004	Special Revenue 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 the 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. Trustees 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, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **1.B. FINANCIAL REPORTING ENTITY** (continued)

<b><u>Discreetly Presented Component Unit</u></b>	<b><u>Brief Description of Activities Relationship to City</u></b>	<b><u>Reporting Funds</u></b>
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 City of Bartlesville 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, 2005

(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, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **1.C. BASIS OF PRESENTATION** (continued)

The funds of the *City of Bartlesville* 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, 2005

(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>
Fleet Maintenance	Accounts for the revenues and expenditures of the municipal garage
Worker's Compensation	Accounts for the revenues and expenditures of the City's worker's compensation 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 expense of the mausoleum. Comprised initially of monies in deposit for the mausoleum's care when the City accepted the mausoleum.

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2005

(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>
Utility Deposit Fund	Accounts for utility deposits made by individuals using the utility system
Municipal Court Bond Fund	Accounts for municipal court bonds held for individuals awaiting court dates

##### **MAJOR AND NON-MAJOR FUNDS**

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

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General	See above for description.
Special Revenue Fund: Bartlesville Community Center Trust Authority	See above for description.
Debt Service Fund	See above for description.
Capital Project Fund: 99 Sales Tax Improvements Fund	Accounts for revenues and expenditures related to a sales tax issue passed in 1999.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(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>
<b>Major:</b> (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.
<b>Non-Major:</b>	
Special Revenue Funds:	
Economic Development Fund	Accounts for revenues and expenditures of promoting economic diversification.
Bond Financing Fund	Accounts for receipt and expenditures of sales tax money for debt service purposes.
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

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **1.C. BASIS OF PRESENTATION** (continued)

##### **Non-Major :** (continued)

Municipal Airport Fund	Accounts for revenues and expenditures of the municipal airport including fees, contracts, and grants
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.
Bartlesville Downtown Trust Authority	See blended component units above for description. Dissolved September 13, 2004.
Local Law Enforcement Block Grant Fund	Accounts for revenues and expenditures related to the Local Law Enforcement Block Grant
Neighborhood Park Fund	Accounts for the receipt and expenditure of development fees that are reserved for use in the various parks of the City
Cemetery Perpetual Care Fund	Accounts for revenues and expenses 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.



# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

#### **1.C. BASIS OF PRESENTATION** (continued)

##### **Non-Major:** (continued)

##### Capital Project Funds:

Capital Improvement - Water	Accounts for the revenues and expenditures associated with improving the water system.
Capital Improvement - Wastewater Fund	Accounts for the revenues and expenditures associated with improving the wastewater system.
Capital Improvement - Park and Recreation Fund	Accounts for revenues and expenditures associated with improving the parks and recreation facilities.
Capital Improvement - General Fund	Accounts for revenues and expenditures associated with general City improvements.
Capital Improvement - Storm Sewer Fund	Accounts for revenues and expenditures associated with improving the storm sewer system.
Capital Improvement - Street	Accounts for revenues and expenditures associated with improving the streets.
Community Development Block Grant Fund	Accounts for revenues and expenditures related to the Community Development Block Grant

##### Proprietary Funds:

Adams Municipal Golf Course	Accounts for revenues and expenditures of the municipal golf course.
--------------------------------	--

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(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.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

- d. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

#### **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, 2005

(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.

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

##### 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 it's 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 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.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

#### 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 funded 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, 2005

(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. All current year infrastructure additions have been recorded at actual cost. The City is not required to account for infrastructure assets acquired prior to July 1, 2002 until the fiscal year ending June 30, 2007. No governmental fund infrastructure assets have been recorded for the period prior to July 1, 2002, however all proprietary infrastructure assets are recorded.

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 Improvements	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, 2005

(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 are 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 liabilities 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, 2005

(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.

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Equity Classifications (continued)

- 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, or (2) law through constitutional provisions or enabling legislation.
- 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 a 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, 2005

(continued)

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

##### Property Tax

Under State law, municipalities are limited to 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

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

#### **Cigarette, Tobacco and Tobacco Products Tax** (continued)

by the City in July and August have been accrued and are included under the caption "Due from other governments".

#### **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, 2005

(continued)

### **NOTE 2 - DEPOSITS, INVESTMENTS AND COLLATERAL**

The following is a table of deposits and investments for the City at June 30, 2005 by type.

	<u>Credit Rating</u>	<u>Carrying Value</u>
Type Deposits:		
Petty Cash	N/A	2,775
Demand Deposits	N/A	\$ 3,912,396
Time deposits	N/A	805,302
Total deposits		\$ <u>4,720,473</u>
Investments:		
Corporate stocks and bonds - Community Center	N/A	\$ 4,262,661
Agencies of the U.S. Govt: GNMA/FHLB/FNMA/FFCR	N/A	23,040,429
Mutual Funds: Library Trust Authority	AAAAA	<u>1,073,056</u>
Total Investments		\$ <u>28,376,146</u>
Note payments held in trust and cash with fiscal agent		<u>1,938,118</u>
Total		\$ <u>35,034,737</u>
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents:		
Government Wide		5,724,353
Mausoleum		3,446
Utility Deposits		82,933
Municipal Court Bond		42,557
Investments:		
Government Wide		28,743,591
Mausoleum		12,857
Utility Deposits		<u>425,000</u>
Total		\$ <u>35,034,737</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, 2005

(continued)

### NOTE 3 - PROPERTY AND EQUIPMENT

#### 3.A. CAPITAL ASSET ACTIVITY - GOVERNMENTAL TYPE

Capital asset activity for governmental type activities for the year ended June 30, 2005 was as follows:

Governmental Type							
Class	Previously Reported Ending Balance June 30, 2004	Adjustments to Previously Reported Balances (Note 3.D.)	Restated Ending Balance June 30, 2004	Additions	Deletions	Transfers	Ending Balance June 30, 2005
Land	\$ 4,088,806	0	4,088,806	0	(6,225)	0	4,082,581
Infrastructure and improvements	10,151,248	0	10,151,248	568,670	0	3,721,646	14,441,564
Buildings	25,913,308	0	25,913,308	0	0	90,097	26,003,405
Equipment and furniture	7,415,664	0	7,415,664	885,110	(190,817)	(192,182)	7,917,775
Construction in progress	3,582,948	4,846,674	8,429,622	4,498,196	0	(8,910,877)	4,016,941
Accumulated depreciation	(17,148,439)	10,694	(17,137,745)	(1,416,004)	189,566	12,217	(18,351,966)
<b>Total</b>	<b>\$ 34,003,535</b>	<b>4,857,368</b>	<b>38,860,903</b>	<b>4,535,972</b>	<b>(7,476)</b>	<b>(5,279,099)</b>	<b>38,110,300</b>

#### 3.B. CAPITAL ASSET ACTIVITY - BUSINESS TYPE

Capital asset activity for business type activities for the year ended June 30, 2005 was as follows:

Business Type							
Class	Previously Reported Ending Balance June 30, 2004	Adjustments to Previously Reported Balances (Note 3.D.)	Restated Ending Balance June 30, 2004	Additions	Deletions	Transfers	Ending Balance June 30, 2005
Land	\$ 782,895		782,895	179,906	0	0	962,801
Infrastructure and improvements	68,856,090		68,856,090	456,096	0	6,290,026	75,602,212
Buildings	16,127,038		16,127,038	6,621	0	(1,190,894)	14,942,765
Equipment and furniture	9,589,848		9,589,848	486,647	(319,201)	156,362	9,913,656
Construction in progress	9,929,042	(4,909,210)	5,019,832	30,668,072	0	0	35,687,904
Accumulated depreciation	(49,338,470)	39,049	(49,299,421)	(2,497,650)	269,690	23,604	(51,503,777)
<b>Total</b>	<b>\$ 55,946,443</b>	<b>(4,870,161)</b>	<b>51,076,282</b>	<b>29,299,692</b>	<b>(49,511)</b>	<b>5,279,098</b>	<b>85,605,561</b>

**CITY OF BARTLESVILLE**

Notes to Basic Financial Statements

June 30, 2005

(continued)

**NOTE 3 - PROPERTY AND EQUIPMENT** (continued)

**3.C. DEPRECIATION CHARGES**

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

<b><u>Functional Category</u></b>	<b><u>Amount</u></b>
General Government	\$ 235,267
Public Safety	291,252
Public Works	240,964
Culture and Recreation	648,521
Total	\$ <u>1,416,004</u>

**3.D. CAPITAL ASSET ACTIVITY - ADJUSTMENTS TO PREVIOUSLY REPORTED BALANCES**

The June 30, 2004 balances were restated to correct errors in recording fixed assets and to adjust the values previously reported based upon a detailed review of the assets in preparation for entry into a fixed asset database system.

	<b><u>Effect on Net Assets June 30, 2004</u></b>	<b><u>Amount</u></b>
<b>Governmental Type</b>		
Correction of an error	Understated	\$ <u>4,857,368</u>
<b>Business Type</b>		
Correction of an error	Overstated	\$ <u>4,870,161</u>

**CITY OF BARTLESVILLE**

Notes to Basic Financial Statements

June 30, 2005

(continued)

**NOTE 4 - LONG-TERM DEBT**

The following is a summary of long-term debt of the City at June 30, 2005:

	<b>General Obligation Bonds Payable</b>	<b>Capital Lease Obligations</b>	<b>Notes Payable</b>	<b>Workers' Comp Claims Liability</b>	<b>Total</b>
Long-term debt, July 1, 2004	\$ 11,855,000	125,914	7,774,517	452,012	20,207,443
Debt issued	4,500,000	0	34,193,657	1,291	38,694,948
Debt retired	<u>(2,530,000)</u>	<u>(125,914)</u>	<u>(3,665,358)</u>	<u>0</u>	<u>(6,321,272)</u>
Long-term debt, June 30, 2005	<u>\$ 13,825,000</u>	<u>0</u>	<u>38,302,816</u>	<u>453,303</u>	<u>52,581,119</u>

**4.A. GENERAL OBLIGATION BONDS TO BE REPAID 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, 2005

(continued)

### NOTE 4 - LONG-TERM DEBT (continued)

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

General obligation bonds payable at June 30, 2005 are comprised of the following issues:

\$3,000,000 Combined Bonds of 1997, serial bonds due in annual installments of \$335,000, except for a final installment of \$320,000, through May 1, 2007; interest at rates varying from 4.7% to 7.15%	Current	\$ 335,000
	Long-term	<u>320,000</u>
	Total	<u>655,000</u>
\$2,000,000 Combined Bonds of 1998, serial bonds due in annual installments of \$220,000, except for a final installment of \$240,000 through April 1, 2008; semi-annual interest at rates varying from 4.05% to 7%	Current	220,000
	Long-term	<u>460,000</u>
	Total	<u>680,000</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%	Current	330,000
	Long-term	<u>2,010,000</u>
	Total	<u>2,340,000</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	385,000
	Long-term	<u>2,345,000</u>
	Total	<u>2,730,000</u>
\$3,650,000 Sanitary Sewer System Improvement Bonds of 2003, serial bonds due in annual installments of \$730,000 through January 1, 2009; semi-annual interest at rates varying from 3.25% through 4.30%	Current	730,000
	Long-term	<u>2,190,000</u>
	Total	<u>2,920,000</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	0
	Long-term	<u>4,500,000</u>
	Total	<u>4,500,000</u>
Total current portion		2,000,000
Total long-term portion		<u>11,825,000</u>
Total general obligation bonds		<u>\$ 13,825,000</u>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 4 - LONG-TERM DEBT** (continued)

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

Notes payable at June 30, 2005 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.</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>610,126</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>648,259</u></td> </tr> </table>	Current	\$ 38,133	Long-term	<u>610,126</u>	Total	<u>648,259</u>
Current	\$ 38,133						
Long-term	<u>610,126</u>						
Total	<u>648,259</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.</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>653,406</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>689,706</u></td> </tr> </table>	Current	36,300	Long-term	<u>653,406</u>	Total	<u>689,706</u>
Current	36,300						
Long-term	<u>653,406</u>						
Total	<u>689,706</u>						

<p>Note payable to the Oklahoma Water Resources Board, proceeds of \$552,498 were used to refinance an interim construction loan on March 31, 2004, principle 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.</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>497,248</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>524,873</u></td> </tr> </table>	Current	27,625	Long-term	<u>497,248</u>	Total	<u>524,873</u>
Current	27,625						
Long-term	<u>497,248</u>						
Total	<u>524,873</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 range from \$185,000 to \$215,000. This note bears interest at a rate of 2.99% per annum. Principal and interest are due semiannually starting March 1, 2005. The note will mature on September 1, 2009.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">375,000</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>1,440,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>1,815,000</u></td> </tr> </table>	Current	375,000	Long-term	<u>1,440,000</u>	Total	<u>1,815,000</u>
Current	375,000						
Long-term	<u>1,440,000</u>						
Total	<u>1,815,000</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.</p>	<table border="0"> <tr> <td>Current</td> <td style="text-align: right;">270,000</td> </tr> <tr> <td>Long-term</td> <td style="text-align: right;"><u>2,760,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;"><u>3,030,000</u></td> </tr> </table>	Current	270,000	Long-term	<u>2,760,000</u>	Total	<u>3,030,000</u>
Current	270,000						
Long-term	<u>2,760,000</u>						
Total	<u>3,030,000</u>						

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 4 - LONG-TERM DEBT** (continued)

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

Notes payable at June 30, 2005 are comprised of the following obligations:  
(continued)

Note payable to the Oklahoma Water Resources Board, construction proceeds of \$2,431,321 were drawn as of June 30, 2004, \$45,510,000 is the total amount available, principle will be payable in two semi-annual installments to be determined on September 15, 2004.

	Current	\$	0
	Long-term		<u>31,594,978</u>
	Total		<u>31,594,978</u>
Total current portion			747,058
Total long-term portion			<u>37,555,758</u>
Total notes payable		\$	<u><u>38,302,816</u></u>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 4 - LONG-TERM DEBT** (continued)

**4.C. 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, 2005, the City's workers compensation claims liability was \$453,303 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. \$201,962 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. \$251,341 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.

**4.D. DEBT SERVICE REQUIREMENTS TO MATURITY**

The annual requirements to amortize long-term debt outstanding as of June 30, 2005 are as follows:

<u>Period</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 2,747,058	1,733,247
2007	34,842,035	1,101,803
2008	2,967,058	443,211
2009	2,757,058	352,697
2010	1,827,058	266,269
2011 - 2015	6,145,291	541,315
2016 - 2020	510,291	0
2021 - 2024	331,967	0
	<hr/>	<hr/>
Total	\$ 52,127,816	4,438,542

# CITY OF BARTLESVILLE

Notes to Basic Financial Statements  
June 30, 2005  
(continued)

## NOTE 5 - INTERFUND TRANSACTIONS

### 5.A. INTERFUND OPERATING TRANSFERS

	Transfers In											Transfers Out Total
	Memorial Stadium Operating Fund	Adams Municipal Golf Course Fund	E-911 Fund	Special Library Fund	Bond Financing Fund	Wastewater Fund	General Fund	Water Fund	BMA Street Fund	Bartlesville Redevelopment Trust Authority	Bartlesville Community Center Trust Authority	
General Fund	\$ 37,925	156,125	275,000	0	0	0	0	0	0	268,106	181,412	918,568
Economic Development Fund	0	0	0	0	0	0	0	0	0	20,000	0	20,000
Bartlesville Library Trust Authority	0	0	0	59,274	0	0	0	0	0	0	0	59,274
Golf Course Memorial Fund	0	0	0	0	25,000	0	0	0	0	0	0	25,000
Capital Project Fund	0	0	0	0	0	0	0	0	0	0	0	308,010
Bartlesville Development Trust Authority	0	0	0	0	0	0	257,230	0	0	116,635	0	373,865
Bartlesville Municipal Authority	0	0	0	0	0	2,628,173	0	3,257,252	0	0	0	5,885,425
Wastewater Fund	0	0	0	0	0	0	350,000	0	0	0	0	350,000
Water Fund	0	0	0	0	0	0	450,000	0	0	0	0	450,000
Solid Waste Fund	0	0	0	0	0	0	325,000	0	0	0	0	325,000
<b>Transfers In Total</b>	<b>\$ 37,925</b>	<b>156,125</b>	<b>275,000</b>	<b>59,274</b>	<b>25,000</b>	<b>2,628,173</b>	<b>1,382,230</b>	<b>3,257,252</b>	<b>308,010</b>	<b>404,741</b>	<b>181,412</b>	<b>8,715,142</b>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 5 - INTERFUND TRANSACTIONS** (continued)

**5.B. INTERFUND RECEIVABLES AND PAYABLES**

<u>Interfund Payables</u>	<u>Interfund Receivables</u>			<u>Payables Total</u>
	<u>99 Sales Tax Improvement</u>	<u>General Fund</u>	<u>Bartlesville Community Center Trust Authority</u>	
Municipal Court Bond Fund	\$ 0	1,362	0	1,362
Bartlesville Municipal Authority	45,568	0	0	45,568
General Fund	<u>0</u>	<u>0</u>	<u>34,463</u>	<u>34,463</u>
Receivables total	<u>\$ 45,568</u>	<u>1,362</u>	<u>34,463</u>	<u>81,393</u>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 6 - EMPLOYEES RETIREMENT PLANS**

The City participates in the Oklahoma State Police Pension and Retirement System, Oklahoma State Firefighters Pension and Retirement System and Oklahoma Municipal Retirement Fund, which together provide coverage to substantially all full-time City employees.

**6.A. 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 full-time employees of the City of Bartlesville, except police officers and firefighters, with two years of service, 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.

The number of Fund participants by category is as follows:

Terminated members entitled to but not yet receiving benefits	17
Retirees and beneficiaries currently receiving benefits	49
Fully Vested Employees	133
Nonvested Employees	39
Total	<u>238</u>

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

### **6.A. SINGLE EMPLOYER, DEFINED BENEFIT PENSION PLAN** (continued)

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, 2005

(continued)

**NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

**6.A. 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. 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
Retirement age	Rates by age
Turnover	Rates by age
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.

Schedule of employer contributions:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
2003	489,612	569,785	116%
2004	464,257	517,690	112%
2005	470,153	593,806	126%

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

### **6.B. 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, 2005, the System held no related party investments of the City or any of its entities.

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.

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2005  
(continued)

**NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

**6.B. COST SHARING, MULTIPLE EMPLOYER PLANS** (continued)

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, 2005, 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.

**CITY OF BARTLESVILLE**

Notes to Basic Financial Statements

June 30, 2005

(continued)

**NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

**6.B. COST SHARING, MULTIPLE EMPLOYER PLANS** (continued)

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.

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

<u>Fiscal Year</u>	<u>Oklahoma Police Pension and Retirement System</u>		<u>Oklahoma Firefighters Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2003	219,282	100%	320,660	100%
2004	242,701	100%	350,517	100%
2005	228,796	100%	343,102	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, 2005. Copies of these reports may be obtained from the State Retirement System.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2005

(continued)

## **NOTE 6 - EMPLOYEES RETIREMENT PLANS** (continued)

### **6.C. COMPONENT UNIT RETIREMENT PLANS**

The Bartlesville Development Corporation participates in a defined contribution plan administered by the American Chamber of Commerce Executives (ACCE) Retirement Plan. The employer contributes four percent of annual salary, and a match of employee's contribution of 1%. For the fiscal year ended June 30, 2005 the employer contributed \$2,865 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, 2005, the employer contributed \$14,363 to the plan.

### **6.D. OTHER POSTEMPLOYMENT BENEFITS**

The City of Bartlesville pays health insurance on two employees as part of their early retirement agreements. The amount paid during the fiscal year ending June 30, 2005 was \$12,860.

## **NOTE 7 - PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment was necessary to decrease construction in progress fixed assets in the amount of \$4,909,210 that were reported as business type and were actually government type and a decrease in accumulated depreciation the amount of \$39,049 for a total prior period adjustment decrease of \$4,870,161.

***CITY OF BARTLESVILLE***  
Required Supplementary Information  
June 30, 2005

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, Debt Service Fund, and Capital Improvement Wastewater Fund

**CITY OF BARTLESVILLE**  
 Required Supplementary Information on  
 Pension Plan Funding Progress  
 June 30, 2005

**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)
2003	1/1/02	\$ 1,921,264	3,272,152	1,350,888	58.7%	5,824,388	23.2%
2004	1/1/03	2,326,665	3,732,622	1,405,957	62.3%	5,753,077	24.4%
2005	1/1/04	2,810,838	3,831,659	1,020,821	73.4%	5,718,618	17.9%

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See independent auditor's report

# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule - General Fund

June 30, 2005

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 11,371,200	11,371,200	12,407,285	1,036,085
Fees and fines	801,000	801,000	801,357	357
Licenses and permits	195,000	195,000	239,093	44,093
Intergovernmental	367,500	367,500	155,535	(211,965)
Charges for services	306,750	306,750	358,201	51,451
Investment earnings	140,000	140,000	219,625	79,625
Miscellaneous	65,000	65,000	35,446	(29,554)
Total revenues	<u>13,246,450</u>	<u>13,246,450</u>	<u>14,216,542</u>	<u>970,092</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,110,751	4,135,728	3,773,010	362,718
Public Safety	8,076,153	8,077,214	7,863,391	213,823
Public Works	1,010,094	1,010,594	947,771	62,823
Culture and recreation	1,880,530	1,881,442	1,808,086	73,356
Debt Service:				
Principal	0	0	125,914	(125,914)
Capital Outlay	218,364	210,346	59,040	151,306
Total Expenditures	<u>15,295,892</u>	<u>15,315,324</u>	<u>14,577,212</u>	<u>738,112</u>
Excess (deficiency) of revenues over expenditures	<u>(2,049,442)</u>	<u>(2,068,874)</u>	<u>(360,670)</u>	<u>1,708,204</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,125,000	1,125,000	1,382,230	257,230
Transfers out	(427,925)	(764,764)	(918,568)	(153,804)
Total other financing sources and uses	<u>697,075</u>	<u>360,236</u>	<u>463,662</u>	<u>103,426</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale of capital assets	0	0	153,625	153,625
Net change in fund balances	(1,352,367)	(1,708,638)	256,617	(1,965,255)
Fund balances - beginning	3,516,171	1,102,623	3,741,833	(2,639,210)
Fund balances - ending	<u>\$ 2,163,804</u>	<u>(606,015)</u>	<u>3,998,450</u>	<u>(4,604,465)</u>

See independent auditor's report



# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule - Debt Service Fund June 30, 2005

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 2,370,000	2,370,000	1,675,953	(694,047)
Investment earnings	0	0	4,777	4,777
Total revenues	<u>2,370,000</u>	<u>2,370,000</u>	<u>1,680,730</u>	<u>(689,270)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	2,992,565	2,992,565	2,530,000	462,565
Interest and other charges	0	0	458,071	(458,071)
Total Expenditures	<u>2,992,565</u>	<u>2,992,565</u>	<u>2,988,071</u>	<u>4,494</u>
Excess (deficiency) of revenues over expenditures	<u>(622,565)</u>	<u>(622,565)</u>	<u>(1,307,341)</u>	<u>(684,776)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	918,198	918,198	0	918,198
Net change in fund balances	295,633	295,633	(1,307,341)	1,602,974
Fund balances - beginning	<u>2,481,432</u>	<u>2,481,432</u>	<u>2,308,730</u>	<u>172,702</u>
Fund balances - ending	<u>\$ 2,777,065</u>	<u>2,777,065</u>	<u>1,001,389</u>	<u>1,775,676</u>

See independent auditor's report

# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule – 99 Sales Tax Improvements Fund June 30, 2005

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 2,183,333	2,183,333	2,309,113	125,780
Intergovernmental	0	0	21,859	21,859
Investment earnings	40,000	0	76,401	76,401
Total revenues	<u>2,223,333</u>	<u>2,183,333</u>	<u>2,407,373</u>	<u>224,040</u>
<b>EXPENDITURES</b>				
Current:				
General government	0	87,820	45,356	42,464
Highways and roads	0	83,313	9,497	73,816
Health and sanitation	0	418,884	0	418,884
Culture and recreation	0	60,000	58,710	1,290
Capital Outlay	<u>5,382,681</u>	<u>4,775,536</u>	<u>2,093,957</u>	<u>2,681,579</u>
Total Expenditures	<u>5,382,681</u>	<u>5,425,553</u>	<u>2,207,520</u>	<u>3,218,033</u>
Excess (deficiency) of revenues over expenditures	<u>(3,159,348)</u>	<u>(3,242,220)</u>	<u>199,853</u>	<u>3,442,073</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>0</u>	<u>(308,010)</u>	<u>(308,010)</u>	<u>0</u>
Total other financing sources and uses	<u>0</u>	<u>(308,010)</u>	<u>(308,010)</u>	<u>0</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale capital assets	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net change in fund balances	<u>(3,159,348)</u>	<u>(3,550,230)</u>	<u>(108,157)</u>	<u>(3,442,073)</u>
Fund balances - beginning	<u>3,159,348</u>	<u>3,550,230</u>	<u>3,824,715</u>	<u>(274,485)</u>
Fund balances - ending	<u>\$ 0</u>	<u>0</u>	<u>3,716,558</u>	<u>(3,716,558)</u>

See independent auditor's report

# ***CITY OF BARTLESVILLE***

Notes to Required Supplementary Information on  
Budgetary Accounting and Control  
June 30, 2005

## **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.
- d. 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, 2005  
(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, 2005  
(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, 2005, the following supplemental increases and decrease in appropriations were approved:

	<b><u>Original Appropriations</u></b>	<b><u>Net Supplemental Appropriations (Decreases)</u></b>	<b><u>Revised Appropriations</u></b>
General fund	\$ 15,295,892	19,432	15,315,324
General fund transfers	427,925	336,839	764,764
Debt service	2,992,565	0	2,992,565
Special revenue funds	5,822,228	2,560,057	8,382,285
Special revenue funds transfers	1,143,198	0	1,143,198
Capital projects funds	7,160,323	565,741	7,726,064
Capital projects funds transfers	0	308,010	308,010

# ***CITY OF BARTLESVILLE***

Other Supplementary Information  
For the Year Ended June 30, 2005

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:

- Schedule of Expenditures of Federal Awards

**CITY OF BARTLESVILLE**  
 Other Supplementary Information  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2005

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements/ Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>		
Passed through the Oklahoma Department of Commerce:		
CDBG - Small Cities Program - 10596 CDBG 02	14.219	\$ 44,166
CDBG - Small Cities Program - 10967 CDBG 03	14.219	103,605
Total U.S. Department of Housing and Urban Development		<u>147,771</u>
<b>National Park Service, Department of the Interior:</b>		
Passed through the Oklahoma Tourism & Recreation Department		
Land and Water Conservation Fund Grant	15.916	150,000
<b>U.S. Department of Justice:</b>		
Local Law Enforcement Block Grant - 2004-LB-BX-0884		
Bulletproof Vests Partnership Program	16.592	6,389
	16.607	1,575
Total U.S. Department of Justice		<u>7,964</u>
<b>U.S. Department of Transportation:</b>		
Airport Improvement Program - AIP 3-40-0007-004-2003		
	20.106	252,627
Airport Improvement Program - AIP 3-40-0007-005-2004		
	20.106	1,590,165
Airport Improvement Program - AIP 3-40-0007-005-2005		
	20.106	203,343
Total Airport Improvement Program		<u>2,046,135</u>
Passed through the Oklahoma Department of Transportation:		
Formula Grants for Other Than Urbanized Areas - 00494-99310-541200	20.509	89,821
Total U.S. Department of Transportation		<u>2,135,956</u>
<b>Institute of Museum and Library Services:</b>		
2005 Conservation Assessment Program	45.304	7,890
<b>Environmental Protection Agency:</b>		
Passed through the Oklahoma Water Resources Board:		
Safe Drinking Water State Revolving Fund - ORF-03-0012-DW	66.468	15,258,646
<b>Federal Emergency Management Agency:</b>		
Passed through the Oklahoma Department of Civil Emergency Management:		
Hazard Mitigation Grants - FEMA-1355-DR-OK-125	83.548	21,859
<b>National Historical Publications and Records Grants:</b>		
Passed through the Oklahoma Historical Records Advisory Board:		
Models of Archival Administration	89.003	5,600
<b>Department of Homeland Security:</b>		
Passed through the Oklahoma Office of Homeland Security:		
Homeland Security Preparedness Technical Assistance	97.007	149,614
Assistance to Firefighters Grant - EMW-2003-FG-18837	97.044	22,028
Total Department of Homeland Security		<u>171,642</u>
Total Expenditures of Federal Awards		<u>\$ 17,907,328</u>