

***CITY OF BARTLESVILLE,  
OKLAHOMA***

Independent Auditor's Report  
and Financial Statements  
For the Fiscal Year Ended June 30, 2007

# CITY OF BARTLESVILLE

## Table of Contents

	<u>Page</u>
<b>SECTION I – INTRODUCTORY SECTION</b>	
List of Principal Officials.....	1
<b>SECTION II – AUDITOR’S REPORTS AND FINDINGS</b>	
INDEPENDENT AUDITOR'S REPORT .....	2-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	5-7
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	8-10
Summary of Auditor’s Results .....	11-12
Schedule of Findings and Questioned Costs.....	13-14
REQUIRED SUPPLEMENTARY INFORMATION	
Management’s Discussion and Analysis .....	15-28
BASIC FINANCIAL STATEMENTS.....	29
<b>SECTION III - FINANCIAL STATEMENTS</b>	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets.....	30
Statement of Activities .....	31
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets .....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities.....	33

# CITY OF BARTLESVILLE

## Table of Contents

(continued)

	<u>Page</u>
<b>SECTION III – FINANCIAL STATEMENTS (continued)</b>	
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds .....	34
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	35
Statement of Net Assets – Component Units .....	36
Statement of Activities – Government-wide – Component Units .....	37
Statement of Net Assets – Proprietary Funds .....	38-39
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	40
Statement of Cash Flows – Proprietary Funds .....	41-42
Statement of Net Assets – Fiduciary Funds .....	43
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	44
Notes to Basic Financial Statements .....	45-84
<b>SECTION IV – REQUIRED SUPPLEMENTARY INFORMATION</b>	
Required Supplementary Information .....	85
Pension Plan Funding Progress .....	86
Budgetary Comparison Schedules.....	87-89
Notes to Required Supplementary Information on Budgetary Accounting and Control.....	90-92
<b>SECTION V – OTHER SUPPLEMENTARY INFORMATION....</b>	<b>93</b>
Schedule of Expenditures of Federal Awards.....	94

# ***CITY OF BARTLESVILLE***

## List of Principal Officials

### **City Council**

Ron Nikkel, Mayor (began 5-7-07)  
Julie Daniels (Mayor thru 5-6-07) then council member  
Mike Dunlap, Vice Mayor (thru 12-12-06)  
Clark Miller (thru 8-25-06)  
Brandon Kerr (began 9-11-06 thru 5-6-07)  
Betty Dalrymple (Vice Mayor began 12-13-06 thru 5-6-07)  
Eddie Mason, Vice Mayor (began 5-7-07)  
Thomas A. Gorman (began 12-18-06)  
Vic Holcomb (began 5-7-07)

### **City Manager**

Ed Gordon (Interim City Manager) (began 4-1-06 thru 9-24-06)  
Ed Gordon (began 9-25-06)

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

Kelly Jones (began 1-14-06 thru 8-11-06)  
Mike Bailey (began 9-1-06)

### **City Treasurer**

Lou Ann Foltz (began 3-6-06 thru 7-20-07)  
Vicki Carvalho (Interim City Treasurer began 8-7-07)

### **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, 2007, 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 and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 conducted in accordance with the auditing standards generally accepted in the United States of America that are applicable to non-governmental entities. Governmental standards require that we plan and perform the

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville*, State of Oklahoma, as of June 30, 2007, 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 November 12, 2007, on our consideration of the *City of Bartlesville'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 15-28, the pension plan funding progress report, budgetary comparison schedules, and the notes to the required supplementary information on budgetary accounting and control on pages 83-89 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 of Bartlesville'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 has 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.

  
Archanbo & Mueggenborg, PC  
Certified Public Accountants

November 12, 2007



ARCHAMBO & MUEGGENBORG, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in  
Accordance with Government Auditing Standards**

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 12, 2007. We did not audit the financial statements of the Bartlesville Development Corporation, which represents 100% of the assets and revenues of the Bartlesville Development Corporation component unit fund. We also did not audit the financial statements of the Bartlesville Community Center Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Community Center Trust Authority major governmental fund and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit of the Bartlesville Development Corporation that was performed by other auditors was conducted in accordance with the auditing standards generally accepted in the United States of America applicable to non-governmental activities.



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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies, and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiency described above, we consider Item 97-1 to be a material weakness.

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

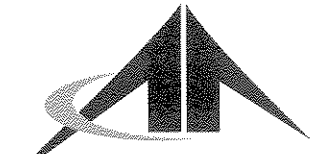
As part of obtaining reasonable assurance about whether the *City of Bartlesville's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, noncompliance with which could 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 immaterial matters that we reported to management of the *City of Bartlesville* in a separate letter dated November 12, 2007.

This report is intended solely for the information and use of 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.

*Arhambo & Mueggenborg, PC*  
Arhambo & Mueggenborg, PC  
Certified Public Accountants

November 12, 2007



ARCHAMBO & MUEGGENBORG, PC  
CERTIFIED PUBLIC ACCOUNTANTS

**Report on Compliance with Requirements**  
**Applicable to the Major Programs 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, 2007. The *City of Bartlesville's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of *City of Bartlesville's* management. Our responsibility is to express an opinion on *City of Bartlesville's* compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the *City of Bartlesville's* compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We did not audit the financial statements of the Bartlesville Development Corporation, which represents 100% of the assets and revenues of the Bartlesville Development Corporation component unit fund. We also did not audit the financial statements of the Bartlesville Community Center Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Community Center Trust Authority major governmental fund and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the report of the other auditors. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the *City of Bartlesville's* compliance with those requirements.

In our opinion, the *City of Bartlesville* complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

### **Internal Control over Compliance**

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in cursive script that reads "Archanbo & Mueggenborg, PC".

*Archanbo & Mueggenborg, PC*  
Certified Public Accountants

November 12, 2007

***CITY OF BARTLESVILLE***  
**Summary of Auditor's Results**  
**For the Year Ended June 30, 2007**

<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
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
3. Noncompliance material to the financial statements noted?	No
<u>Federal Awards</u>	
1. Internal control over major program:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None reported
2. Type of auditor's report issued on compliance for major program:	Unqualified
3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)?	No
4. Identification of major program:	
<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.106	Airport Improvement Program
66.468	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, 2007  
(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, 2007

**CURRENT 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

Management Response: The process for developing and adopting a formal accounting policy and procedure manual is currently being addressed; however, adoption of a formal policy based on existing procedures has been deemed to be both inefficient and ineffective in light of planned process evaluations and improvements in the Finance Department as a whole. The management of *City of Bartlesville* realizes the seriousness of this deficiency and is taking steps to address the issue. We will present the complete Accounting Policies and Procedures manual to the City Council for approval and formal adoption when the final operational and internal control improvements have been implemented.



***CITY OF BARTLESVILLE***  
Schedule of Findings and Questioned Costs  
June 30, 2007

**CURRENT YEAR FINDINGS**

(continued)

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

This is a prior year finding.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007

**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, 2007. The intent of this discussion and analysis is to summarize for the reader the financial information more fully contained in the attached financial statements and notes and to explain the major points in the financial statements, both positive and negative. This is the fifth year the City has reported under the Governmental Accounting Standards Board (GASB) statement number 34 model. Comparisons with prior fiscal years are provided as needed.

**Financial Highlights**

Key financial highlights for 2007 were:

- The assets of the City of Bartlesville exceeded its liabilities at the close of the fiscal year by almost \$139.7 million. Of this amount, \$31.4 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%.
- Noteworthy changes to the City's capital assets included the completion of the Ted Lockin Water Treatment Plant, the Silver Lake Rd. Extension, Bartlesville Municipal Airport Runway 17 Safety Area renovation, and the purchase of another state of art fire pumper truck.
- In addition to these items, the City of Bartlesville was able to partner with other community organizations to begin construction on the Discovery 1 Park located at Johnstone Park. The Discovery 1 project has been designated as an Oklahoma Centennial Project and will feature a working replica of the Nellie Johnstone (first working commercial oil well in Oklahoma).

**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, 2007  
(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 of the City of Bartlesville's assets and liabilities with the difference between the two being reported as net assets. Over time, the increase or decrease in net assets is a useful indicator of whether the financial position of the City is improving or deteriorating. In the evaluation of the overall financial position, factors such as the changes in laws related to certain key revenue sources and the condition of the capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting, similar to the accounting basis used by most private-sector companies. This basis of accounting includes all of the current year's revenues and expenses, regardless of when cash is actually received or disbursed.

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the City's major funds. These reports begin on page 34. The *City of Bartlesville* uses many funds to account for a variety of financial transactions although some of the smaller and less significant funds are not presented in detail. The determination of which funds to present in detail is made based on the "significance" of each fund. Significance can be determined in one of two ways. The first method is based on the amounts of assets, liabilities, revenues, and expenses when compared to other funds of the same type. This method is prescribed by GASB statement number 34 and attempts to present the funds that are the most significant from a financial perspective. The second method allows for the inclusion of other funds if they are deemed to be significant based on other attributes. These funds may be of special interest to the community or other stakeholders, or may have been close enough to the financial threshold from the first method that they were deemed significant.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(continued)

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

**CITY OF BARTLESVILLE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(continued)

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

The Statement of Net Assets and the Statement of Activities look at the City as whole and are useful indicators of the City's overall financial position, but other factors should also be considered when evaluating the City's financial picture for 2006.

**Table 1**  
**Governmental Activities**  
Net Assets (In Millions)

	<u>2006</u>	<u>2007</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 30.8	33.9
Capital assets, net	41.2	65.7
Total assets	<u>72.0</u>	<u>99.6</u>
<b><u>Liabilities</u></b>		
Current liabilities	1.4	2.3
Long-term liabilities:		
Due within one year	3.3	3.3
Due in more than one year	9.3	11.8
Total liabilities	<u>14.0</u>	<u>17.4</u>
<b><u>Net Assets</u></b>		
Invested in capital assets		
Net of related debt	29.4	51.6
Restricted for:		
Capital projects	9.6	9.5
Debt service	0.3	2.3
Other purposes	18.7	18.8
Total net assets	<u>\$ 58.0</u>	<u>82.2</u>

*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, 2007 (continued)

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

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

	<u>2006</u>	<u>2007</u>
<b><u>Governmental Activities (Expenses)</u></b>		
General government	\$ (5.0)	(6.6)
Public safety	(8.0)	(8.1)
Public works	(1.5)	(2.4)
Health, welfare and sanitation	(0.1)	0.0
Culture and recreation	(0.5)	(1.1)
Interest of long-term debt	0.0	0.0
	<u>          </u>	<u>          </u>
Total governmental activities	(15.1)	(18.2)
	<u>          </u>	<u>          </u>
<b><u>General Revenues</u></b>		
Taxes		
Property taxes, levied for debt service	2.6	2.7
Franchise taxes	2.7	2.9
Public service taxes	14.7	15.2
Grants and contributions, unrestricted	0.0	0.0
Investment earnings, unrestricted	1.1	2.0
Miscellaneous	0.1	0.0
Special item – gain on sale of asset	0.0	0.0
Transfers	0.0	0.3
	<u>          </u>	<u>          </u>
Total general revenues, special items and transfers	21.2	23.2
	<u>          </u>	<u>          </u>
Change in net assets	6.1	5.1
Net Assets – beginning, unadjusted	52.0	58.0
Prior period adjustment	(0.1)	19.0
Net Assets – beginning, adjusted	<u>50.6</u>	<u>77.0</u>
Net Assets – ending	\$ <u>58.0</u>	<u>82.2</u>

*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, 2007  
(continued)

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

Total assets from governmental activity are about \$99.6 million (rounded), which represents an increase of \$27.6 million from the prior fiscal year. Factors influencing the change governmental assets include construction financed by a special sales tax for capital improvements, general obligation bond issues, and purchases made from appropriations. However, the greatest single change for this fiscal year was the implementation of the final phase of the GASB 34 conversion. This final phase required the City to retroactively restate capital asset balances to include governmental infrastructure items for which municipalities had never been required to account. This change alone resulted in an increase in the City's capital asset balance of \$19.1 million.

The increase in the City's capital asset balances and the issuance of additional General Obligation Bonds were the two main causes of the dramatic change of \$24.2 million in the City's governmental net assets.

The City's investment strategy for 2007 and previous years 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 latter goal has become more important in recent years, and the City is currently undertaking several studies to determine how we can most effectively implement energy saving solutions.

The City has continued its concerted effort to improve work place safety so that worker's compensation costs are reduced. This includes continued in house safety training and monitoring trends in injuries to better focus training on important issues. The City is "own risk" or self-insured for worker's compensation.

## ***CITY OF BARTLESVILLE***

### **Management's Discussion and Analysis For the Year Ended June 30, 2007 (continued)**

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

The City also elected to return to an “own risk” or self-funded plan for employee health insurance as well. While this program did return significant savings in its first year, it will be rigorously monitored in the future to ensure that this trend does not reverse.

Money-saving programs and approaches to service delivery are constantly sought. This entails regular reevaluation and in many cases rebidding of our service contracts. Available grants are applied for to reduce local expenses as well.

#### ***Governmental Activities***

Several revenue sources fund the City of Bartlesville's governmental activities with sales tax being the largest. The City's sales tax rate is 3%; however, this is apportioned to three funds. The General Fund receives 75% of the sales tax generated, and this constitutes our sales tax for operations. This amount has not been changed in more than twenty years. The remaining 25% is divided between economic development (1/3) and capital improvements (2/3). Sales tax revenue of \$14,976,158 represented a 3% increase over prior year receipts. Investment earnings increased due to a vigorous interest rate environment and an increase in the City's surplus funds to be invested. Supported mainly by these two factors, the City's governmental funds' investment earnings totaled \$2,002,289 for 2007, an incredible 81.2% increase over 2006.

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 38.2% of governmental expenditures. The Fire department consists of 68 full-time employees, including one administrative assistant. The Police department consists of 78 full time employees with 51 being sworn enforcement personnel and 27 being civilian administrative or technical personnel.

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, 2007  
(continued)

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

**The City's Funds**

Information on the City's major funds starts on page 34. The governmental funds utilize the modified accrual basis of accounting. All governmental funds had total revenues of \$27,486,852 for the year and \$30,611,587 in expenditures resulting in a deficiency in revenues over expenditures of (\$3,124,735). The City's governmental funds also had other financing sources and uses (mainly transfers and debt proceeds) and special items (sale of fixed assets) that netted to create an increase in fund balance of \$5,265,976. When combined with the deficiency mentioned above, the City's governmental funds' fund balances increased by \$2,141,241. The individual net change in fund balances for the year was not significant in any of the governmental funds except for the 2007 G.O. Bond Fund which received \$4.5 million in loan proceeds. With the exception of the 2007 G.O. Bond Fund, there were significant expenditures, but in almost all cases, the expended revenue was replaced or offset in some other way.

The general fund reflects a decrease in fund balance of (\$200,905). While no standard is established for the desired level of fund balance that should be carried, it is desirable to have at least two months of average expenditures so that fluctuations in revenue and expenditures can be absorbed without major disruptions to the normal operations. With careful monitoring of revenue and expenditures combined with conservative budgeting, the City management believes the fund balance is adequate to allow the City to meet its obligations and reflects a good financial condition of the City as a whole.

***General Fund Budgeting Highlights***

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

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(continued)

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

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

For the general fund, budget basis revenue was \$684,357 in excess of the budget estimates of \$15,076,153. The City continues the conservative practice of estimating revenues based on long term trends adjusted for known factors. Expenditures are estimated using the most detailed data available. Salary and related expenses are calculated to the dollar based on the current staffing. Expenditures for 2007 were \$855,792 below the final budget of \$16,938,802. These savings were achieved through spending restraints and careful monitoring of budget results.

The City's ending unreserved fund balance, budget basis, in its General Fund was \$4,433,342.

***Business-Type Activities***

Overall, the business-type activities saw an increase of \$2,097,750 in net assets. With the Water Treatment Plant construction project, the City had instituted a systematic increase of water rates over a period of three years 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.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(continued)

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

The Adams Municipal Golf Course again showed a decline in membership and green fees which continues a multi-year trend of having difficulty meeting revenue targets. The aging population of this geographical region and more golf course availability in the area are contributing factors. Deliberate efforts are being made to reverse these negative financial effects including aggressive restructuring of our fee schedules and payment options. However, some difficult decisions regarding the golf course will face the City if this trend toward less play is not reversed. Although the golf course 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.

The only proprietary funds showing significant changes to their net assets balances are the Bartlesville Municipal Authority (BMA) and the Wastewater Operating Fund. The decrease in the Wastewater Operating fund can be attributed almost entirely to depreciation associated with existing infrastructure. The increase in the BMA is due mainly to revenues being received now that will be used to make debt service payments on our \$44.5 million water plant loan in the future.

**CITY OF BARTLESVILLE**  
 Management's Discussion and Analysis  
 For the Year Ended June 30, 2007  
 (continued)

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2007, the City of Bartlesville had \$157,671,622 invested in land, buildings, and capital equipment (net of depreciation). Table 2 shows the detail of the fiscal year 2007 balances of capital assets.

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

	<b>Governmental Activities 2007</b>	<b>Business- Type Activities 2007</b>	<b>Total 2007</b>
Land	\$ 4,023,507	960,474	4,983,981
Buildings	25,775,400	66,310,477	92,085,877
Other improvements and infrastructure	54,732,643	65,269,913	120,002,556
Machinery and equipment	10,284,560	9,335,626	19,620,186
Construction in progress	4,460,557	40,628	4,501,185
Total capital assets	<u>99,276,667</u>	<u>141,917,118</u>	<u>241,193,785</u>
(Less) depreciation	<u>(33,621,950)</u>	<u>(49,900,213)</u>	<u>(83,522,163)</u>
Capital assets (net of depreciation)	<u>\$ 65,654,717</u>	<u>92,016,905</u>	<u>157,671,622</u>

For the first time, these statements reflect the value of governmental infrastructure fixed assets placed into service prior to July 1, 2002. The construction of the new Ted Lockin portable water treatment plant was completed in September of 2006. The next step in securing the City's long term water needs is currently underway with the City of Bartlesville's participation in the Planning Assistance to State Study (PASS). This study should help determine the best solution for the City's raw water supply and allocation.

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(continued)

**Capital Assets and Debt Administration**

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, sold at auction, sold through a sealed bid process.

With regard to infrastructure, the engineering department maintains a list of street and drainage improvements awaiting construction. These are funded on a priority basis as funds become available from the sales tax reserved for capital improvements. As part of the annual budget process, the City Engineer, the Public Works Director, and the Street supervisor evaluate and prioritize these needs based on the latest information on the condition of the streets or the seriousness of the flooding threat. The projects that can be provided for from the capital improvement fund are included in the budget while the balance of projects 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 20 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, 2007  
(continued)

**Debt**

As of June 30, 2007 the City of Bartlesville had \$59,799,831 in outstanding debt. Of this total, \$11,825,000 was in General Obligation Bonds. Table 3 summarizes the outstanding debt.

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

	2006	2007
General Obligation Bonds	\$ 11,825,000	13,840,000
Capital leases	0	249,942
Workers compensation claims	336,187	455,540
Notes payable	47,638,644	47,789,114
 Total	 \$ 59,799,831	 62,334,596

All of the City's General Obligation Bonds are composed of bonds with maturities of ten years or less, although the city may legally issue debt with maturities as long as 25 years. All general obligation bonds must be approved by a vote of the qualified electors of the City. All of the other notes are Oklahoma Water Resources Board (OWRB) revenue notes for improvements to the City's water and sewer system or permanent notes used to replace the OWRB notes. These notes carry low interest rates and administrative fees.

---

(Unaudited – See independent auditor's report)

***CITY OF BARTLESVILLE***  
Management's Discussion and Analysis  
For the Year Ended June 30, 2007  
(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, Mike Bailey at the City of Bartlesville, 401 S. Johnstone Ave, Bartlesville, OK 74003, by phone at (918) 338-4222 or by email at [mlbailey@cityofbartlesville.org](mailto:mlbailey@cityofbartlesville.org).

# ***CITY OF BARTLESVILLE***

## **Basic Financial Statements For the Year Ended June 30, 2007**

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, 2007

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Total</u> <u>Component</u> <u>Units</u>
<b><u>ASSETS</u></b>				
Cash and equivalents	\$ 2,538,292	2,474,083	5,012,375	1,863,190
Investments	27,803,369	10,005,951	37,809,320	0
Receivables	3,327,633	1,346,581	4,674,214	264,386
Internal balances	(36,413)	41,740	5,327	0
Due from other governmental agencies	312,103	0	312,103	0
Inventories	0	287,174	287,174	0
Other assets	23,223	1,262	24,485	145,274
Capital assets				
Land	4,023,507	960,474	4,983,981	1,011,292
Infrastructure and other improvements	54,732,643	65,269,913	120,002,556	0
Buildings	25,775,400	66,310,477	92,085,877	5,252,549
Equipment and furniture	10,284,560	9,335,626	19,620,186	37,264
Construction in progress	4,460,557	40,628	4,501,185	1,609,823
Less: accumulated depreciation	<u>(33,621,950)</u>	<u>(49,900,213)</u>	<u>(83,522,163)</u>	<u>(1,207,157)</u>
Total capital assets	<u>65,654,717</u>	<u>92,016,905</u>	<u>157,671,622</u>	<u>6,703,771</u>
Total assets	<u>\$ 99,622,924</u>	<u>106,173,696</u>	<u>205,796,620</u>	<u>8,976,621</u>
<b><u>LIABILITIES</u></b>				
Accounts payable and accrued expenses	\$ 923,453	550,827	1,474,280	310,524
Cash fund overdraft	1,147,253	0	1,147,253	0
Due to other governmental agencies	2,311	0	2,311	249,619
Deferred revenues	275,653	7,273	282,926	13,080
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	2,306,008	2,385,664	4,691,672	103,606
Compensated absences	628,423	242,048	870,471	0
Claims payable	377,491	78,049	455,540	0
Due in more than one year				
Bonds, capital leases and contracts	<u>11,783,934</u>	<u>45,403,450</u>	<u>57,187,384</u>	<u>5,556,852</u>
Total liabilities	<u>17,444,526</u>	<u>48,667,311</u>	<u>66,111,837</u>	<u>6,233,681</u>
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	51,564,775	44,227,791	95,792,566	509,890
Restricted for:				
Capital projects	9,513,046	0	9,513,046	0
Debt service	2,268,323	521,095	2,789,418	0
Other projects	0	235,750	235,750	1,536,805
Unrestricted	<u>18,832,254</u>	<u>12,521,749</u>	<u>31,354,003</u>	<u>696,244</u>
Total net assets	<u>\$ 82,178,398</u>	<u>57,506,385</u>	<u>139,684,783</u>	<u>2,742,939</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Activities – Government-wide  
June 30, 2007

Functions/Programs Primary government	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Operating		Capital	Primary Government		Total
	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General Government	855,860	1,590,126		(6,415,309)	1,824,275	(6,415,309)
Public Safety	975,416	2,910	0	(8,053,758)	(771,160)	(8,053,758)
Public Works	42,345	162,583		(2,433,448)	927,070	(2,433,448)
Health, Welfare and Sanitation	88,600	0	0	79,814	(311,855)	79,814
Culture and Recreation	555,041	183,736		(1,263,818)	1,668,330	(1,263,818)
Total governmental activities	2,517,262	1,936,445		(18,086,519)	1,668,330	(18,086,519)
Business-type Activities						
Water System	9,199,031	0	0	0	1,824,275	1,824,275
Wastewater System	3,273,228	0	0	0	(771,160)	(771,160)
Solid Waste Disposal	3,822,156	0	0	0	927,070	927,070
Other Business-type Activities	319,136	0	0	0	(311,855)	(311,855)
Total business-type Activities	16,613,551	0	0	0	1,668,330	1,668,330
Total Primary Government	19,130,813	214,758	1,936,445	(18,086,519)	1,668,330	(16,418,189)
<b>Component Units</b>						
Total component units	2,048,722	2,649,388	1,050	0		601,716
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for debt service				\$ 2,699,485	0	2,699,485
Franchise taxes				2,909,362	0	2,909,362
Public service taxes				15,194,265	0	15,194,265
Grants and contributions not restricted to specific programs				20,393	0	20,393
Unrestricted investment earnings				2,002,289	626,669	2,628,958
Miscellaneous				65,462	7,893	73,355
Special item - gain (loss) on sale of asset				59,395	5,584	64,979
Transfers				281,387	(237,869)	43,518
Total general revenues, special items, and transfers				23,232,038	402,277	23,634,315
Change in net assets				5,145,519	2,070,607	7,216,126
Net assets - beginning, unadjusted				57,893,616	55,408,635	113,302,251
Prior period adjustment (Note 7)				19,139,263	27,143	19,166,406
Net assets - beginning, adjusted				77,032,879	55,435,778	132,468,657
Net assets - ending				82,178,398	57,506,385	139,684,783

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, 2007

<b>Total fund balance, governmental funds</b>	\$ 30,574,811
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.	65,654,717
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.	416,301
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	<u>(14,467,433)</u>
<b>Net Assets of Governmental Activities in the Statement of Net Assets</b>	<b><u>\$ 82,178,396</u></b>

## ***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, 2007

<b>Net change in fund balances - total governmental funds:</b>	<b>\$ 2,141,241</b>
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 \$8,440,962 exceeded depreciation \$2,865,955 in the current period.	5,575,007
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.	(45,417)
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.	(2,264,942)
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.	(166,502)
Governmental funds do not report donations of capital assets. This is the amount of donated capital assets.	6,680
Governmental funds do not report workers' compensation claims payable. This is the amount that the workers compensation claims payable increased.	(150,929)
Internal service funds are used by management to charge the costs of certain activities, such as workers' compensation and health insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>50,379</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 5,145,517</u></u></b>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

Balance Sheet – Governmental Funds  
June 30, 2007

	General Fund	Bartlesville Community Center	2007 G.O. Bond	99 Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 12,285	85,390	0	295,381	1,771,816	2,164,872
Cash held by third party	0	0	0	0	32,850	32,850
Investments	4,474,328	5,213,286	4,511,133	3,021,366	10,307,691	27,527,804
Taxes receivable, net	2,141,101	0	0	424,337	245,887	2,811,325
Due from other funds	103,228	46,267	0	0	0	149,495
Receivable from other governments	34,123	0	0	0	277,980	312,103
Other receivables	230,787	40,274	55,775	37,356	148,709	512,901
Prepaid expenses	23,223	0	0	0	0	23,223
Total assets	<u>\$ 7,019,075</u>	<u>5,385,217</u>	<u>4,566,908</u>	<u>3,778,440</u>	<u>12,784,933</u>	<u>33,534,573</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 82,023	85,593	2,402	0	50,888	220,906
Due to other funds	46,267	0	0	0	0	46,267
Cash fund overdraft	1,102,822	0	44,431	0	0	1,147,253
Payable to other governments	76	0	0	0	2,235	2,311
Deferred revenue	259,912	0	0	0	15,741	275,653
Other accrued expenses	1,088,443	0	0	0	27,617	1,116,060
Other payables	6,188	0	0	30,325	114,797	151,310
Total liabilities	<u>2,585,731</u>	<u>85,593</u>	<u>46,833</u>	<u>30,325</u>	<u>211,278</u>	<u>2,959,760</u>
Fund balances:						
Reserved for:						
Prepaid expenses	145,233	0	0	0	5,785	151,018
Debt service	0	0	0	0	2,268,323	2,268,323
Other purposes	(1,228)	0	0	0	306,131	304,903
Unreserved	4,289,337	5,299,624	4,520,075	3,748,115	0	17,857,151
Unreserved, reported in non-major:						
Special revenue funds	0	0	0	0	7,507,575	7,507,575
Capital projects funds	0	0	0	0	2,485,841	2,485,841
Total fund balances	<u>4,433,342</u>	<u>5,299,624</u>	<u>4,520,075</u>	<u>3,748,115</u>	<u>12,573,655</u>	<u>30,574,811</u>
Total liabilities and fund balances	<u>\$ 7,019,073</u>	<u>5,385,217</u>	<u>4,566,908</u>	<u>3,778,440</u>	<u>12,784,933</u>	<u>33,534,571</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Activities – Governmental Funds  
June 30, 2007

	General Fund	Bartlesville Community Center	2007 G.O. Bond	99 Sales Tax Improvement	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes	0	0	0	0	2,699,485	2,699,485
Sales and miscellaneous taxes	13,675,363	0	0	2,532,374	1,612,495	17,820,232
Fees and fines	855,894	0	0	0	346,393	1,202,287
Licenses and permits	283,395	0	0	0	0	283,395
Intergovernmental	16,520	0	0	0	1,738,443	1,754,963
Charges for services	494,676	417,526	0	0	402,773	1,314,975
Investment earnings (losses)	384,898	697,769	66,909	195,237	591,284	1,936,097
Miscellaneous	45,866	11,749	0	7,631	221	65,467
Contributions and donations	3,900	220,945	0	0	185,108	409,953
Total revenues	15,760,512	1,347,989	66,909	2,735,242	7,576,202	27,486,854
<b>EXPENDITURES:</b>						
Current:						
General government	4,688,634	0	44,431	0	2,233,474	6,966,539
Public Safety	8,141,518	0	0	0	490,832	8,632,350
Public Works	961,375	0	0	3,357	10,786	975,518
Culture and recreation	1,730,399	1,090,538	0	7,765	257,782	3,086,484
Debt Service:						
Principal	0	0	0	135,276	2,485,000	2,620,276
Interest and other charges	699	0	0	1,404	405,200	407,303
Capital outlay	560,385	44,771	2,403	3,037,919	4,277,639	7,923,117
Total expenditures	16,083,010	1,135,309	46,834	3,185,721	10,160,713	30,611,587
Excess (deficiency) of revenues over expenditures	(322,498)	212,680	20,075	(450,479)	(2,584,511)	(3,124,733)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,275,055	265,570	0	33,464	4,595,379	6,169,468
Transfers out	(1,072,067)	0	0	(437,750)	(3,998,487)	(5,508,304)
Loan proceeds	0	0	4,500,000	0	0	4,500,000
Total other financing sources and uses	202,988	265,570	4,500,000	(404,286)	596,892	5,161,164
<b>SPECIAL ITEM:</b>						
Proceeds from sale of fixed assets	41,075	0	0	4,750	58,987	104,812
Net change in fund balances	(78,435)	478,250	4,520,075	(850,015)	(1,928,632)	2,141,243
Fund balances - beginning, unadjusted	4,634,247	4,821,374	0	4,590,630	14,518,170	28,564,421
Prior period adjustment (Note 7)	(122,468)	0	0	7,500	(15,883)	(130,851)
Fund balances - beginning, adjusted	4,511,779	4,821,374	0	4,598,130	14,502,287	28,433,570
Fund balances - ending	4,433,344	5,299,624	4,520,075	3,748,115	12,573,655	30,574,813

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Net Assets – Component Units  
June 30, 2007

	Component Units			Total
	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority	
<b>ASSETS</b>				
Cash and equivalents	\$ 1,621,476	173,863	67,851	1,863,190
Receivables	257,619	6,767	0	264,386
Due from other governmental agencies	0	0	0	0
Inventories	0	0	0	0
Other assets	3,817	0	141,457	145,274
Capital assets				
Land	138,061	734,675	138,556	1,011,292
Infrastructure and other improvements	0	0	0	0
Buildings	252,549	5,000,000	0	5,252,549
Equipment and furniture	37,264	0	0	37,264
Construction in progress	0	1,609,823	0	1,609,823
Less: accumulated depreciation	(33,007)	(1,174,150)	0	(1,207,157)
Total capital assets	<u>394,867</u>	<u>6,170,348</u>	<u>138,556</u>	<u>6,703,771</u>
Total assets	<u>2,277,779</u>	<u>6,350,978</u>	<u>347,864</u>	<u>8,976,621</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	306,886	0	3,638	310,524
Cash fund overdraft	0	0	0	0
Due to other governmental agencies	0	0	249,619	249,619
Deferred revenues	13,080	0	0	13,080
Long-term liabilities				
Due within one year				0
Bonds, capital leases and contracts	0	103,606	0	103,606
Compensated absences	0	0	0	0
Claims payable	0	0	0	0
Due in more than one year				
Bonds, capital leases and contracts	0	5,556,852	0	5,556,852
Total liabilities	<u>319,966</u>	<u>5,660,458</u>	<u>253,257</u>	<u>6,233,681</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	0	509,890	0	509,890
Restricted for:				
Capital projects	0	0	0	0
Debt service	0	0	0	0
Other projects	1,362,941	173,864	0	1,536,805
Unrestricted	594,871	6,766	94,607	696,244
Total net assets	<u>\$ 1,957,812</u>	<u>690,520</u>	<u>94,607</u>	<u>2,742,939</u>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Activities -- Government-wide -- Component Units June 30, 2007

Functions/Programs Component Units	Program Revenue			Net (Expense) Revenue and Changes in Net Assets				
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority	Total	
Bartlesville Development Corporation	\$ 1,451,062	2,057,912	0	606,850	0	0	606,850	
Bartlesville Development Authority	508,001	591,476	0	0	83,475	0	83,475	
Bartlesville Redevelopment Trust Authority	89,659	0	1,050	0	0	(88,609)	(88,609)	
Total component units	<u>\$ 2,048,722</u>	<u>2,649,388</u>	<u>1,050</u>	<u>606,850</u>	<u>83,475</u>	<u>(88,609)</u>	<u>601,716</u>	
<b>General revenues:</b>								
Taxes:								
Property taxes, levied for debt service				\$ 0	0	0	0	
Franchise taxes				0	0	0	0	
Public service taxes				0	0	0	0	
Grants and contributions not restricted to specific programs				0	0	0	0	
Unrestricted investment earnings				0	400	10,735	11,135	
Miscellaneous				0	0	30	30	
Special item - gain (loss) on sale of asset				0	0	(52,690)	(52,690)	
Transfers				0	0	(32,209)	(32,209)	
Total general revenues, special items, and transfers				0	400	(74,134)	(73,734)	
Change in net assets				606,850	83,875	(162,743)	527,982	
Net assets - beginning, unadjusted				1,350,962	579,063	257,350	2,187,375	
Prior period adjustment (Note 7)				0	27,582	0	27,582	
Net assets - beginning, adjusted				1,350,962	606,645	257,350	2,214,957	
Net assets - ending				<u>\$ 1,957,812</u>	<u>690,520</u>	<u>94,607</u>	<u>2,742,939</u>	

See accompanying notes to the financial statements



# CITY OF BARTLESVILLE

## Statement of Net Assets – Proprietary Funds June 30, 2007

	Enterprise Funds						Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	Total	
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 198,254	159,016	610,042	904,533	81,143	1,952,988	300,570
Cash held by third party	0	0	0	521,095	0	521,095	40,000
Investments	45,000	50,000	285,000	9,625,951	0	10,005,951	275,565
Accounts receivable, net	0	61	313,379	1,004,306	0	1,317,746	0
Receivables from other governments	0	0	0	0	0	0	0
Other receivables	556	913	3,524	14,579	9,263	28,835	3,407
Inventories	0	287,174	0	0	0	287,174	0
Prepaid expenses	0	0	0	0	1,262	1,262	0
Total current assets	243,810	497,164	1,211,945	12,070,464	91,668	14,115,051	619,542
Non-current assets:							
Capital assets:							
Land and improvements	6,528	135,877	0	319,569	498,500	960,474	0
Utility System	35,187,660	21,207,374	0	5,095,529	2,088,989	63,579,552	0
Construction in progress	0	27,096	0	13,532	0	40,628	0
Buildings	14,138,362	5,761,355	134,434	45,890,585	385,741	66,310,477	0
Equipment and furniture	4,974,140	2,629,863	1,429,836	0	301,787	9,335,626	0
Infrastructure and other improvements	0	0	0	1,690,361	0	1,690,361	0
Less accumulated depreciation	(27,255,380)	(19,001,735)	(872,893)	(1,279,646)	(1,490,559)	(49,900,213)	0
Total non-current assets	27,051,310	10,759,830	691,377	51,729,930	1,784,458	92,016,905	0
Total assets	27,295,120	11,256,994	1,903,322	63,800,394	1,876,126	106,131,956	619,542

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Net Assets – Proprietary Funds  
June 30, 2007  
(continued)

	Enterprise Funds						Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 180	33,068	34,797	1,919	(2,123)	67,841	63,600
Salaries payable	18,370	63,547	52,070	0	7,799	141,786	0
Accrued interest payable	0	0	0	341,200	0	341,200	0
Due to other funds	0	0	0	0	0	0	97,901
Deferred revenue	0	0	0	0	7,273	7,273	0
Compensated absences	21,224	139,141	74,348	0	7,335	242,048	0
Claims and judgments	0	13,003	65,046	0	0	78,049	0
Bonds, notes and loans payable	0	0	0	2,385,664	0	2,385,664	0
Total current liabilities	39,774	248,759	226,261	2,728,783	20,284	3,263,861	161,501
Non-current liabilities:							
Bonds, notes and loans payable	0	0	0	45,403,450	0	45,403,450	0
Total non-current liabilities	0	0	0	45,403,450	0	45,403,450	0
Total liabilities	39,774	248,759	226,261	48,132,233	20,284	48,667,311	161,501
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	27,051,310	10,759,830	691,377	3,940,816	1,784,458	44,227,791	0
Restricted for debt service	0	0	0	521,095	0	521,095	0
Restricted for other purposes	6,122	210,452	16,615	0	2,561	235,750	0
Unrestricted	197,914	37,953	969,069	11,206,250	68,823	12,480,009	458,041
Total net assets	\$ 27,255,346	11,008,235	1,677,061	15,668,161	1,855,842	57,464,645	458,041
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.							41,740
Total net assets per Government-Wide financial statements							\$ 57,506,385

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds June 30, 2007

	Enterprise Funds						Total	Internal Service Funds
	Bartlesville			Other				
	Wastewater	Water	Solid Waste	Municipal Authority	Enterprise Funds	Total		
<b>REVENUES:</b>								
Charges for services	\$ 0	37,680	3,822,156	12,434,579	319,136	16,613,551	2,605,933	
Total operating revenues	<u>0</u>	<u>37,680</u>	<u>3,822,156</u>	<u>12,434,579</u>	<u>319,136</u>	<u>16,613,551</u>	<u>2,605,933</u>	
<b>OPERATING EXPENSES:</b>								
Personal services	580,470	1,983,835	1,696,773	0	247,732	4,508,810	1,931,042	
Contractual services	13,587	19,752	778,903	(49,282)	80,376	843,336	432,065	
Utilities	3,342	734,887	5,768	0	33,624	777,621	0	
Repairs and maintenance	50,248	239,756	87,085	649	43,932	421,670	0	
Other supplies and expenses	1,874,757	911,239	171,802	518,585	87,524	3,563,907	0	
Depreciation	1,521,974	764,560	111,890	910,794	66,657	3,375,875	0	
Total operating expenses	<u>4,044,378</u>	<u>4,654,029</u>	<u>2,852,221</u>	<u>1,380,746</u>	<u>559,845</u>	<u>13,491,219</u>	<u>2,363,107</u>	
Operating income (loss)	<u>(4,044,378)</u>	<u>(4,616,349)</u>	<u>969,935</u>	<u>11,053,833</u>	<u>(240,709)</u>	<u>3,122,332</u>	<u>242,826</u>	
<b>NON-OPERATING REVENUES (EXPENSES):</b>								
Interest and investment revenue	3,503	481	21,274	598,822	2,590	626,670	66,192	
Miscellaneous revenue	0	972	0	0	6,922	7,894	0	
Operating grants and contributions	0	0	0	0	0	0	0	
Interest expense	0	0	0	(1,495,744)	0	(1,495,744)	0	
Total non-operating revenue (expenses)	<u>3,503</u>	<u>1,453</u>	<u>21,274</u>	<u>(896,922)</u>	<u>9,512</u>	<u>(861,180)</u>	<u>66,192</u>	
Income (loss) before contributions and transfers	<u>(4,040,875)</u>	<u>(4,614,896)</u>	<u>991,209</u>	<u>10,156,911</u>	<u>(231,197)</u>	<u>2,261,152</u>	<u>309,018</u>	
Capital asset transfers	0	346,201	0	0	0	346,201	(183,323)	
Transfers in	2,901,370	4,618,236	0	1,240,634	219,605	8,979,845	0	
Transfers out	(375,000)	(550,000)	(350,000)	(8,288,915)	0	(9,563,915)	(33,576)	
Special item - gain (loss) on sale of capital assets	(357)	1,045	10,563	0	(5,667)	5,584	0	
Change in net assets	<u>(1,514,862)</u>	<u>(199,414)</u>	<u>651,772</u>	<u>3,108,630</u>	<u>(17,259)</u>	<u>2,028,867</u>	<u>92,119</u>	
Total net assets - beginning, unadjusted	28,776,328	11,229,649	1,041,904	12,487,653	1,873,101	55,408,635	365,922	
Prior period adjustment (Note 7)	(6,120)	(22,000)	(16,615)	71,878	0	27,143	0	
Total net assets - beginning, adjusted	<u>28,770,208</u>	<u>11,207,649</u>	<u>1,025,289</u>	<u>12,559,531</u>	<u>1,873,101</u>	<u>55,435,778</u>	<u>365,922</u>	
Total net assets - ending	<u>\$ 27,255,346</u>	<u>11,008,235</u>	<u>1,677,061</u>	<u>15,668,161</u>	<u>1,855,842</u>	<u>57,464,645</u>	<u>458,041</u>	
Change in net assets, per above						2,028,867		
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.						41,740		
Change in Business-Type Activities in Net Assets per Government-Wide Financial Statements						<u>\$ 2,070,607</u>		

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Cash Flows – Proprietary Funds June 30, 2007

	Enterprise Funds					Total
	Bartlesville			Other		
	Wastewater	Water	Solid Waste	Municipal Authority	Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ (1,840)	37,759	3,296,491	15,347,938	335,638	19,015,986
Payments to suppliers	(1,983,473)	(1,494,638)	(1,189,163)	(4,645,259)	(219,468)	(9,532,001)
Payments to employees	(550,335)	(1,676,830)	(1,475,568)	0	(277,427)	(3,980,160)
Net cash provided (used) by operating activities	<u>(2,535,648)</u>	<u>(3,133,709)</u>	<u>631,760</u>	<u>10,702,679</u>	<u>(161,257)</u>	<u>5,503,825</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Other income	1,336	0	0	1	2	1,339
Intergovernmental income	0	12,448	0	0	0	12,448
Interfund transfers in (out)	2,537,203	3,193,011	(325,000)	(6,100,793)	197,578	(498,001)
Net cash provided (used) by noncapital financing activities	<u>2,538,539</u>	<u>3,205,459</u>	<u>(325,000)</u>	<u>(6,100,792)</u>	<u>197,580</u>	<u>(484,214)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Proceeds from sale of capital assets	936	8,258	19,480	0	1,662	30,336
Purchases of capital assets	(32,133)	(189,811)	(215,654)	(10,852,973)	(15,966)	(11,306,537)
Proceeds from issuance of long-term debt	0	0	0	10,072,886	0	10,072,886
Cash held by third party	0	0	0	1,320,334	0	1,320,334
Principal paid on capital debt	0	0	0	(747,058)	0	(747,058)
Interest paid on capital debt	0	0	0	(1,520,632)	0	(1,520,632)
Net cash provided (used) by capital and related financing activities	<u>(31,197)</u>	<u>(181,553)</u>	<u>(196,174)</u>	<u>(1,727,443)</u>	<u>(14,304)</u>	<u>(2,150,671)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income	7,256	5,152	4,801	333,629	1,804	352,642
Purchase of investments	(205,000)	(60,639)	0	(3,199,507)	0	(3,465,146)
Sale of investments	0	0	155,000	110,876	0	265,876
Net cash provided (used) by investing activities	<u>(197,744)</u>	<u>(55,487)</u>	<u>159,801</u>	<u>(2,755,002)</u>	<u>1,804</u>	<u>(2,846,628)</u>
Net increase (decrease) in cash and cash equivalents	<u>(226,050)</u>	<u>(165,290)</u>	<u>270,387</u>	<u>119,442</u>	<u>23,823</u>	<u>22,312</u>
Cash and cash equivalents, beginning 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>
Cash and cash equivalents, end of year	<u>\$ 68,939</u>	<u>6,558</u>	<u>295,039</u>	<u>477,658</u>	<u>41,050</u>	<u>889,244</u>

See accompanying notes to the financial statements

# CITY OF BARTLESVILLE

## Statement of Cash Flows – Proprietary Funds

June 30, 2007

(continued)

	Enterprise Funds					Total
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Other Enterprise Funds	
Operating income (loss)	\$ (4,044,378)	(4,616,349)	969,935	11,053,833	(240,709)	3,122,332
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,521,974	764,560	111,890	910,794	66,657	3,375,875
(Increase) decrease in accounts receivable	(556)	(67)	(54,195)	4,232,860	9,836	4,187,878
(Increase) decrease in inventories	0	(111,084)	0	0	0	(111,084)
(Increase) decrease in prepaid items	0	0	0	0	1,299	1,299
Increase (decrease) in accounts payable	(51,516)	16,833	(147,950)	(5,927,922)	(6,981)	(6,117,536)
Increase (decrease) in deferred revenue	0	0	0	0	(10,074)	(10,074)
Increase (decrease) in payroll liabilities	1,374	94,007	(6,543)	0	1,015	89,853
Total adjustments	<u>1,471,276</u>	<u>764,249</u>	<u>(96,798)</u>	<u>(784,268)</u>	<u>61,752</u>	<u>1,416,211</u>
Net cash provided (used) by operating activities	<u>\$ (2,573,102)</u>	<u>(3,852,100)</u>	<u>873,137</u>	<u>10,269,565</u>	<u>(178,957)</u>	<u>4,538,543</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Statement of Net Assets – Fiduciary Funds  
June 30, 2007

	<u>Mausoleum Endowment</u>	<u>Utility Deposits</u>	<u>Municipal Court Bond</u>	<u>TIF Districts</u>	<u>Bartlesville Development Authority Trust</u>
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 3,557	0	57,044	160,886	0
Investments	13,743	619,967	0	0	0
Interest receivable	170	7,665	0	0	0
Total assets	<u>17,470</u>	<u>627,632</u>	<u>57,044</u>	<u>160,886</u>	<u>0</u>
<b><u>LIABILITIES</u></b>					
Due to other funds	\$ 0	0	5,327	0	0
Cash fund overdraft	0	22,739	0	0	0
Refunds payable and other liabilities	0	604,893	51,717	45,000	0
Total liabilities	<u>0</u>	<u>627,632</u>	<u>57,044</u>	<u>45,000</u>	<u>0</u>
<b><u>NET ASSETS</u></b>					
Held in trust for benefits and other purposes	<u>\$ 17,470</u>			<u>115,886</u>	<u>0</u>

---

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds  
June 30, 2007

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>	<u>Bartlesville Development Authority Trust</u>
<b>ADDITIONS:</b>			
Property taxes for specific purposes	\$ 0	112,019	0
General sales tax	0	97,044	0
Miscellaneous revenue	0	33,881	0
Interest	772	1,947	1
Total additions	<u>772</u>	<u>244,891</u>	<u>1</u>
<b>DEDUCTIONS:</b>			
Interest expense	0	139,562	0
Transfers out	0	0	99,085
Total deductions	<u>0</u>	<u>139,562</u>	<u>99,085</u>
Change in net assets	772	105,329	(99,084)
Net assets - beginning	16,698	0	99,084
Prior period adjustment	0	10,557	0
Total net assets - beginning, adjusted	<u>16,698</u>	<u>10,557</u>	<u>99,084</u>
Net assets - ending	<u>\$ 17,470</u>	<u>115,886</u>	<u>0</u>

See accompanying notes to the financial statements

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements - Index  
June 30, 2007

**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

**NOTE 2. DEPOSITS INVESTMENTS AND COLLATERAL**

**NOTE 3. PROPERTY AND EQUIPMENT**

- A. Capital Asset Activity – Governmental Type
- B. Capital Asset Activity – Business Type
- C. Depreciation Charges
- D. Capital Asset Activity – Adjustments to Previously Reported Balances

**NOTE 4. LONG-TERM DEBT**

- A. General Obligation Bonds to be Repaid by Governmental Activity
- B. Notes Payable to be Repaid by Business Type Activity
- C. Capital Lease Obligations to be Repaid by Governmental Activity
- D. Workers Compensation Claims Liability
- E. Debt Service Requirements to Maturity

**NOTE 5. INTERFUND TRANSACTIONS**

- A. Interfund Operating Transfers
- B. Interfund Receivables and Payables

**NOTE 6. EMPLOYEES RETIREMENT PLANS**

- A. Single Employer, Defined Benefit Pension Plan
- B. Cost Sharing, Multiple Employer Plans
- C. Component Unit Retirement Plans

**NOTE 7. PRIOR PERIOD ADJUSTMENT**



# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

## **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.

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

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

<b><u>Blended Component Units Reported with the Primary Government</u></b>	<b><u>Brief Description of Activities Relationship to City</u></b>	<b><u>Reporting Funds</u></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 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, 2007  
(continued)

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

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

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

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(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, 2007  
(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, 2007  
(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. Transferred to Water Fund during current fiscal year.
Worker's Compensation	Accounts for the revenues and expenditures of the City's worker's compensation plan.
Health Insurance	Accounts for the revenues and expenditures of the City's health insurance plan.

**FIDUCIARY FUND TYPES:**

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

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

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2007

(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.
TIF Districts Fund	Accounts for ad valorem and general sales taxes that are to be used to fund infrastructure improvements to the designated TIF areas.
Bartlesville Development Authority Trust Fund	Accounts for lease and development fees that are to be used for capital projects as approved by the Authority. Transferred to Bartlesville Development Authority during current fiscal year.

##### 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.
Capital Project Fund: 2007 G.O. Bond	Accounts for bond proceeds and expenditures associated with improving the streets.
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, 2007  
(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, 2007  
(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.
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 expenditures of development fees that are reserved for use in the various parks of the City
Cemetery Perpetual Care Fund	Accounts for revenues and expenditures of the cemetery's upkeep in accordance with State law.
Memorial Stadium Operating Fund	Accounts for receipt of stadium fees and transfers from the City for capital improvements.
Geographical Information Systems	Accounts for receipt of community development fees and related expenditures.
Bartlesville Adult Center Trust Authority	See blended component unit above for description.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

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

Debt Service Fund	See description above.
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.
2005 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets, water system, buildings and water system.
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, 2007

(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, 2007

(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, 2007

(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, 2007

(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 its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 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, 2007

(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, 2007

(continued)

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

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

#### Fixed Assets (continued)

##### *Government-Wide Statements*

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

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

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

Buildings	15-50 years
Other 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, 2007

(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 a liability in the fund financial statements. The debt proceeds are reported as revenue and payment of principal and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

#### Compensated Absences

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

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

#### Equity Classifications

##### *Government-Wide Statements*

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

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

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

#### Equity Classifications (continued)

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

#### *Fund Statements*

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

### **1.F. REVENUES, EXPENDITURES AND EXPENSES**

#### Sales Tax

The City presently levies a three-cent sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The Sales Tax is allocated among three funds: The General Fund, the Economic Development Fund, and the Sales Tax Capital Improvement Fund. Seventy-five percent (75%) of the tax collected is deposited in the General Fund, eight and 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, 2007

(continued)

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

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

##### Property Tax

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

##### Operating Revenues and Expenses

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

##### Cigarette, Tobacco and Tobacco Products Tax

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

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

#### Expenditures and Expenses

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

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

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

Proprietary Fund - by Operating and Non-Operating

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

#### Interfund Transfers

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

# ***CITY OF BARTLESVILLE***

## Notes to Basic Financial Statements

June 30, 2007

(continued)

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

The following is a table of deposits and investments for the City at June 30, 2007 by type.

	<u>Credit Rating</u>	<u>Carrying Value</u>
Type Deposits:		
Petty cash	N/A	\$ 2,775
Demand deposits	N/A	3,467,073
Time deposits	N/A	10,474,836
Total deposits		<u>13,944,684</u>
Investments:		
Corporate stocks and bonds - Community Center	N/A	5,213,286
Agencies of the U.S. Govt: GNMA/FHLB/FNMA/FFCR	N/A	21,576,112
Mutual Funds: Library Trust Authority	AAAAA	1,178,797
Total investments		<u>27,968,195</u>
Note payments held in trust and cash with fiscal agent		593,945
Total		<u>\$ 42,506,824</u>
Reconciliation to Statement of Net Assets:		
Cash and cash equivalents:		
Government-wide		\$ 5,012,373
Mausoleum		3,557
Municipal Court Bond		57,044
TIF Districts		160,886
Investments:		
Government-wide		37,809,246
Mausoleum		13,743
Utility deposits		619,967
Cash fund overdrafts:		
Government-wide		(1,147,253)
Utility deposits		<u>(22,739)</u>
Total		<u>\$ 42,506,824</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, 2007  
(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, 2007 was as follows:

Governmental Type							
Class	Previously Reported Ending Balance June 30, 2006	Adjustments to Previously Reported Balances (Note 3.D.)	Restated Ending Balance June 30, 2006	Additions	Deletions	Transfers	Ending Balance June 30, 2007
Land	\$ 4,003,507	0	4,003,507	20,000	0	0	4,023,507
Infrastructure and improvements	14,320,328	31,449,698	45,770,026	19,557	0	8,943,060	54,732,643
Buildings	26,081,086	0	26,081,086	130,877	0	(436,563)	25,775,400
Equipment and furniture	9,297,746	160,420	9,458,166	1,390,876	(493,949)	(70,533)	10,284,560
Construction in progress	6,705,519	0	6,705,519	6,879,652	(18,680)	(9,105,934)	4,460,557
Accumulated depreciation	(19,210,027)	(12,340,004)	(31,550,031)	(2,865,955)	470,264	323,772	(33,621,950)
<b>Total</b>	<b>\$ 41,198,159</b>	<b>19,270,114</b>	<b>60,468,273</b>	<b>5,575,007</b>	<b>(42,365)</b>	<b>(346,198)</b>	<b>65,654,717</b>

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

Capital asset activity for business type activities for the year ended June 30, 2007 was as follows:

Business Type							
Class	Previously Reported Ending Balance June 30, 2006	Adjustments to Previously Reported Balances (Note 3.D.)	Restated Ending Balance June 30, 2006	Additions	Deletions	Transfers	Ending Balance June 30, 2007
Land	\$ 960,474	0	960,474	0	0	0	960,474
Infrastructure and improvements	63,416,675	0	63,416,675	0	0	1,853,238	65,269,913
Buildings	19,983,330	0	19,983,330	0	0	46,327,147	66,310,477
Equipment and furniture	9,166,338	0	9,166,338	214,069	(115,314)	70,533	9,335,626
Construction in progress	46,555,329	0	46,555,329	1,066,247	0	(47,580,948)	40,628
Accumulated depreciation	(46,308,956)	0	(46,308,956)	(3,375,875)	108,390	(323,772)	(49,900,213)
<b>Total</b>	<b>\$ 93,773,190</b>	<b>0</b>	<b>93,773,190</b>	<b>(2,095,559)</b>	<b>(6,924)</b>	<b>346,198</b>	<b>92,016,905</b>

# **CITY OF BARTLESVILLE**

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

### **3.C. DEPRECIATION CHARGES**

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

<u>Functional Category</u>	<u>Amount</u>
General Government	\$ 408,376
Public Safety	373,329
Public Works	1,395,028
Culture and Recreation	<u>689,223</u>
Total	<u>\$ 2,865,956</u>

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

A prior period adjustment was necessary to correct the balances related to fixed assets. In accordance with GASB 34, the *City of Bartlesville* has completed its retroactive restatement of its general government infrastructure assets. GASB 34 requires governments to restate fixed asset balances from the date that the government adopted GASB 34 to include all public infrastructure items such as streets, bridges and drainage that were purchased or constructed in the preceding twenty years prior to adoption. The result of this restatement and the addition of one previously unrecognized asset are presented below:

<u>Governmental Type</u>	<u>Amount</u>
Infrastructure restatement	\$ 31,449,700
Other fixed asset correction	160,420
Accumulated depreciation	<u>(12,340,004)</u>
Total	<u>\$ 19,270,116</u>



# **CITY OF BARTLESVILLE**

Notes to Basic Financial Statements

June 30, 2007

(continued)

## **NOTE 4 - LONG-TERM DEBT**

The following is a summary of long-term debt of the City at June 30, 2007:

	<u>General Obligation Bonds Payable</u>	<u>Capital Lease Payable</u>	<u>Notes Payable</u>	<u>Workers' Comp Claims Liability</u>	<u>Total</u>
Long-term debt, July 1, 2006	\$ 11,825,000	0	47,638,644	336,187	59,799,831
Debt issued	4,500,000	385,218	3,225,289	150,929	8,261,436
Debt retired	<u>(2,485,000)</u>	<u>(135,276)</u>	<u>(3,074,819)</u>	<u>(31,576)</u>	<u>(5,726,671)</u>
Long-term debt, June 30, 2007	<u>\$ 13,840,000</u>	<u>249,942</u>	<u>47,789,114</u>	<u>455,540</u>	<u>62,334,596</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, 2007

(continued)

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

#### **4.A. GENERAL OBLIGATION BONDS TO BE REPAID THROUGH GOVERNMENTAL TYPE ACTIVITY** (continued)

General obligation bonds payable at June 30, 2007 are comprised of the following issues:

On April 1, 2007, \$4,500,000 General Obligation Bonds, Series 2007, serial bonds due in annual installments of \$500,000 from April 1, 2009 through April 1, 2017; semi-annual interest at rates varying from 3.40% to 4.75% commencing April 1, 2008 for street improvements.

Current	\$	0
Long-term		4,500,000
Total		<u>4,500,000</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		240,000
Long-term		0
Total		<u>240,000</u>

\$3,000,000 Combined Bonds of 2001, serial bonds due in annual installments of \$330,000, except for a final installment of \$360,000 through November 1, 2011; semi-annual interest at rates varying from 3.10% through 4.95%.

Current		330,000
Long-term		1,350,000
Total		<u>1,680,000</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		1,575,000
Total		<u>1,960,000</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		730,000
Total		<u>1,460,000</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		500,000
Long-term		3,500,000
Total		<u>4,000,000</u>

Total current portion		2,185,000
Total long-term portion		<u>11,655,000</u>
Total general obligation bonds	\$	<u><u>13,840,000</u></u>

# CITY OF BARTLESVILLE

## Notes to Basic Financial Statements

June 30, 2007

(continued)

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

#### 4.B. CAPITAL LEASE PAYABLE

On November 2, 2006, a lease-purchase agreement with Ford Motor Credit Company in the amount of \$385,218 was entered into by the City to purchase 22 police cars. Payments are made annually in the amount of \$137,379 with 6.55% interest.

Current	\$	121,008
Long-term		<u>128,934</u>
Total	\$	<u>249,942</u>

#### 4.C NOTES PAYABLE TO BE REPAID BY BUSINESS TYPE ACTIVITY

Notes payable at June 30, 2007 are comprised of the following obligations:

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.

Current	\$	38,133
Long-term		<u>533,860</u>
Total		<u>571,993</u>

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.

Current		36,300
Long-term		<u>580,805</u>
Total		<u>617,105</u>

Note payable to JP Morgan Chase Bank, N.A. proceeds of \$2,000,000 were used to finance construction and extension of Silver Lake Road on November 19, 2004, principal payments of \$13,812 are due semi-annually starting September 15, 2004. This note bears no interest but is subject to a 1/2% administrative fee.

Current		27,625
Long-term		<u>441,998</u>
Total		<u>469,623</u>

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 \$425,000. 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.

Current		405,000
Long-term		<u>640,000</u>
Total		<u>1,045,000</u>

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.

Current		267,500
Long-term		<u>2,227,500</u>
Total		<u>2,495,000</u>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

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

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

Notes payable at June 30, 2007 are comprised of the following obligations:  
(continued)

Note payable to the Oklahoma Water Resources Board, proceeds of \$44,903,153 were used to construct the water treatment plant. Principle and interest payments of \$1,543,897 will be due in two semi-annual installments commencing on March 15, 2007. This note bears interest at a rate of 3.50%	Current	\$ 1,611,106
	Long-term	<u>40,979,287</u>
	Total	<u>42,590,393</u>
Total current portion		2,385,664
Total long-term portion		<u>45,403,450</u>
Total notes payable		<u><u>\$ 47,789,114</u></u>

**4.D. WORKERS' COMPENSATION CLAIMS LIABILITY**

The City self-insures workers' compensation claims liability. The administration of claims for self-insurance is primarily performed by third party administrators. At June 30, 2007, the City's workers' compensation claims liability was \$455,540 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. \$377,491 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. \$78,049 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.

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

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

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

The annual requirements to amortize long-term debt outstanding as of June 30, 2007, are as follows:

<u>Period</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 5,154,712	2,137,272	7,291,984
2009	5,053,980	1,948,948	7,002,928
2010	4,053,937	1,746,186	5,800,123
2011	3,909,906	1,612,007	5,521,913
2012	4,048,028	1,475,240	5,523,268
2013-2017	15,812,790	5,513,065	21,325,855
2018-2022	12,740,751	3,208,513	15,949,264
2023-2026	11,560,493	918,537	12,479,030
Total	\$ <u>62,334,597</u>	<u>18,559,768</u>	<u>80,894,365</u>

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

**NOTE 5 - INTERFUND TRANSACTIONS**

**5.A. INTERFUND OPERATING TRANSFERS**

Transfers Out	Transfers In										
	Memorial Stadium Operating Fund	Adams Municipal Golf Course Fund	E-911 Fund	Special Library Fund	Bond Financing Fund	Wastewater Fund	General Fund	Restricted Donations	Water Fund	BMA Street Fund	Capital Improvements Sales Tax
General Fund	\$ 56,392	219,605	384,424	0	0	0	0	0	0	0	0
Bartlesville Library											
Trust Authority	0	0	0	60,267	0	0	0	0	0	0	0
Golf Course Memorial Fund	0	0	0	0	25,000	0	0	0	0	0	0
Capital Improvement Fund	0	0	0	0	0	0	0	0	0	437,750	0
Bartlesville Municipal Authority											
Wastewater Fund	0	0	0	0	0	2,901,370	0	0	4,584,661	0	0
Water Fund	0	0	0	0	0	0	375,000	0	0	0	0
Solid Waste Fund	0	0	0	0	0	0	550,000	0	0	0	0
Trust Authority	0	0	0	0	0	0	350,000	0	0	0	0
Authority Trust	0	0	0	0	0	0	0	10,000	0	0	33,464
Transfers In Total	\$ 56,392	219,605	384,424	60,267	25,000	2,901,370	1,275,000	0	4,584,661	437,750	33,464

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

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

**5.A. INTERFUND OPERATING TRANSFERS (continued)**

	Transfers In (cont'd)							Transfers Out Total
	Transfers Out	Capital Improvements Park & Recreation	Capital Improvements Storm Sewer	General Fund	Bartlesville Redevelopment Trust Authority	Bartlesville Development Authority	Bartlesville Community Center Trust Authority	
General Fund	\$	138,000	8,076	0	0	0	265,570	1,072,067
Bartlesville Library Trust Authority		0	0	0	0	0	0	60,267
Golf Course Memorial Fund		0	0	0	0	0	0	25,000
Capital Improvement Fund		0	0	0	0	0	0	437,750
Bartlesville Municipal Authority		0	0	0	0	0	0	7,486,031
Wastewater Fund		0	0	0	0	0	0	375,000
Water Fund		0	0	0	0	0	0	550,000
Solid Waste Fund		0	0	0	0	0	0	350,000
Trust Authority		0	0	0	0	0	0	43,464
Authority Trust		0	0	55	0	99,030	0	99,085
<b>Transfers In Total</b>	\$	<b>138,000</b>	<b>8,076</b>	<b>55</b>	<b>0</b>	<b>99,030</b>	<b>265,570</b>	<b>10,498,664</b>

# CITY OF BARTLESVILLE

## Notes to Basic Financial Statements

June 30, 2007

(continued)

### NOTE 5 - INTERFUND TRANSACTIONS (continued)

#### 5.B. INTERFUND RECEIVABLES AND PAYABLES

<u>Interfund Payables</u>	<u>General Fund</u>	<u>Bartlesville Community Center Trust Authority</u>	<u>Payables Total</u>
Health Insurance Fund	\$ 97,901	0	97,901
Municipal Court Bond	5,327	0	5,327
General Fund	0	46,274	46,274
Receivables total	<u>\$ 103,228</u>	<u>46,274</u>	<u>149,502</u>

### NOTE 6 - EMPLOYEES RETIREMENT PLANS

The City participates in the Oklahoma State Police Pension and Retirement System, Oklahoma State Firefighters Pension and Retirement System 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.



**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

**NOTE 6 - EMPLOYEES RETIREMENT PLANS**

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

The number of Fund participants by category is as follows:

Terminated members entitled to but not yet receiving benefits	32
Retirees and beneficiaries currently receiving benefits	66
Fully Vested Employees	141
Nonvested Employees	55
Total	<u>294</u>

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, 2007  
(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. On July 1, 2006, the plan was revised to an annual payment equal to 2.5% of the normal annual compensation of the employee at the employee's normal retirement date and the employees can now contribute 3.0% of their pay. 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 and service
Asset value	Actuarial method

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

**CITY OF BARTLESVILLE**  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

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

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

Schedule of employer contributions:

<u>Fiscal Year</u>		<u>Annual Required Contribution</u>	<u>Annual Actual Contribution</u>	<u>Percentage Contributed</u>
2005	\$	445,457	593,806	133%
2006		470,153	601,581	128%
2007		523,085	638,807	122%

**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, 2007, the System held no related party investments of the City or any of its entities.

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

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

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

As of June 30, 2007, the System held no related party investments of the City or any of its entities.

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

#### Cost-Sharing, Multiple-Employer Plans:

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

# ***CITY OF BARTLESVILLE***

Notes to Basic Financial Statements

June 30, 2007

(continued)

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

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

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

<b>Fiscal Year</b>		<b>Oklahoma Police Pension and Retirement System</b>		<b>Oklahoma Firefighters Pension and Retirement System</b>	
		<b>Required Contribution</b>	<b>Percentage Contributed</b>	<b>Required Contribution</b>	<b>Percentage Contributed</b>
2005	\$	228,796	100%	343,102	100%
2006		247,381	100%	358,928	100%
2007		317,142	100%	374,552	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, 2007. Copies of these reports may be obtained from the State Retirement System.

### **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) 401(k) 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, 2007 the employer contributed \$7,825 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, 2007, the employer contributed \$11,058 to the plan.

***CITY OF BARTLESVILLE***  
Notes to Basic Financial Statements  
June 30, 2007  
(continued)

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

**6.D. OTHER POSTEMPLOYMENT BENEFITS**

The *City of Bartlesville* pays health insurance premiums for one employee as part of his early retirement agreement. The amount paid during the fiscal year ending June 30, 2006 was \$5,836.

**6.E. RETIREE MEDICAL PLAN**

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

**NOTE 7 - PRIOR PERIOD ADJUSTMENTS**

Prior period adjustments were necessary to correct the beginning balances related to fixed assets. Governmental type fixed assets were adjusted \$19,270,116. Note 3.D. provides additional information regarding adjustments to the fixed asset balances.

In addition to the adjustments to fixed assets, the City made adjustments to correct prior year errors related to an overstatement of prepaid expenses. The previously reported bal-

# **CITY OF BARTLESVILLE**

## Notes to Basic Financial Statements

June 30, 2007

(continued)

### **NOTE 7 - PRIOR PERIOD ADJUSTMENTS** (continued)

ances in prepaid insurance accounts of the following funds were adjusted as indicated:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ (122,010)
E-911 Fund	(5,785)
Wastewater Operating Fund	(6,123)
Water Operating Fund	(22,000)
Sanitation Fund	(16,615)
Total	\$ <u><u>(172,533)</u></u>

Adjustments were also necessary to correct prior years errors related to an overstatement of accounts payable. The previously reported balances in the accounts payable accounts of the following funds were adjusted as indicated:

<u>Fund</u>	<u>Amount</u>
CIP - Sales Tax	\$ (7,500)
BMA	(53,788)
Total	\$ <u><u>(61,288)</u></u>

An adjustment was also made to the BMA fund's interest payable account which resulted in a decrease of \$18,090 in this account. Adjustments were made to correct the recording of \$459 of interest earnings that were originally recorded in the City's Debt Service fund when they should have been recorded in the General Fund. This resulted in a decrease of the previously reported cash balance in the Debt Service fund and an increase in the previously reported cash balance of the General fund. The final prior period adjustment was necessary to record prior year ad valorem receipts related to TIF districts, in the TIF fiduciary fund and not in the City's Debt Service fund as it was originally recorded. This adjustment resulted in a decrease of the Debt Service fund's previously reported cash balance of \$10,557 and an increase in the TIF fund's previously reported cash balance of the same.

***CITY OF BARTLESVILLE***  
Required Supplementary Information  
June 30, 2007

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, 2007

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll c	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/04	\$ 2,810,838	3,831,659	1,020,821	73.4%	5,718,618	17.9%
1/1/05	3,361,482	4,476,154	1,114,673	75.1%	6,019,000	18.5%
1/1/06	3,997,881	5,452,141	1,454,260	73.3%	5,743,064	25.3%
1/1/07	4,660,888	8,392,743	3,711,855	55.8%	7,439,181	49.9%

---

(Unaudited - See independent auditor's report)

# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule - General Fund

June 30, 2007

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 13,390,453	13,390,453	13,675,363	284,910
Fees and fines	805,400	805,400	855,894	50,494
Licenses and permits	392,200	392,200	283,395	(108,805)
Intergovernmental	10,800	10,800	16,520	5,720
Charges for services	326,400	326,400	494,676	168,276
Investment earnings	146,000	146,000	384,898	238,898
Contributions and donations	0	0	3,900	3,900
Miscellaneous	4,900	4,900	45,866	40,966
Total revenues	<u>15,076,153</u>	<u>15,076,153</u>	<u>15,760,512</u>	<u>684,359</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,233,944	5,209,229	4,688,634	520,595
Public Safety	7,684,147	8,207,640	8,141,518	66,122
Public Works	1,038,850	959,703	961,375	(1,672)
Culture and recreation	1,925,944	1,864,197	1,730,399	133,798
Debt Service:				
Interest and other charges	0	0	699	(699)
Capital Outlay	562,428	698,033	560,385	137,648
Total Expenditures	<u>16,445,313</u>	<u>16,938,802</u>	<u>16,083,010</u>	<u>855,792</u>
Excess (deficiency) of revenues over expenditures	<u>(1,369,160)</u>	<u>(1,862,649)</u>	<u>(322,498)</u>	<u>1,540,151</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,275,000	1,275,000	1,275,055	55
Transfers out	(660,421)	(806,621)	(1,072,067)	(265,446)
Total other financing sources and uses	<u>614,579</u>	<u>468,379</u>	<u>202,988</u>	<u>(265,391)</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale of capital assets	0	0	41,075	41,075
Net change in fund balances	(754,581)	(1,394,270)	(78,435)	(1,315,835)
Fund balances - beginning	2,732,543	2,732,543	4,511,779	(1,779,236)
Fund balances - ending	<u>\$ 1,977,962</u>	<u>1,338,273</u>	<u>4,433,344</u>	<u>(3,095,071)</u>

(Unaudited - See independent auditor's report)

# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule – 2007 G.O. Bond Fund June 30, 2007

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Investment earnings	\$ 0	0	66,909	66,909
Total revenues	<u>0</u>	<u>0</u>	<u>66,909</u>	<u>66,909</u>
<b>EXPENDITURES</b>				
Current:				
General government	0	50,431	44,431	6,000
Capital Outlay	0	4,460,703	2,403	4,458,300
Total Expenditures	<u>0</u>	<u>4,511,134</u>	<u>46,834</u>	<u>4,464,300</u>
Excess (deficiency) of revenues over expenditures	<u>0</u>	<u>(4,511,134)</u>	<u>20,075</u>	<u>4,531,209</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Loan proceeds	0	4,500,000	4,500,000	0
Transfers out	0	0	0	0
Total other financing sources and uses	<u>0</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>0</u>
Net change in fund balances	0	(11,134)	4,520,075	(4,531,209)
Fund balances - beginning	0	0	0	0
Fund balances - ending	<u>\$ 0</u>	<u>(11,134)</u>	<u>4,520,075</u>	<u>(4,531,209)</u>

(Unaudited – See independent auditor’s report)

# CITY OF BARTLESVILLE

## Budgetary Comparison Schedule – 99 Sales Tax Improvements Fund June 30, 2007

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Sales and miscellaneous taxes	\$ 2,430,000	2,464,965	2,532,374	67,409
Intergovernmental	34,965	0	0	0
Investment earnings	114,600	114,600	195,237	80,637
Miscellaneous	0	0	7,631	7,631
Total revenues	<u>2,579,565</u>	<u>2,579,565</u>	<u>2,735,242</u>	<u>155,677</u>
<b>EXPENDITURES</b>				
Current:				
General government	0	2,000	0	2,000
Highways and roads	0	18,214	3,357	14,857
Health and sanitation	0	0	0	0
Culture and recreation	0	0	7,765	(7,765)
Debt Service:				
Principal	0	0	135,276	(135,276)
Interest and other charges	0	0	1,404	(1,404)
Capital Outlay	5,981,091	6,147,120	3,037,919	3,109,201
Total Expenditures	<u>5,981,091</u>	<u>6,167,334</u>	<u>3,185,721</u>	<u>2,981,613</u>
Excess (deficiency) of revenues over expenditures	<u>(3,401,526)</u>	<u>(3,587,769)</u>	<u>(450,479)</u>	<u>3,137,290</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	0	0	33,464	(33,464)
Transfers out	0	0	(437,750)	437,750
Total other financing sources and uses	<u>0</u>	<u>0</u>	<u>(404,286)</u>	<u>404,286</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale capital assets	0	0	4,750	(4,750)
Net change in fund balances	<u>(3,401,526)</u>	<u>(3,587,769)</u>	<u>(850,015)</u>	<u>(2,737,754)</u>
Fund balances - beginning	3,401,526	3,401,526	4,598,130	(1,196,604)
Fund balances - ending	<u>\$ 0</u>	<u>(186,243)</u>	<u>3,748,115</u>	<u>(3,934,358)</u>

(Unaudited - See independent auditor's report)

# ***CITY OF BARTLESVILLE***

Notes to Required Supplementary Information on  
Budgetary Accounting and Control  
June 30, 2007

## **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, 2007  
(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, 2007  
(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, 2007, the following supplemental increases and decrease in appropriations were approved:

	<u>Original Appropriations</u>	<u>Net Supplemental Appropriations (Decreases)</u>	<u>Revised Appropriations</u>
General fund	\$ 16,445,313	493,489	16,938,802
General fund transfers	660,421	146,200	806,621
Debt service	2,934,270	4,000	2,938,270
Special revenue funds	6,021,072	1,018,670	7,039,742
Special revenue funds transfers	586,742	0	525,000
Capital projects funds	9,608,535	10,387,635	19,996,170
Capital projects funds transfers	437,750	0	437,750

---

(Unaudited - See independent auditor's report)

# ***CITY OF BARTLESVILLE***

Other Supplementary Information  
For the Year Ended June 30, 2007

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, 2007

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Award Number</u>	<u>Disbursements/ Expenditures</u>
<b>Department of Housing and Urban Development</b>			
Passed through the Oklahoma Department of Commerce CDBG Small Cities Program	14.228	11453 CDBG 04	\$ <u>95,238</u>
<b>U.S. Department of Justice:</b>			
Bulletproof Vests Partnership Program Passed through the Federal Bureau of Investigation	16.607	none	2,910
Joint Terrorism Task Force	16.614	none	<u>9,444</u>
Total U.S. Department of Justice			<u>12,354</u>
<b>U.S. Department of Transportation:</b>			
Airport Improvement Program - AIP 3-40-0007-005-2005	20.106	AIP 3-40-007-006-2005	76,284
Airport Improvement Program - AIP 3-40-0007-007-2006	20.106	AIP 3-40-007-007-2006	1,355,604
Total Airport Improvement Program			<u>1,431,888</u>
Total U.S. Department of Transportation			<u>1,431,888</u>
<b>Institute of Museum and Library Services:</b>			
Museums for America Passed through the Oklahoma Department of Libraries	45.301	MA-01-06-0365-06	10,564
Continuing Education Grants	45.310	F-07-343	<u>1,037</u>
Total Institute of Museum and Library Services			<u>11,601</u>
<b>Environmental Protection Agency:</b>			
Passed through the Oklahoma Water Resources Board Safe Drinking Water State Revolving Fund	66.468	ORF-03-0012DW	<u>16,782,510</u>
<b>Federal Emergency Management Agency</b>			
Passed through the Oklahoma Department of Emergency Management			
Emergency Protective Measures	97.036	FEMA-OK-DR1623	2,275
Road Damage Repair	97.036	FEMA-OK-DR1355	<u>2,267</u>
Total Federal Emergency Management Agency			<u>4,542</u>
Total Expenditures of Federal Awards			<u>\$ 18,338,133</u>

See independent auditor's report