

***CITY OF BARTLESVILLE,
OKLAHOMA***

Independent Auditor's Report
and Financial Statements
For the Fiscal Year Ended June 30, 2009

CITY OF BARTLESVILLE

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CITY OF BARTLESVILLE

List of Principal Officials

City Council

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

City Manager

Ed Gordon

City Clerk/Treasurer and Finance Director

Mike Bailey

City Attorney

Jerry Maddux



ARCHAMBO & MUEGGENBORG, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the *City of Bartlesville, Oklahoma's* management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Bartlesville Development Corporation, which represents 100% of the assets and revenues of the Bartlesville Development Corporation component unit fund. We also did not audit the financial statements of the Bartlesville Community Center Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Community Center Trust Authority major governmental fund and the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority component unit fund. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority and Bartlesville Development Authority, are based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. Those standards require that we plan and perform the audit to

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows 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 January 26, 2010, on our consideration of the *City of Bartlesville, Oklahoma's* internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 10-23, the pension plan funding progress report, budgetary comparison schedules, and the notes to the required supplementary information on budgetary accounting and control on pages 82-89 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. 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, Oklahoma*'s basic financial statements. The accompanying combining financial statements of non-major governmental funds and internal service funds are for purposes of additional analysis as required by *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements of *City of Bartlesville, Oklahoma*. They have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Archambo & Mueggenborg, PC

Archambo & Mueggenborg, PC
Certified Public Accountants

April 5, 2010



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, 2009, which collectively comprise the *City of Bartlesville, Oklahoma's* basic financial statements and have issued our report thereon dated January 26, 2010. 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, Oklahoma's* internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the *City of Bartlesville, Oklahoma's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *City of Bartlesville, Oklahoma's* internal control over financial reporting.

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

A 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 *City of Bartlesville, Oklahoma'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 *City of Bartlesville, Oklahoma's* financial statements that is more than inconsequential will not be prevented or detected by the *City of Bartlesville, Oklahoma's* internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the *City of Bartlesville, Oklahoma's* internal control.

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 1997-1 to be a material weakness.


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Bartlesville, Oklahoma's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial matters that we reported to management of *City of Bartlesville, Oklahoma* in a separate letter dated January 26, 2010.

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

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


Archanbo & Mueggenborg, PC
Certified Public Accountants

January 26, 2010

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
June 30, 2009

CURRENT YEAR FINDINGS

Internal Control Over Financial Reporting

1997-1 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

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
June 30, 2009

CURRENT YEAR FINDINGS

(continued)

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

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, 2009

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, 2009. 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 2009 were:

- The assets of the *City of Bartlesville* exceeded its liabilities at the close of the fiscal year by almost \$140.3 million.
- The City's main governmental revenue source, sales tax, ended the year with a decrease of 0.6%.
- Noteworthy changes to the City's capital assets included several street, drainage, and waterline improvements, replacement of a street sweeper, and the purchase of Sunset Country Club to be used as a large lot industrial park.
- The City was able to partner with two other organizations, ConocoPhillips and Lyon's Foundation, to obtain funding for a new Frontier Pool that will feature interactive aquatic play equipment and handicap accessible features.
- During these difficult financial times, the City has sought and received grant funds to help offset declining tax revenues. Included in these grants were awards for more than \$5.75 million in ARRA funds.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

Using this Annual Financial Report

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

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

Statement of Net Assets and the Statement of Activities

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

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

Fund Financial Statements

Fund financial reports provide detailed information about the City's major funds. These reports begin on page 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.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

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

Fund Financial Statements (continued)

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

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

Governmental Funds

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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(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 2009.

Table 1
Governmental Activities
Net Assets (In Millions)

	<u>2008</u>	<u>2009</u>
Assets		
Current and other assets	\$ 64.2	31.4
Capital assets, net	<u>68.5</u>	<u>71.5</u>
Total assets	<u>132.8</u>	<u>102.8</u>
Liabilities		
Current liabilities	29.9	1.4
Long-term liabilities:		
Due within one year	3.8	3.3
Due in more than one year	<u>13.3</u>	<u>13.1</u>
Total liabilities	<u>47.0</u>	<u>17.8</u>
Net Assets		
Invested in capital assets		
Net of related debt	52.6	56.2
Restricted for:		
Capital projects	8.0	14.9
Debt service	0.0	2.0
Other purpose	0.0	7.9
Other purposes	<u>25.1</u>	<u>4.1</u>
Total net assets	<u>\$ 85.7</u>	<u>85.1</u>

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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

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

Table 2
Governmental Activities
Statement of Activities (In Millions)

	2008	2009
<u>Governmental Activities (Expenses)</u>		
General government	\$ (4.4)	(5.9)
Public safety	(9.3)	(10.6)
Public works	(2.4)	(2.4)
Health, welfare and sanitation	(0.1)	(0.4)
Culture and recreation	(3.2)	(4.3)
Payments to Component Units	(0.9)	(2.4)
Interest of long-term debt	(0.5)	(0.6)
Total governmental activities	(20.8)	(26.7)
<u>General Revenues</u>		
Taxes		
Property taxes, levied for debt service	3.0	2.2
Franchise taxes	3.0	2.7
Public service taxes	16.0	15.9
Grants and contributions, unrestricted	0.3	0.1
Investment earnings, unrestricted	1.2	0.1
Miscellaneous	0.2	0.3
Special item – gain on sale of asset	0.0	0.1
Transfers	0.8	0.9
Total general revenues, special items and transfers	24.5	22.2
Change in net assets	3.6	(0.2)
Net Assets – beginning, unadjusted	82.2	85.7
Prior period adjustment	(0.1)	(0.4)
Net Assets – beginning, adjusted	82.1	85.3
Net Assets – ending	\$ 85.7	85.1

Note: This is a recap of the Governmental Activities Column from the Statement of Activities on page 26 of the financial statement.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

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

Total assets from governmental activity are about \$103.7 million (rounded), which represents a decrease of \$0.3 million from the prior fiscal year. Factors influencing the change in governmental assets include construction projects that were financed by: special sales tax for capital improvements, general obligation bond issues, and purchases made from appropriations.

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

The City continues in its efforts to further reduce expenditures through more efficient procurement and use of goods and services along with improvements in energy efficiency. Money-saving programs and approaches to service delivery are constantly sought. This entails regular reevaluation and in many cases rebidding of our service contracts. Available grants are continually sought and applied for to reduce local expenses. 2009 was an extremely successful year for the City in relation to grants and subsidized loan programs. The City applied for and has since received four American Recovery and Reinvestment Act (ARRA) Grants.

The City was awarded an Energy Efficiency & Conservation Block Grant (EEBG) to be used to increase energy efficiency at City Hall. These funds will be combined with existing G.O. Bond proceeds to retrofit City Hall with energy efficient windows, lighting, and HVAC. These improvements have the potential to save the City tens of thousands of dollars annually. The City also received ARRA grants for water project improvements (OWRB), airport runway improvements (AIP), and law enforcement (JAG).

CITY OF BARTLESVILLE

Management's Discussion and Analysis For the Year Ended June 30, 2009 (continued)

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

<u>Grant</u>	<u>Purpose</u>	<u>Award Amount</u>
EECBG	City Hall upgrades	\$155,200
OWRB	Water system improvements	\$2,000,000
AIP	Runway improvements	\$3,528,000
JAG	Law enforcement equipment	\$68,954
Total		\$5,752,154

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.

In recent years, the City also elected to return to an "own risk" or self-funded plan for employee health insurance. While this program did return significant savings in its first year, the results for the second and third full year were less promising. The City's employees suffered through an unusually high number of catastrophic illnesses and injuries. Wellness programs intended to target these specific types of illnesses have been implemented along with other cost saving measures. These changes combined with increased employee contribution rates will hopefully improve the financial condition of our plan. However, the plan will once again be monitored carefully to ensure its sustainability in future years.

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 \$15,684,584 represented a 0.6% decrease over prior year receipts.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

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

The trend of decreasing investment earnings continued in 2009 due to a declining interest rate environment. The effect of the sharp decline in interest rates resulted in a decrease of 64% from 2008 giving the City's governmental funds' investment earnings a total of \$450,593 for 2009. These results exclude the amounts of the Bartlesville Community Center Trust Authority's (BCCTA) investment losses of \$509,292. The BCCTA, as a separate legal entity does not operate under the same investment policies as the City and as such is exposed to greater risk in corporate bonds and equity instruments. The BCCTA's results were an increase in their losses from \$95,598 to \$509,292.

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 42.1% of governmental expenditures. The Fire department consists of 71 full-time employees, including one administrative assistant. The Police department consists of 71 full time employees with 55 being sworn enforcement personnel and 16 being civilian administrative or technical personnel.

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

CITY OF BARTLESVILLE

Management's Discussion and Analysis For the Year Ended June 30, 2009 (continued)

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

Governmental Activities (continued)

The City's Funds

Information on the City's major funds starts on page 30. The governmental funds utilize the modified accrual basis of accounting. All governmental funds had total revenues of \$25,440,645 for the year and \$32,626,439 in expenditures resulting in a deficiency in revenues over expenditures of (\$7,185,794). 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 another financing source of \$3,327,421. When combined with the deficiency mentioned above, the City's governmental funds' fund balances decreased by \$3,794,007. The individual net change in fund balances for the year was not significant in any of the governmental funds.

The general fund reflects a decrease in fund balance of \$756,048. 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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

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

General Fund Budgeting Highlights (continued)

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.

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

For the general fund, budget basis revenue was short \$579,458 of the budget estimates of \$16,544,132. 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 2009 were \$1,206,202 below the final budget of \$19,531,069. 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 \$3,014,022.

Business-Type Activities

Overall, the business-type activities saw a decrease of \$1,861,489 in net assets. The decrease in net assets is due mainly to depreciation of existing assets at a rate that exceeds the construction of new assets.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the *City of Bartlesville* had \$159,874,035 invested in land, buildings, and capital equipment (net of depreciation). Table 2 shows the detail of the fiscal year 2009 balances of capital assets.

Table 2
Capital Assets
Net of Accumulated Depreciation

	Governmental Activities 2009	Business- Type Activities 2009	Total 2009
Land	\$ 5,022,533	1,340,474	6,363,007
Buildings	26,236,145	66,310,477	92,546,622
Other improvements and infrastructure	64,124,415	66,193,992	130,318,407
Machinery and equipment	11,998,672	10,023,732	22,022,404
Construction in progress	3,919,615	1,917,990	5,837,605
Total capital assets	<u>111,301,380</u>	<u>145,786,665</u>	<u>257,088,045</u>
(Less) depreciation	<u>(39,787,501)</u>	<u>(57,426,509)</u>	<u>(97,214,010)</u>
Capital assets (net of depreciation)	<u>\$ 71,513,879</u>	<u>88,360,156</u>	<u>159,874,035</u>

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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

Capital Assets and Debt Administration

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

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

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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

Debt

As of June 30, 2009 the *City of Bartlesville* had \$60,751,649 in outstanding debt. Of this total, \$15,210,000 was in General Obligation Bonds. Table 3 summarizes the outstanding debt.

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

	2008	2009
General Obligation Bonds	\$ 15,655,000	15,210,000
Capital leases	375,152	125,689
Accrued compensated absences	897,014	895,183
Workers compensation claims	520,243	676,909
Notes payable	45,652,450	43,843,868
 Total	 \$ 63,099,859	 60,751,649

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

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(continued)

Current related Financial Activities

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

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

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

CITY OF BARTLESVILLE
Basic Financial Statements
For the Year Ended June 30, 2009

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, 2009

	<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>
<u>ASSETS</u>				
Current assets:				
Cash and equivalents	\$ 946,251	24,927	971,178	1,526,282
Investments	3,160,386	2,301,332	5,461,718	-
Receivables, net of allowance	3,421,247	1,232,640	4,653,887	1,459,619
Internal balances	58,850	(58,850)	-	-
Due from other governmental agencies	198,665	-	198,665	-
Inventories	15,620	298,013	313,633	-
Total current assets	<u>7,801,019</u>	<u>3,798,062</u>	<u>11,599,081</u>	<u>2,985,901</u>
Noncurrent assets:				
Restricted cash and equivalents	136,611	537,532	674,143	1,124,264
Restricted investments	23,346,517	8,206,722	31,553,239	-
Other assets	79,924	1,667	81,591	286,877
Capital assets:				
Non-depreciable	8,942,148	3,258,464	12,200,612	762,736
Depreciable, net of depreciation	62,571,731	85,101,692	147,673,423	56,870,765
Total noncurrent assets	<u>95,076,931</u>	<u>97,106,077</u>	<u>192,183,008</u>	<u>59,044,642</u>
Total assets	<u>\$ 102,877,950</u>	<u>100,904,139</u>	<u>203,782,089</u>	<u>62,030,543</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,118,483	708,178	1,826,661	127,781
Meter deposit liability	-	612,840	612,840	-
Due to other governmental agencies	3,250	-	3,250	209,619
Deferred revenues	284,218	10,711	294,929	0
Long-term liabilities:				
Due within one year				
Bonds, capital leases and contracts	2,280,689	1,481,345	3,762,034	378,551
Compensated absences	709,373	185,810	895,183	-
Claims payable	342,363	334,546	676,909	-
Due in more than one year				
Bonds, capital leases and contracts	13,055,000	42,362,523	55,417,523	7,206,749
Total liabilities	<u>17,793,376</u>	<u>45,695,953</u>	<u>63,489,329</u>	<u>7,922,700</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	56,178,190	44,516,288	100,694,478	50,953,685
Restricted (Note 7):				
Enabling legislation	22,636,279	307,919	22,944,198	-
Statutory requirements	2,083,306	1,667	2,084,973	-
External contracts	109,255	8,734,348	8,843,603	2,405,703
Unrestricted	4,077,544	1,647,964	5,725,508	748,455
Total net assets	<u>\$ 85,084,574</u>	<u>55,208,186</u>	<u>140,292,760</u>	<u>54,107,843</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Activities – Government-wide
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Program Revenue					Net (Expense) Revenue and Changes in Net Assets			Total Component Units
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government			
			Grants and Contributions	Governmental Activities		Business-type Activities	Total		
Primary government									
Governmental Activities									
General Government	\$ 5,898,501	315,998	519,957	177,140	(4,885,406)	(4,885,406)		(4,885,406)	
Public Safety	10,640,855	1,191,243	-	-	(9,449,612)	(9,449,612)		(9,449,612)	
Public Works	2,422,929	730,957	-	85,910	(1,606,062)	(1,606,062)		(1,606,062)	
Health, Welfare and Sanitation	410,536	122,000	-	-	(288,536)	(288,536)		(288,536)	
Culture and Recreation	4,341,290	570,662	219,470	241,047	(3,310,111)	(3,310,111)		(3,310,111)	
Payments to component units	2,349,619	-	-	-	(2,349,619)	(2,349,619)		(2,349,619)	
Interest on long-term debt	580,768	-	-	-	(580,768)	(580,768)		(580,768)	
Total governmental activities	26,644,498	2,930,860	739,427	504,097	(22,470,114)	(22,470,114)		(22,470,114)	
Business-type Activities									
Water System	8,146,641	7,670,190	-	-	(476,451)	(476,451)		(476,451)	
Wastewater System	4,590,246	3,266,134	-	-	(1,324,112)	(1,324,112)		(1,324,112)	
Solid Waste Disposal	3,255,951	3,909,197	-	-	653,246	653,246		653,246	
Other Business-type Activities	705,877	347,851	2,333	-	(355,693)	(355,693)		(355,693)	
Total business-type Activities	16,698,715	15,193,372	2,333	-	(1,503,010)	(1,503,010)		(1,503,010)	
Total Primary Government	43,343,213	18,124,232	741,760	504,097	(22,470,114)	(22,470,114)		(23,973,124)	
Component Units									
Total component units	\$ 3,059,128	3,199,367	142,110	1,097,890				1,380,239	
General revenues:									
Taxes:									
Property taxes, levied for debt service					\$ 2,233,775	2,233,775		2,233,775	-
Franchise taxes					2,721,779	2,721,779		2,721,779	-
Sales and use taxes					15,899,497	15,899,497		15,899,497	-
Grants and contributions not restricted to specific programs					58,987	58,987		58,987	-
Unrestricted investment earnings					58,699	58,699	371,269	429,968	28,350
Miscellaneous					299,989	299,989	129,104	429,093	45,042
Pass through revenue							2,286	65,267	(1,240,000)
Gain (loss) on sale of assets							(861,138)	15,000	15,264
Transfers					22,211,845	22,211,845	(358,479)	21,853,366	(1,069,172)
Total general revenues, special items, and transfers					(258,269)	(258,269)	(1,861,489)	(2,119,758)	311,067
Change in net assets					85,706,659	85,706,659	57,069,675	142,776,334	53,796,776
Net assets - beginning, unaudited					(363,816)	(363,816)	-	(363,816)	0
Prior period adjustment (Note 8)					85,342,843	85,342,843	57,069,675	142,412,518	53,796,776
Net assets - beginning, adjusted					85,084,574	85,084,574	55,208,186	140,292,760	54,107,843
Net assets - ending					\$	\$	\$	\$	\$

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets For the Fiscal Year Ended June 30, 2009

Total fund balance, governmental funds \$ 29,130,376

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. 71,513,879

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. 118,371

Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, Claims Payable and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Assets. (15,678,052)

Net Assets of Governmental Activities in the Statement of Net Assets \$ 85,084,574

CITY OF BARTLESVILLE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds: **\$ (3,794,007)**

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 \$6,752,853 exceeded depreciation \$3,329,040 in the current period. 3,423,813

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. 29,501

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. 694,463

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. (488,502)

Governmental funds do not report workers' compensation claims payable. This is the amount that the workers compensation claims payable decreased. 45,291

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. (168,828)

Change in net assets of governmental activities **\$ (258,269)**

CITY OF BARTLESVILLE
 Balance Sheet - Governmental Funds
 June 30, 2009

	General Fund	Bartlesville Community Center	Economic Development	Sales Tax Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,775	52,940	1	-	840,412	896,128
Investments	3,160,386	-	-	-	-	3,160,386
Taxes receivable	2,185,015	-	231,922	432,268	17,040	2,866,245
Due from other funds	-	48,013	-	-	-	48,013
Receivable from other governments	36,046	-	-	-	162,619	198,665
Other receivables, net of allowance	380,265	30,480	8,695	18,525	110,575	548,540
Inventories	15,620	-	-	-	-	15,620
Prepaid expenses	79,924	-	-	-	31,967	79,924
Cash - restricted	54,644	-	-	-	15,437,964	86,611
Investments - restricted	-	3,958,036	1,204,174	2,746,343	-	23,346,517
Total assets	\$ 5,914,675	4,089,469	1,444,792	3,197,136	16,600,577	31,246,649

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	\$ 20,440	33,589	-	49,051	172,675	275,755
Due to other funds	48,013	-	-	-	-	48,013
Payable to other governments	-	-	-	-	3,250	3,250
Deferred revenue	272,043	-	-	-	11,975	284,018
Other accrued expenses	1,314,848	-	-	-	41,525	1,356,373
Other payables	59,505	-	-	24,439	64,920	148,864
Total liabilities	1,714,849	33,589	-	73,490	294,345	2,116,273
Fund balances:						
Reserved for:						
Prepaid expenses	79,925	-	-	-	-	79,925
Debt service	-	-	-	-	1,969,343	1,969,343
Other purposes	70,264	4,055,880	1,444,792	3,123,646	14,336,889	23,031,471
Unreserved	4,049,637	-	-	-	-	4,049,637
Total fund balances	4,199,826	4,055,880	1,444,792	3,123,646	16,306,232	29,130,376
Total liabilities and fund balances	\$ 5,914,675	4,089,469	1,444,792	3,197,136	16,600,577	31,246,649

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Activities – Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	Bartlesville Community Center	Economic Development	Sales Tax Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Property taxes	-	-	-	-	2,233,775	2,233,775
Sales and miscellaneous taxes	13,707,012	-	1,473,902	2,649,960	437,120	18,267,994
Fees and fines	777,488	-	-	-	-	777,488
Licenses and permits	221,094	-	-	-	-	221,094
Intergovernmental	600,424	-	-	-	512,503	1,112,927
Charges for services	366,915	470,961	-	-	878,376	1,716,252
Investment earnings (losses)	105,685	(509,292)	65,275	91,844	298,725	52,237
Miscellaneous	158,185	4,374	0	1,735	135,692	299,986
Contributions and donations	27,871	302,050	-	-	428,971	758,892
Total revenues	15,964,674	268,093	1,539,177	2,743,539	4,925,162	25,440,645
EXPENDITURES:						
Current:						
General government	5,029,104	-	2,336,640	190,696	250,826	7,807,266
Public Safety	9,439,648	-	-	-	681,228	10,120,876
Public Works	1,153,733	-	-	18,206	7,788	1,179,727
Culture and recreation	2,197,496	1,135,875	-	1,975	312,503	3,647,849
Debt Service:						
Principal	120,530	-	-	128,934	2,445,000	2,694,464
Interest and other charges	10,538	-	-	8,445	561,785	580,768
Capital outlay	164,070	248,955	989,758	2,354,888	2,837,818	6,595,489
Total expenditures	18,115,119	1,384,830	3,326,398	2,703,144	7,096,948	32,626,439
Excess (deficiency) of revenues over expenditures	(2,150,445)	(1,116,737)	(1,787,221)	40,395	(2,171,786)	(7,185,794)
OTHER FINANCING SOURCES (USES):						
Transfers in	1,940,163	235,578	15,000	-	251,587	2,442,328
Transfers out	(607,062)	-	-	(442,750)	(65,095)	(1,114,907)
Loan proceeds	-	-	-	-	2,000,000	2,000,000
Total other financing sources and uses	1,333,101	235,578	15,000	(442,750)	2,186,492	3,327,421
SPECIAL ITEM:						
Proceeds from sale of fixed assets	61,296	-	-	-	3,070	64,366
Net change in fund balances	(756,048)	(881,159)	(1,772,221)	(402,355)	17,776	(3,794,007)
Fund balances - beginning, unadjusted	4,959,925	4,937,039	3,217,013	3,391,387	16,782,835	33,288,199
Prior period adjustment (Note 8)	(4,051)	-	-	134,614	(494,379)	(363,816)
Fund balances - beginning, adjusted	4,955,874	4,937,039	3,217,013	3,526,001	16,288,456	32,924,383
Fund balances - ending	4,199,826	4,055,880	1,444,792	3,123,646	16,306,232	29,130,376

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Component Units
June 30, 2009

	Component Units			Total
	Bartlesville Development Corporation	Bartlesville Development Authority	Bartlesville Redevelopment Trust Authority	
ASSETS				
Cash and equivalents	\$ 1,443,995	67,667	14,620	1,526,282
Receivables	1,459,619	-	-	1,459,619
Due from other governmental agencies	-	-	-	-
Restricted cash	-	-	1,124,264	1,124,264
Other assets	6,864	-	280,013	286,877
Capital assets:				
Non-depreciable	28,061	734,675	-	762,736
Depreciable, less depreciation	266,456	56,604,309	-	56,870,765
Total capital assets	294,517	57,338,984	-	57,633,501
Total assets	3,204,995	57,406,651	1,418,897	62,030,543
LIABILITIES				
Accounts payable and accrued expenses	113,644	-	14,137	127,781
Due to other governmental agencies	-	-	209,619	209,619
Deferred revenues	-	-	-	0
Long-term liabilities				
Due within one year				
Bonds, capital leases and contracts	-	378,551	-	378,551
Compensated absences	-	-	-	-
Claims payable	-	-	-	-
Due in more than one year				
Bonds, capital leases and contracts	-	6,006,749	1,200,000	7,206,749
Total liabilities	113,644	6,385,300	1,423,756	7,922,700
NET ASSETS				
Invested in capital assets, net of related debt	-	50,953,685	-	50,953,685
Restricted for:				
Capital projects	-	-	-	-
Debt service	-	-	-	-
Other projects	1,220,539	60,900	1,124,264	2,405,703
Unrestricted	1,870,812	6,766	(1,129,123)	748,455
Total net assets	\$ 3,091,351	51,021,351	(4,859)	54,107,843

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Activities – Government-wide – Component Units For the Fiscal Year Ended June 30, 2009

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	Component Units			
					Bartlesville Development Authority	Bartlesville Trust Authority	Bartlesville Trust Authority	Total
Bartlesville Development Corporation	\$ 1,088,347	2,338,037	-	1,249,690	-	-	-	1,249,690
Bartlesville Development Authority	1,866,366	861,330	-	-	(1,005,036)	-	-	(1,005,036)
Bartlesville Redevelopment Trust Authority	104,415	142,110	1,097,890	-	-	1,135,585	-	1,135,585
Total component units	<u>\$ 3,059,128</u>	<u>3,199,367</u>	<u>1,097,890</u>	<u>1,249,690</u>	<u>(1,005,036)</u>	<u>1,135,585</u>	<u>1,135,585</u>	<u>1,380,239</u>
General revenues:								
Taxes:								
Property taxes, levied for debt service				-	-	-	-	-
Franchise taxes				-	-	-	-	-
Public service taxes				-	-	-	-	-
Grants and contributions not restricted to specific programs				-	-	-	-	-
Unrestricted investment earnings				25,178	-	3,172	-	28,350
Miscellaneous				5,030	-	40,012	-	45,042
Pass through revenue				82,172	-	-	-	82,172
Special item - land deeded to Bartlesville Hotel, LLC				-	-	(1,240,000)	-	(1,240,000)
Transfers				-	-	15,264	-	15,264
Total general revenues, special items, and transfers				<u>112,380</u>	<u>-</u>	<u>(1,181,552)</u>	<u>-</u>	<u>(1,069,172)</u>
Change in net assets				<u>1,362,070</u>	<u>(1,005,036)</u>	<u>(45,967)</u>	<u>311,067</u>	<u>311,067</u>
Net assets - beginning, unadjusted				<u>1,729,281</u>	<u>52,026,387</u>	<u>41,108</u>	<u>53,796,776</u>	<u>53,796,776</u>
Prior period adjustment (Note 7)				-	0	-	-	0
Net assets - beginning, adjusted				<u>1,729,281</u>	<u>52,026,387</u>	<u>41,108</u>	<u>53,796,776</u>	<u>53,796,776</u>
Net assets - ending				<u>\$ 3,091,351</u>	<u>51,021,351</u>	<u>(4,859)</u>	<u>54,107,843</u>	<u>54,107,843</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Proprietary Funds
June 30, 2009

	Enterprise Funds							Internal Service Funds
				Non-major				
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Adams Municipal Golf Course	Total		
ASSETS								
Current assets:								
Cash and cash equivalents	-	1	1	24,924	-	1	24,927	1
Investments	311,790	328,639	1,424,000	132,141	104,762	104,762	2,301,332	50,122
Accounts receivable, net of allowance	-	-	278,260	864,687	5,130	5,130	1,148,077	-
Other receivables	424	-	10,196	73,166	777	777	84,563	6,462
Inventories	-	298,013	-	-	-	-	298,013	-
Prepaid expenses	-	-	-	-	1,667	1,667	1,667	-
Total current assets	312,214	626,653	1,712,457	1,094,918	112,337	112,337	3,858,579	56,585
Non-current assets:								
Restricted assets:								
Cash held by third party	-	-	-	537,532	-	-	537,532	50,000
Investments	-	-	-	8,206,722	-	-	8,206,722	-
Capital assets:								
Land and improvements	6,528	135,877	-	699,569	498,500	498,500	1,340,474	-
Utility System	35,312,961	22,006,152	-	5,095,529	-	-	62,414,642	-
Construction in progress	109,114	1,276,681	-	532,195	-	-	1,917,990	-
Buildings	14,138,362	5,761,355	134,434	45,890,585	385,741	385,741	66,310,477	-
Equipment and furniture	5,141,030	2,759,381	1,723,759	-	399,562	399,562	10,023,732	-
Infrastructure and other improvements	-	-	-	1,690,361	2,088,989	2,088,989	3,779,350	-
Less accumulated depreciation	(30,226,788)	(20,470,222)	(1,065,197)	(3,980,437)	(1,683,865)	(1,683,865)	(57,426,509)	-
Total non-current assets	24,481,207	11,469,224	792,996	58,672,056	1,688,927	1,688,927	97,104,410	50,000
Total assets	24,793,421	12,095,877	2,505,453	59,766,974	1,801,264	1,801,264	100,962,989	106,585

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Proprietary Funds
June 30, 2009
 (continued)

	Enterprise Funds				Non-major		Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Adams Municipal Golf Course	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 465	10,163	33,805	48	1,377	45,858	36,251
Accrued salaries payable	22,273	79,908	67,010	-	11,099	180,290	-
Accrued interest payable	-	-	482,030	-	-	482,030	-
Meter deposit liability	-	-	612,840	-	-	612,840	-
Deferred revenue	-	-	-	-	10,711	10,711	-
Compensated absences	17,715	71,815	86,133	-	10,147	185,810	-
Claims and judgments	3,222	130,107	201,217	-	-	334,546	-
Bonds, notes and loans payable	-	-	-	1,481,345	-	1,481,345	-
Total current liabilities	43,675	291,993	388,165	2,576,263	33,334	3,333,430	36,251
Non-current liabilities:							
Bonds, notes and loans payable	-	-	-	42,362,523	-	42,362,523	-
Total non-current liabilities	-	-	-	42,362,523	-	42,362,523	-
Total liabilities	43,675	291,993	388,165	44,938,786	33,334	45,695,953	36,251
NET ASSETS							
Invested in capital assets, net of related debt	24,481,207	11,469,224	792,996	6,083,934	1,688,927	44,516,288	-
Restricted for debt service	-	-	-	8,734,348	-	8,734,348	-
Restricted for other purposes	-	298,013	-	9,906	1,667	309,586	50,000
Unrestricted	268,539	36,647	1,324,292	-	77,336	1,706,814	20,334
Total net assets	\$ 24,749,746	11,803,884	2,117,288	14,828,188	1,767,930	55,267,036	70,334
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business-type Activities of the Statement of Net Assets.							(58,850)
Total net assets per Government-wide financial statements							\$ 55,208,186

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds For the Fiscal Year Ended June 30, 2009

	Enterprise Funds						Internal Service Funds
	Bartlesville Municipal Authority			Non-major Adams Municipal Golf Course		Total	
	Wastewater	Water	Solid Waste	Total	Total		
REVENUES:							
Charges for services	-	-	3,909,197	10,942,731	347,851	15,199,779	3,089,576
Total operating revenues	-	-	3,909,197	10,942,731	347,851	15,199,779	3,089,576
OPERATING EXPENSES:							
Personal services	892,018	2,143,760	1,705,264	-	317,628	5,058,670	2,965,982
Contractual services	2,003,587	147,502	1,057,878	244,975	113,615	3,567,557	343,449
Utilities	3,412	504,163	4,365	-	32,233	544,173	-
Repairs and maintenance	47,979	361,694	107,392	48	38,849	555,962	-
Other supplies and expenses	34,328	956,249	241,286	150,723	69,237	1,451,823	-
Depreciation	1,501,699	764,497	113,670	1,350,394	61,680	3,791,940	-
Total operating expenses	4,483,023	4,877,865	3,229,855	1,746,140	633,242	14,970,125	3,309,431
Operating income (loss)	(4,483,023)	(4,877,865)	679,342	9,196,591	(285,391)	229,654	(219,855)
NON-OPERATING REVENUES (EXPENSES):							
Interest and investment revenue	7,740	4,894	46,469	309,199	3,713	372,015	6,462
Miscellaneous revenue	60,858	60,748	255	-	89	121,950	2,990
Operating grants and contributions	-	-	-	-	2,333	2,333	-
Interest expense	-	-	-	(1,669,740)	-	(1,669,740)	-
Total non-operating revenue (expenses)	68,598	65,642	46,724	(1,360,541)	6,135	(1,173,442)	9,452
Income (loss) before contributions and transfers	(4,414,425)	(4,812,223)	726,066	7,836,050	(279,256)	(943,788)	(210,403)
Capital asset transfers	3,516	304,914	170,773	-	19,100	498,303	-
Transfers in	3,390,773	6,597,539	-	442,750	311,492	10,742,554	47,019
Transfers out	(144,784)	(1,330,830)	(591,049)	(10,035,331)	-	(12,101,994)	-
Special item - gain (loss) on sale of capital assets	1,633	653	-	-	-	2,286	-
Change in net assets	(1,163,287)	760,053	305,790	(1,756,531)	51,336	(1,802,639)	(163,384)
Total net assets - beginning	25,913,033	11,043,831	1,811,498	16,584,719	1,716,594	57,069,675	233,718
Total net assets - ending	\$ 24,749,746	11,803,884	2,117,288	14,828,188	1,767,930	55,267,036	70,334
Change in net assets, per above						(1,802,639)	
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-type Activities.						(58,850)	
Change in Business-type Activities in Net Assets per Government-wide Financial Statements						\$ (1,861,489)	

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2009

Enterprise Funds

	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Non-major Adams Municipal Golf Course	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 2,691	3,170	3,940,430	11,014,977	347,590	15,308,858	3,086,172
Payments to suppliers	(2,097,242)	(1,934,638)	(1,286,829)	(395,698)	(266,571)	(5,980,978)	(3,273,180)
Payments to employees	(894,592)	(2,138,309)	(1,691,437)	-	(313,074)	(5,037,412)	-
Net cash provided (used) by operating activities	(2,989,143)	(4,069,777)	962,164	10,619,279	(232,055)	4,290,468	(187,008)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Other income	60,858	60,748	255	-	89	121,950	2,990
Intergovernmental income	-	-	-	-	2,333	2,333	-
Interfund transfers in (out)	3,245,989	5,266,709	(591,049)	(9,592,581)	311,492	(1,359,440)	47,019
Net cash provided (used) by noncapital financing activities	3,306,847	5,327,457	(590,794)	(9,592,581)	313,914	(1,235,157)	50,009
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	1,633	653	-	-	-	2,286	-
Purchases of capital assets	(334,100)	(1,215,885)	(33,514)	(518,663)	(8,890)	(2,111,052)	-
Proceeds from issuance of long-term debt	-	-	-	40,445,000	-	40,445,000	-
Cash held by third party	-	-	-	(1,261)	-	(1,261)	-
Principal paid on capital debt	-	-	-	(42,253,582)	-	(42,253,582)	-
Interest paid on capital debt	-	-	-	(1,637,995)	-	(1,637,995)	-
Net cash (used) by capital and related financing activities	(332,467)	(1,215,232)	(33,514)	(3,966,501)	(8,890)	(5,556,604)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income	7,740	4,894	46,469	309,199	3,713	372,015	6,462
Purchase of investments	(311,790)	(328,639)	(1,424,000)	-	(104,760)	(2,169,189)	(50,123)
Sale of investments	-	-	-	2,506,153	-	2,506,153	-
Net cash provided (used) by investing activities	(304,050)	(323,745)	(1,377,531)	2,815,352	(101,047)	708,979	(43,661)
Net (decrease) in cash and cash equivalents	(318,813)	(281,297)	(1,039,675)	(124,451)	(28,078)	(1,792,314)	(180,660)
Cash and cash equivalents, beginning of year	318,813	281,298	1,039,676	149,375	28,079	1,817,241	180,661
Cash and cash equivalents, end of year	\$ -	1	1	24,924	1	24,927	1

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2009
(continued)

	Enterprise Funds						Internal Service Funds
	Wastewater	Water	Solid Waste	Bartlesville Municipal Authority	Non-major Adams Municipal Golf Course	Total	
	\$ (4,483,023)	(4,877,865)	679,342	9,196,591	(285,391)	229,654	(219,855)
RECONCILIATION OF OPERATING INCOME (LOSS) OF NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	1,501,699	764,497	113,670	1,350,394	61,680	3,791,940	-
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	2,691	3,170	31,233	72,246	(3,109)	106,231	(3,404)
Depreciation expense	-	(13,542)	-	-	-	(13,542)	-
(Increase) decrease in accounts receivable	-	-	-	-	2,486	2,486	-
(Increase) decrease in inventories	(7,936)	48,512	124,092	48	(15,123)	149,593	36,251
(Increase) decrease in prepaid items	-	-	-	-	2,848	2,848	-
Increase (decrease) in accounts payable	(2,574)	5,451	13,827	-	4,554	21,258	-
Increase (decrease) in deferred revenue	1,493,880	808,088	282,822	1,422,688	53,336	4,060,814	-
Increase (decrease) in payroll liabilities							
Total adjustments	\$ (2,989,143)	(4,069,777)	962,164	10,619,279	(232,055)	4,290,468	(187,008)
Net cash provided (used) by operating activities							

Adjustments to reconcile operating income to net cash provided (used) by operating activities:

Depreciation expense
(Increase) decrease in accounts receivable
(Increase) decrease in inventories
(Increase) decrease in prepaid items
Increase (decrease) in accounts payable
Increase (decrease) in deferred revenue
Increase (decrease) in payroll liabilities
Total adjustments

Net cash provided (used) by operating activities

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Assets – Fiduciary Funds
June 30, 2009

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ -	-
Investments	14,641	762,905
Interest receivable	-	5,489
Total assets	\$ 14,641	768,394
<u>LIABILITIES</u>		
Due to other funds	\$ -	-
Cash fund overdraft	616	-
Refunds payable and other liabilities	-	5,000
Total liabilities	616	5,000
<u>NET ASSETS</u>		
Held in trust for benefits and other purposes	\$ 14,025	763,394

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Changes in Fiduciary Net Assets – Fiduciary Funds For the Fiscal Year Ended June 30, 2009

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>
ADDITIONS:		
Property taxes for specific purposes	\$ -	480,970
General sales tax	-	17,996
Interest	505	27,887
Total additions	<u>505</u>	<u>526,853</u>
DEDUCTIONS:		
General government	-	4,944
Interest expense	-	110,432
Total deductions	<u>-</u>	<u>115,376</u>
Change in net assets	505	411,477
Net assets - beginning	<u>13,520</u>	<u>351,917</u>
Net assets - ending	<u>\$ 14,025</u>	<u>763,394</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Notes to Basic Financial Statements - Index

June 30, 2009

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CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

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

1.B. FINANCIAL REPORTING ENTITY

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

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. FINANCIAL REPORTING ENTITY (continued)

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

Blended Component Units Reported with the Primary Government	Brief Description of Activities Relationship to City	Reporting Funds
Bartlesville Municipal Authority	Finance projects and development for the City's water and wastewater utilities. The City Council is the governing body. Assets financed by the Trust are managed by City employees who provide services to citizens.	Enterprise Fund
Bartlesville Community Center Trust Authority	Develop, finance and operate the community center for cultural and recreational activities for the citizens of Bartlesville. Their Board consists of eight members appointed by the City Council and one Council member.	Special Revenue Fund
Bartlesville Library Trust Authority	Encourage, finance and promote the public library. The City Council appoints 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, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. FINANCIAL REPORTING ENTITY (continued)

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(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, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

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

GOVERNMENTAL FUND TYPES:

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

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

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

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

PROPRIETARY FUND TYPES:

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

PROPRIETARY FUND TYPES: (continued)

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

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

FIDUCIARY FUND TYPES:

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

FIDUCIARY FUND TYPES: (continued)

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

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

MAJOR AND NON-MAJOR FUNDS

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

MAJOR AND NON-MAJOR FUNDS (continued)

<u>Fund</u>	<u>Brief Description</u>
Major: (continued)	
Enterprise Funds:	
Wastewater Fund	Accounts for activities of the public trust in providing wastewater services to the public.
Water Fund	Accounts for activities of the public trust in providing water services to the public.
Solid Waste Fund	Accounts for activities of the public trust in providing solid waste services to the public.
Bartlesville Municipal Authority	See above for description.
Non-Major:	
Special Revenue Funds:	
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, 2009
(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.
Justice Assistance Grant (JAG)	Accounts for revenues and expenditures related to the Justice Assistance Grant
Neighborhood Park Fund	Accounts for the receipt and expenditures of development fees that are reserved for use in the various parks of the City
Cemetery Perpetual Care Fund	Accounts for revenues and expenditures of the cemetery's upkeep in accordance with State law.
Memorial Stadium Operating Fund	Accounts for receipt of stadium fees and transfers from the City for capital improvements.
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, 2009
(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 - 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 - Storm Sewer Fund	Accounts for revenues and expenditures associated with improving the storm sewer system.
Community Development Block Grant Fund	Accounts for revenues and expenditures related to the Community Development Block Grant.
2005 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets, water system, buildings and water system.
2007 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets.
2008A G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with improving the streets and drainage.
2008B G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with park improvements.
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, 2009
(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, 2009
(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, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.E. ASSETS, LIABILITIES AND EQUITY

Cash and Investments

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

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

Interfund Receivables and Payables

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

Receivables

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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, 2009
(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, 2009
(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, 2009
(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, 2009
(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, 2009
(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, 2009
(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, 2009
(continued)

NOTE 2 - DEPOSITS, INVESTMENTS AND COLLATERAL

The following is a table of deposits and investments for the City at June 30, 2009 by type.

	Credit Rating	Carrying Value	On Demand	Maturities in Years	
				Less Than One	1-5
Type Deposits:					
Petty Cash	N/A	\$ 2,775	2,775		
Demand Deposits	N/A	2,927,168	2,927,168		
Time Deposits	N/A	10,044,360		6,337,360	3,707,000
Total Deposits		<u>12,974,303</u>			
Investments:					
Corporate Stocks and Bonds					
Community Center	N/A	3,958,036			
Library Trust Authority	AAAAA	77,523			
Agencies of the U.S. Govt.					
GNMA/FHLB/FNMA/FFCR	AAA/AAA	21,161,002			
Mutual Funds					
Library Trust Authority	AAAA	729,429			
Total Investments:		<u>25,925,990</u>			
Note Payments held in trust and cash with fiscal agent					
		537,531			
Total:		<u>\$ 39,437,824</u>			
Reconciliation to Statement of Net Assets:					
Cash and Cash Equivalents:					
Government-wide		\$ 971,178			
Investments:					
Government-wide		5,461,718			
Mausoleum		14,641			
TIF Districts		762,905			
Restricted Cash and Cash Equivalents:					
Government-wide		674,143			
Restricted Investments:					
Government-wide		31,553,239			
Total:		<u>\$ 39,437,824</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, 2009
(continued)

NOTE 3 - PROPERTY AND EQUIPMENT

3.A. CAPITAL ASSET ACTIVITY - GOVERNMENTAL ACTIVITIES

Capital asset activity for governmental activities for the year ended June 30, 2009 was as follows:

Class	Governmental Activities				Ending Balance June 30, 2009
	Ending Balance June 30, 2008	Additions	Deletions	Transfers	
Non-depreciable:					
Land	\$ 4,023,507	999,026	-	-	5,022,533
Construction in progress	3,520,380	4,465,528	-	(4,066,293)	3,919,615
Total non-depreciable assets at historical cost	7,543,887	5,464,554	-	(4,066,293)	8,942,148
Depreciable:					
Infrastructure and improvements	60,182,075	196,902	-	3,745,438	64,124,415
Buildings	26,236,145	-	-	-	26,236,145
Equipment and furniture	11,242,629	1,101,197	(130,810)	(214,344)	11,998,672
Less accumulated depreciation	(36,624,782)	(3,329,040)	129,424	36,897	(39,787,501)
Net depreciable assets	61,036,067	(2,030,941)	(1,386)	3,567,991	62,571,731
Governmental activities capital assets	\$ 68,579,954	3,433,613	(1,386)	(498,302)	71,513,879

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

Capital asset activity for business-type activities for the year ended June 30, 2009, was as follows:

Class	Business-type Activities				Ending Balance June 30, 2008
	Ending Balance June 30, 2008	Additions	Deletions	Transfers	
Non-depreciable:					
Land	\$ 1,340,474	-	-	-	1,340,474
Construction in progress	171,067	1,746,923	-	-	1,917,990
Total non-depreciable assets	1,511,541	1,746,923	-	-	3,258,464
Depreciable:					
Infrastructure and improvements	65,748,573	124,564	-	320,855	66,193,992
Buildings	66,310,477	-	-	-	66,310,477
Equipment and furniture	9,569,457	239,931	-	214,344	10,023,732
Less accumulated depreciation	(53,597,305)	(3,792,307)	-	(36,897)	(57,426,509)
Net depreciable assets	88,031,202	(3,427,812)	-	498,302	85,101,692
Business-type capital assets	\$ 89,542,743	(1,680,889)	-	498,302	88,360,156

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 3 - PROPERTY AND EQUIPMENT (continued)

3.C. DEPRECIATION CHARGES

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

Functional Category	Amount
General Government	\$ 492,694
Public Safety	433,655
Public Works	1,678,998
Culture and Recreation	723,693
Total depreciation	\$ 3,329,040

3.D. CAPITAL ASSET ACTIVITY - COMPONENT UNITS

Capital asset activity for component units for the year ended June 30, 2009 was as follows:

	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Bartlesville Development Corporation				
Non-depreciable:				
Land	\$ 28,061	-	-	28,061
Depreciable:				
Building	252,549	-	-	252,549
Office Furniture and fixtures	38,866	15,180	-	54,046
Less accumulated depreciation	(30,640)	(9,499)	-	(40,139)
Net depreciable assets	260,775	5,681	-	266,456
BDC capital assets, net	\$ 288,836	5,681	-	294,517

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

3.D. CAPITAL ASSET ACTIVITY - COMPONENT UNITS (continued)

	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Bartlesville Development Authority				
Non-depreciable:				
Land	\$ 734,675	-	-	734,675
Depreciable:				
Building	62,860,158	-	-	62,860,158
Less accumulated depreciation	(4,870,208)	(1,385,641)	-	(6,255,849)
Net depreciable assets	57,989,950	(1,385,641)	-	56,604,309
BDA capital assets, net	\$ 57,989,950	(1,385,641)	-	56,604,309

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2009:

	General Obligation Bonds Payable	Capital Lease Payable	Notes Payable	Workers' Comp Claims Liability	Accrued Compensated Absences	Total
Long-term debt,						
July 1, 2008	\$ 15,655,000	375,152	45,652,450	520,243	897,014	63,099,859
Debt issued	2,000,000	-	40,445,000	193,890	-	42,638,890
Debt retired	(2,445,000)	(249,463)	(42,253,582)	(37,224)	(1,831)	(44,985,269)
Long-term debt, June 30, 2009	\$ 15,210,000	125,689	43,843,868	676,909	895,183	60,753,480
Amount due in one year	\$ 2,155,000	125,689	1,481,345	676,909	895,183	5,334,126

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 4 - LONG-TERM DEBT (continued)

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

General obligation bonds payable at June 30, 2009 are comprised of the following issues:

On June 1, 2008, \$4,000,000 General Obligation Bonds, Series 2008A, serial bonds due in annual installments of \$440,000, except for a final installment of \$480,000 through June 1, 2018; semi-annual interest at rates varying from 2.7% to 4.75% for street and drainage improvements.	Current	\$ 440,000
	Long-term	3,560,000
	Total	<u>4,000,000</u>

On April 1, 2007, \$4,500,000 General Obligation Bonds, Series 2007, serial bonds due in annual installments of \$500,000 from April 1, 2009 through April 1, 2017; semi-annual interest at rates varying from 3.40% to 4.75% commencing April 1, 2008 for street improvements.	Current	500,000
	Long-term	3,500,000
	Total	<u>4,000,000</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	690,000
	Total	<u>1,020,000</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	805,000
	Total	<u>1,190,000</u>

On September 1, 2008, \$2,000,000 General Obligation Bonds Series 2008B, due in annual installments of \$220,000 through September 1, 2018; semi-annual interest at rates varying from 3.32% through 3.75%.	Current	0
	Long-term	2,000,000
	Total	<u>2,000,000</u>

On May 1, 2005, \$4,500,000 General Obligation Bonds, Series 2005, serial bonds due in annual installments of \$500,000 from May 1, 2007 through May 1, 2015; semi-annual interest at rates varying from 3.05% to 3.9% commencing May 1, 2006.	Current	500,000
	Long-term	2,500,000
	Total	<u>3,000,000</u>

Total current portion		2,155,000
Total long-term portion		<u>13,055,000</u>
Total general obligation bonds		<u>\$ 15,210,000</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 4 - LONG-TERM DEBT (continued)

4.B. CAPITAL LEASE PAYABLE

On August 27, 2007, a lease-purchase agreement with First Capital Equipment Leasing Corp in the amount of \$367,117 was entered into by the City to purchase an Emergency One Rescue Pumper. Payments are made annually in the amount of \$131,068 with 4.28% interest.

Current	\$	125,689
Long-term		<u>-</u>
Total		<u>125,689</u>

Total current portion	125,689
Total long-term portion	<u>-</u>
Total capital lease payable	<u>\$ 125,689</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 4 - LONG-TERM DEBT (continued)

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

Notes payable at June 30, 2009 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. The note will mature 2022.	Current	\$	38,133
	Long-term		457,595
	Total		<u>495,728</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. The note will mature 2024.	Current		36,300
	Long-term		508,205
	Total		<u>544,505</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. The note will mature 2024.	Current		27,625
	Long-term		386,748
	Total		<u>414,373</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		215,000
	Long-term		-
	Total		<u>215,000</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. Matures 2015.	Current		295,000
	Long-term		1,640,000
	Total		<u>1,935,000</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 4 - LONG-TERM DEBT (continued)

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

Notes payable at June 30, 2009 are comprised of the following obligations:
(continued)

Note payable to the Oklahoma Water Resources Board, proceeds of \$40,445,000 were used to refinance indebtedness incurred for construction water system. Principle and interest payments of \$2,387,700 will be due in two semi-annual installments commencing on March 15, 2009. This note bears interest at a rate of 3.91% per annum. The note will mature on March 15, 2036.	Current	\$	830,000
	Long-term		<u>39,190,000</u>
	Total		<u>40,020,000</u>

Note payable to Marjorie E. Pitzer, proceeds of \$256,000 were used to purchase real property. Principle and interest payments of \$51,346 will be due in annual installments commencing on April 1, 2009. This note bears interest at a rate of 5.5% per annum. The note will mature on April 1, 2014.	Current		39,287
	Long-term		<u>179,975</u>
	Total		<u>219,262</u>

Total current portion			1,481,345
Total long-term portion			<u>42,362,523</u>
Total notes payable		\$	<u><u>43,843,868</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, 2008, the City's workers' compensation claims liability was \$676,909 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. \$342,363 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. \$334,546 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, 2009
(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, 2009, are as follows:

<u>Period</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,762,034	2,268,799	6,030,833
2011	3,688,505	2,027,827	5,716,332
2012	3,800,785	1,898,237	5,699,022
2013	3,068,190	1,767,819	4,836,009
2014	3,120,727	1,665,862	4,786,589
2015-2019	11,240,292	6,887,280	18,127,572
2020-2024	7,064,024	5,314,767	12,378,791
2025-2029	8,045,000	3,898,173	11,943,173
2030-2034	9,760,000	2,180,412	11,940,412
2035-2037	5,630,000	334,600	5,964,600
Total	<u>\$ 59,179,557</u>	<u>28,243,776</u>	<u>87,423,333</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 5 - INTERFUND TRANSACTIONS

5.A. INTERFUND OPERATING TRANSFERS

	Transfers In									
	Memorial Stadium Operating Fund	Adams Municipal Golf Course Fund	Workman's Comp	Special Library Fund	2005 GO Bond	Wastewater Fund	General Fund	Debt Service	Water Fund	BMA Street Fund
General Fund	\$ 59,992	311,492	-	-	-	-	-	-	-	-
Bartlesville Library Trust Authority	-	-	-	58,773	-	-	-	-	-	-
Golf Course Memorial Fund	-	-	-	-	-	-	-	6,322	-	-
Capital Improvement Fund	-	-	-	-	-	-	-	-	-	442,750
Bartlesville Municipal Authority	-	-	47,019	-	-	3,390,773	-	-	6,597,539	-
Wastewater Fund	-	-	-	-	-	-	144,784	-	-	-
Water Fund	-	-	-	-	126,500	-	1,204,330	-	-	-
Solid Waste Fund	-	-	-	-	-	-	591,049	-	-	-
Bartlesville Redevelopment Trust Authority	-	-	-	-	-	-	15,000	-	-	-
Economic Development Fund	-	-	-	-	-	-	-	-	-	-
Transfers In Total	\$ 59,992	311,492	47,019	58,773	126,500	3,390,773	1,955,163	6,322	6,597,539	442,750

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 5 - INTERFUND TRANSACTIONS (continued)

5.A. INTERFUND OPERATING TRANSFERS (continued)

<u>Transfers In (cont'd)</u>				
<u>Transfers Out</u>	<u>Bartlesville Development Corporation</u>	<u>Bartlesville Redevelop- ment Trust Authority</u>	<u>Bartlesville Community Center Trust Authority</u>	<u>Transfers Out Total</u>
General Fund	\$ -	-	235,578	607,062
Bartlesville Library Trust Authority	-	-	-	58,773
Golf Course Memorial Fund	-	-	-	6,322
Capital Improvement Fund	-	42,979	-	485,729
Bartlesville Municipal Authority	-	-	-	10,035,331
Wastewater Fund	-	-	-	144,784
Water Fund	-	-	-	1,330,830
Solid Waste Fund	-	-	-	591,049
Bartlesville Redevelopment Trust Authority	-	-	-	15,000
Economic Development Fund	<u>2,305,887</u>	<u>-</u>	<u>-</u>	<u>2,305,887</u>
Transfers In Total	<u>\$ 2,305,887</u>	<u>42,979</u>	<u>235,578</u>	<u>15,580,767</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 5 - INTERFUND TRANSACTIONS (continued)

5.B. INTERFUND RECEIVABLES AND PAYABLES

<u>Interfund Payables</u>	<u>Bartlesville Community Center Trust Authority</u>	<u>Payables Total</u>
General Fund	\$ 48,013	48,013
Receivables total	\$ 48,013	48,013

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(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	37
Retirees and beneficiaries currently receiving benefits	70
Fully Vested Employees	134
Non-vested Employees	84
Total	325

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, 2009
(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 (projected to 2009)
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, 2009
(continued)

NOTE 6 - EMPLOYEES RETIREMENT PLANS (continued)

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

Schedule of employer and employee contributions:

Fiscal Year	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2007	\$ 523,085	638,807	122%
2008	933,294	984,760	106%
2009	988,002	1,160,338	117%

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, 2009, 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, 2009
(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, 2009, 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, 2009
(continued)

NOTE 6 - EMPLOYEES RETIREMENT PLANS (continued)

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

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

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighters Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2007	\$ 317,142	100%	374,552	100%
2008	278,713	100%	404,487	100%
2009	286,523	100%	418,300	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, 2009. 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, 2009 the employer contributed \$10,740 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, 2009, the employer contributed \$10,064 to the plan.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 6 - EMPLOYEES RETIREMENT PLANS (continued)

6.D. RETIREE MEDICAL PLAN

On July 1, 2006, the *City of Bartlesville* implemented a Retiree Medical Plan 401(h) benefit. Eligible employees are retired from active service under the pension plan, having completed at least 20 years of eligibility service. The plan will pay the retiree's medical (including dental and vision) premiums in the amount in effect under the State and Education Employees Group Insurance Act at the time of retirement, but the plan will not pay more than \$10 per month per year of service. The payment of premiums under the retirement plan will terminate with respect to the retiree, the earlier of the date of the retiree's death or the 65th birthday of the retiree, with respect to the spouse or eligible dependent of a retiree, the 65th birthday of the retiree or, in the event that the retiree dies before attaining age 65, the date on which the retiree would have attained age 65. Funding requirement for fiscal year ending June 30, 2009 was \$91,319. Actual contributions were \$107,490.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 7 - NET ASSETS RESTRICTED BY ENABLING LEGISLATION

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

	<u>Enabling Legislation</u>	<u>Statutory Requirement</u>	<u>External Contracts</u>
Restricted Net Assets - Governmental Activities:			
Economic Development	\$ 1,444,792	-	-
E-911	39,502	-	-
Special Library	307,531	-	-
Special Musuem	757	-	-
Municipal Airport	2,095,265	-	-
Bartlesville History Museum Trust Authority	285,181	-	-
Bartlesville Library Trust Authority	792,822	-	-
Restricted donations	653,702	-	-
Sales Tax Capital Improvement Fund	3,123,646	-	-
Golf Course Memorial	-	-	6,668
Justice Assistance Grant	-	2,463	-
Neighborhood Park	111,480	-	-
Cemetary Perpetual Care	-	97,227	-
Memorial Statium Operations	-	-	102,587
Bartlesville Community Center	4,055,880	-	-
Debt Service	-	1,969,343	-
CDBG fund	-	14,273	-
Capital Improvement Funds:			
Park & Recreation Fund	277,200	-	-
Wastewater Fund	611,023	-	-
Wastewater Regulatory Fund	562,652	-	-
Storm Sewer Fund	26,429	-	-
General Obligation Bond Funds:			
2005 G.O. Bond Funds	733,862	-	-
2007 G.O. Bond Funds	2,372,455	-	-
2008(A) G.O. Bond Funds	3,713,056	-	-
2008 (B) G.O. Bond Funds	1,429,044	-	-
Total restricted net assets	<u>\$ 22,636,279</u>	<u>2,083,306</u>	<u>109,255</u>
Restricted Net Assets - Business-type Activities:			
Bartlesville Municipal Authority	\$ 9,906	-	8,734,348
Water	298,013	-	-
Adams Municipal Golf Course	-	1,667	-
Total restricted net assets	<u>\$ 307,919</u>	<u>1,667</u>	<u>8,734,348</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 8 - PRIOR PERIOD ADJUSTMENTS

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

- Overstatements of investment balances in the General Fund of \$5,875 due to unrecorded changes in market value and a correction of an audit adjustment.
- Overstatements of receivable accruals from other governments in the General Fund of \$9,926 and the CIP – Park and Recreation Fund of \$263,330 due to a failure to reverse the prior years’ accrual balances.
- Overstatements of investment earnings receivables in the Bartlesville Library Trust Authority of \$110,197; in the CDBG Fund of \$1,114; and in the Debt Service Fund of \$27,063 due to a failure of reverse prior years’ accrual balances.
- Overstatements of retainage liabilities in the CIP Sales Tax Fund of \$29,699 and in the 2005 G.O. Bond Fund of \$12,240 due to final payments not being applied to the retainage accounts.
- Overstatement of cash in the CDBG Fund of \$104,915 with an offsetting understatement of cash in the CIP – Sales Tax Fund of \$104,915 due to an expenditure being recorded in the wrong fund.

NOTE 9 - ACCOUNTS RECEIVABLE

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

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

Governmental Activities:	<u>Interest</u>	<u>Taxes</u>	<u>Court</u>	<u>Other</u>	<u>Total</u>
Accounts receivable	\$ 166,387	2,889,927	549,201	238,905	3,844,420
Less: allowance for uncollectible accounts	-	-	(423,173)	-	(423,173)
Accounts receivable, net of allowance	<u>\$ 166,387</u>	<u>2,889,927</u>	<u>126,028</u>	<u>238,905</u>	<u>3,421,247</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2009
(continued)

NOTE 9 - ACCOUNTS RECEIVABLE (continued)

The business-type activities accounts receivable follows:

Business-type Activities:	Utility Accounts Receivable	Misc. Accounts Receivable	Total
Water	\$ 740,709	71,719	812,428
Solid Waste	356,744	10,196	366,940
Wastewater	367,864	1,871	369,735
Golf	-	5,907	5,907
Total	1,465,317	89,693	1,555,010
Less: allowance for uncollectible accounts	(322,370)	-	(322,370)
Accounts receivable, net of allowance	<u>\$ 1,142,947</u>	<u>89,693</u>	<u>1,232,640</u>

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated and disclosed subsequent events up to and including April 5, 2010, which is the date the financial statements were available for issuance.

CITY OF BARTLESVILLE
Required Supplementary Information
June 30, 2009

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

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

CITY OF BARTLESVILLE
 Required Supplementary Information on
 Pension Plan Funding Progress
 June 30, 2009

**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%
1/1/08	5,496,136	9,733,979	4,237,843	56.5%	7,130,565	59.4%
1/1/09	5,857,260	13,096,204	7,238,944	44.7%	7,708,287	93.9%

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 13,961,849	14,089,942	13,707,012	(382,930)
Fees and fines	891,900	850,741	777,488	(73,253)
Licenses and permits	259,500	243,839	221,094	(22,745)
Intergovernmental	568,410	611,300	600,424	(10,876)
Charges for services	313,800	320,719	366,915	46,196
Investment earnings	238,400	238,291	105,685	(132,606)
Contributions and donations	-	-	27,871	27,871
Miscellaneous	129,000	189,300	158,185	(31,115)
Total revenues	<u>16,362,859</u>	<u>16,544,132</u>	<u>15,964,674</u>	<u>(579,458)</u>
EXPENDITURES				
Current:				
General government	5,772,370	5,929,494	5,029,104	900,390
Public safety	9,436,519	9,616,290	9,439,648	176,642
Public works	1,258,529	1,307,727	1,153,733	153,994
Culture and recreation	2,385,042	2,546,489	2,197,496	348,993
Debt Service:				
Principal	120,530	120,530	120,530	-
Interest and other charges	10,539	10,539	10,538	1
Capital outlay	-	-	164,070	(164,070)
Total Expenditures	<u>18,983,529</u>	<u>19,531,069</u>	<u>18,115,119</u>	<u>1,415,950</u>
Excess (deficiency) of revenues over expenditures	<u>(2,620,670)</u>	<u>(2,986,937)</u>	<u>(2,150,445)</u>	<u>836,492</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,940,163	1,940,163	1,940,163	-
Transfers out	(371,484)	(397,314)	(607,062)	(209,748)
Total other financing sources and uses	<u>1,568,679</u>	<u>1,542,849</u>	<u>1,333,101</u>	<u>(209,748)</u>
SPECIAL ITEM				
Proceeds from sale of capital assets	0	(3,165)	61,296	64,461
Net change in fund balances	<u>(1,051,991)</u>	<u>(1,447,253)</u>	<u>(756,048)</u>	<u>(691,205)</u>
Fund balances - beginning, unadjusted	3,288,962	3,288,962	4,959,925	(1,670,963)
Prior period adjustment (Note 8)	-	-	(4,051)	(4,051)
Fund balances - beginning, adjusted	<u>3,288,962</u>	<u>3,288,962</u>	<u>4,955,874</u>	<u>(1,675,014)</u>
Fund balances - ending	<u>\$ 2,236,971</u>	<u>1,841,709</u>	<u>4,199,826</u>	<u>(2,362,168)</u>

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE

Budgetary Comparison Schedule – Economic Development Fund
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 1,570,608	1,570,608	1,473,902	(96,706)
Investment earnings	41,900	41,900	65,275	23,375
Miscellaneous	-	-	0	0
Total revenues	<u>41,900</u>	<u>41,900</u>	<u>1,539,177</u>	<u>(73,331)</u>
EXPENDITURES				
Current:				
General government	3,612,142	3,612,142	2,336,640	1,275,502
Capital outlay	-	-	989,758	(989,758)
Total Expenditures	<u>3,612,142</u>	<u>3,612,142</u>	<u>3,326,398</u>	<u>285,744</u>
Excess (deficiency) of revenues over expenditures	<u>3,612,142</u>	<u>(3,570,242)</u>	<u>(1,787,221)</u>	<u>212,413</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	0	15,000	(15,000)
Total other financing sources and uses	<u>-</u>	<u>0</u>	<u>15,000</u>	<u>(15,000)</u>

(Unaudited – See independent auditor’s report)

CITY OF BARTLESVILLE

Budgetary Comparison Schedule – Sales Tax Capital Improvement Fund For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 2,702,412	2,702,412	2,649,960	(52,452)
Investment earnings	35,960	35,960	91,844	55,884
Miscellaneous	-	-	1,735	1,735
Total revenues	<u>2,738,372</u>	<u>2,738,372</u>	<u>2,743,539</u>	<u>5,167</u>
EXPENDITURES				
Current:				
General government	26,500	766,500	190,696	575,804
Public works	-	14,600	18,206	(3,606)
Culture and recreation	-	-	1,975	(1,975)
Debt Service:				
Principal	128,934	128,934	128,934	-
Interest and other charges	8,445	8,445	8,445	-
Capital Outlay	<u>1,765,428</u>	<u>3,979,407</u>	<u>2,354,888</u>	<u>1,624,519</u>
Total Expenditures	<u>1,929,307</u>	<u>4,897,886</u>	<u>2,703,144</u>	<u>2,194,742</u>
Excess (deficiency) of revenues over expenditures	<u>809,065</u>	<u>(2,159,514)</u>	<u>40,395</u>	<u>2,199,909</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(442,750)	(442,750)	-
Total other financing sources and uses	<u>-</u>	<u>(442,750)</u>	<u>(442,750)</u>	<u>-</u>
Net change in fund balances	809,065	(2,602,264)	(402,355)	(2,199,909)
Fund balances - beginning, Unadjusted	<u>2,081,588</u>	<u>2,081,588</u>	<u>3,391,387</u>	<u>(1,309,799)</u>
Prior period adjustment (Note 8)	-	-	134,614	
Fund balances - beginning, adjusted	<u>2,081,588</u>	<u>2,081,588</u>	<u>3,526,001</u>	<u>(1,309,799)</u>
Fund balances - ending	<u>\$ 2,890,653</u>	<u>(520,676)</u>	<u>3,123,646</u>	<u>(3,509,708)</u>

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE

Notes to Required Supplementary Information on Budgetary Accounting and Control June 30, 2009

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, 2009

(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, 2009

(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, 2009, the following supplemental increases and decrease in appropriations were approved:

	<u>Original Appropriations</u>	<u>Net Supplemental Appropriations (Increases)</u>	<u>Revised Appropriations</u>
General fund	\$ 18,983,529	547,540	19,531,069
General fund transfers	371,484	25,830	397,314
Debt service	3,043,245	0	3,043,245
Special revenue funds	6,262,843	4,271,215	10,534,058
Special revenue funds transfers	6,322	12,414	18,736
Capital projects funds	12,009,529	4,721,300	16,308,829
Capital projects funds transfers	0	442,750	442,750

CITY OF BARTLESVILLE
Other Supplementary Information
For the Year Ended June 30, 2009

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

The supplementary information includes:

- Combining financial statements of non-major governmental funds
- Combining financial statements of internal service funds

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet - Non-major Governmental Funds
 June 30, 2009

	Special Revenue Funds						
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Municipal Airport Fund	Bartlesville Library Trust Authority	Restricted Donations Fund
ASSETS							
Cash and cash equivalents	\$ 283,144	1	307,931	752	1,078	112,608	1
Taxes receivable, net	-	17,040	-	-	-	-	-
Receivable from other governments	-	-	-	-	151,932	-	-
Other receivables	2,037	440	2,252	5	27,177	534	4,681
Cash - restricted	-	-	-	-	31,967	-	-
Investments - restricted	-	61,253	-	-	2,063,215	679,680	649,020
Total assets	<u>\$ 285,181</u>	<u>78,734</u>	<u>310,183</u>	<u>757</u>	<u>2,275,369</u>	<u>792,822</u>	<u>653,702</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	-	1,043	-	151,327	-	-
Payable to other governments	-	-	-	-	3,250	-	-
Deferred revenue	-	-	-	-	9,468	-	-
Other accrued expenses	-	39,232	1,609	-	-	-	-
Other payables	-	-	-	-	16,059	-	-
Total liabilities	<u>\$ -</u>	<u>39,232</u>	<u>2,652</u>	<u>-</u>	<u>180,104</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for:							
Other purposes	\$ 285,181	39,502	307,531	757	2,095,265	792,822	653,702
Debt service	-	-	-	-	-	-	-
Total fund balances	<u>285,181</u>	<u>39,502</u>	<u>307,531</u>	<u>757</u>	<u>2,095,265</u>	<u>792,822</u>	<u>653,702</u>
Total liabilities and fund balances	<u>\$ 285,181</u>	<u>78,734</u>	<u>310,183</u>	<u>757</u>	<u>2,275,369</u>	<u>792,822</u>	<u>653,702</u>

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2009
 (continued)

	Special Revenue Funds						Total Special Revenue Funds
	Golf Course Memorial Fund	Justice Assistance Grant Fund	Neighborhood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	GIS Fund	
Cash and cash equivalents	\$ 6,816	4,934	-	96,532	1	-	813,798
Taxes receivable, net	-	-	-	-	-	-	17,040
Receivable from other governments	-	-	-	-	-	-	151,932
Other receivables	554	36	796	695	760	-	39,967
Cash - restricted	-	-	-	-	-	-	31,967
Investments - restricted	-	-	110,684	-	103,338	-	3,667,190
Total assets	\$ 7,370	4,970	111,480	97,227	104,099	-	4,721,894

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:							
Accounts payable	\$ 702	-	-	-	628	-	153,700
Payable to other governments	-	-	-	-	-	-	3,250
Deferred revenue	-	2,507	-	-	-	-	11,975
Other accrued expenses	-	-	-	-	684	-	41,525
Other payables	-	-	-	-	200	-	16,259
Total liabilities	\$ 702	2,507	-	-	1,512	-	226,709
Fund balances:							
Reserved for:							
Other purposes	\$ 6,668	2,463	111,480	97,227	102,587	-	4,495,185
Debt service	-	-	-	-	-	-	-
Total fund balances	6,668	2,463	111,480	97,227	102,587	-	4,495,185
Total liabilities and fund balances	\$ 7,370	4,970	111,480	97,227	104,099	-	4,721,894

See independent auditor's report

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2009
 (continued)

	<u>Capital Project Funds</u>				
	<u>Capital Improvement- Park & Recreation Fund</u>	<u>Capital Improvement- Wastewater Fund</u>	<u>Capital Improvement- Wastewater Regulatory Fund</u>	<u>Capital Improvement- Storm Sewer Fund</u>	<u>CDBG Fund</u>
ASSETS					
Cash and cash equivalents	\$ 1	1	1	1	14,273
Taxes receivable, net	-	-	-	-	-
Receivable from other governments	-	-	-	-	-
Other receivables	1,979	3,341	5,236	189	-
Cash - restricted	-	-	-	-	-
Investments - restricted	275,220	628,035	557,415	26,239	-
Total assets	<u>\$ 277,200</u>	<u>631,377</u>	<u>562,652</u>	<u>26,429</u>	<u>14,273</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	-	-	-	-
Payable to other governments	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Other accrued expenses	-	-	-	-	-
Other payables	-	20,354	-	-	-
Total liabilities	<u>\$ -</u>	<u>20,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:					
Reserved for:					
Other purposes	\$ 277,200	611,023	562,652	26,429	14,273
Debt service	-	-	-	-	-
Total fund balances	<u>277,200</u>	<u>611,023</u>	<u>562,652</u>	<u>26,429</u>	<u>14,273</u>
Total liabilities and fund balances	<u>\$ 277,200</u>	<u>631,377</u>	<u>562,652</u>	<u>26,429</u>	<u>14,273</u>

See independent auditor's report

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-major Governmental Funds
 June 30, 2009
 (continued)

	Capital Project Funds					Total Capital Project Funds	Debt Service Fund	Bartlesville Adult Center Trust Authority	Total Other Govern- mental Funds
	2005 G.O. Bond Fund	2007 G.O. Bond Fund	2008A G.O. Bond Fund	2008B G.O. Bond Fund	1				
ASSETS									
Cash and cash equivalents	\$ -	-	-	-	14,278	-	12,336	840,412	
Taxes receivable, net	-	-	-	-	-	-	-	17,040	
Receivable from other governments	-	-	-	-	-	10,687	-	162,619	
Other receivables	5,698	16,938	26,693	10,360	70,434	-	174	110,575	
Cash - restricted	-	-	-	-	-	-	-	31,967	
Investments - restricted	731,639	2,355,615	3,701,765	1,445,986	9,721,914	1,958,656	90,204	15,437,964	
Total assets	\$ 737,337	2,372,553	3,728,458	1,456,347	9,806,626	1,969,343	102,714	16,600,577	
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$ 3,475	98	15,402	-	18,975	-	-	172,675	
Payable to other governments	-	-	-	-	-	-	-	3,250	
Deferred revenue	-	-	-	-	-	-	-	11,975	
Other accrued expenses	-	-	-	-	-	-	-	41,525	
Other payables	-	-	-	27,303	47,657	-	1,004	64,920	
Total liabilities	\$ 3,475	98	15,402	27,303	66,632	-	1,004	294,345	
Fund balances:									
Reserved for:									
Other purposes	\$ 733,862	2,372,455	3,713,056	1,429,044	9,739,994	-	101,710	14,336,889	
Debt service	-	-	-	-	-	1,969,343	-	1,969,343	
Total fund balances	733,862	2,372,455	3,713,056	1,429,044	9,739,994	1,969,343	101,710	16,306,232	
Total liabilities and fund balances	\$ 737,337	2,372,553	3,728,458	1,456,347	9,806,626	1,969,343	102,714	16,600,577	

CITY OF DANIELSVILLE

**Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2009**

	Special Revenue Funds						
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Municipal Airport Fund	Bartlesville Library Trust Authority	Restricted Donations Fund
REVENUES:							
Property taxes	-	-	-	-	-	-	-
Sales and miscellaneous taxes	-	437,120	-	-	-	-	-
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	-	-	29,023	-	177,140	-	209,208
Intergovernmental	-	2,200	6	-	-	-	-
Charges for services	9,850	2,889	10,291	12	74,151	(189,033)	23,641
Miscellaneous	1,615	-	65,588	745	97,819	-	309,345
Contributions and donations							
Total revenues	11,465	442,209	104,908	757	349,110	(189,033)	542,194
	\$						
EXPENDITURES:							
Current:							
General government	-	-	-	-	157,728	-	-
Public safety	-	614,495	-	-	-	-	66,733
Highways and roads	-	-	-	-	-	-	-
Culture and recreation	6,887	-	128,412	-	-	960	1,500
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	249,991	-	-
Total expenditures	6,887	614,495	128,412	-	407,719	960	159,750
Excess (deficiency) of revenues over expenditures	4,578	(172,286)	(23,504)	757	(58,609)	(189,993)	382,444
OTHER FINANCING SOURCES (USES):							
Proceeds from long-term debt, net	-	-	-	-	-	-	-
Transfers in	-	-	58,773	-	-	-	-
Transfers out	-	-	(58,773)	-	-	(58,773)	-
Total other financing sources and uses	-	-	58,773	-	-	-	-
SPECIAL ITEM:							
Proceeds from sale of fixed assets	-	-	3,070	-	-	-	-
Net change in fund balances	4,578	(172,286)	38,339	757	(58,609)	(248,766)	382,444
Fund balances - beginning, unadjusted	280,603	211,788	269,192	-	2,153,874	1,151,785	271,258
Prior period adjustment	-	-	-	-	-	(110,197)	-
Fund balances - beginning, adjusted	280,603	211,788	269,192	-	2,153,874	1,041,588	271,258
Fund balances - ending	285,181	39,502	307,531	757	2,095,265	792,822	653,702

CITY OF DANVILLE, VIRGINIA

**Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(continued)**

	Special Revenue Funds						Total Special Revenue Funds
	Golf Course Memorial Fund	Justice Assistance Grant Fund	Neighborhood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	GIS Fund	
REVENUES:							
Property taxes	-	-	-	-	-	-	-
Sales and miscellaneous taxes	-	-	-	-	-	-	437,120
Fees and fines	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	415,371
Charges for services	21,296	-	-	1,907	-	10	25,419
Investment earnings	368	172	4,135	3,323	3,366	4	(56,831)
Miscellaneous	-	-	-	-	37,873	-	135,692
Contributions and donations	2,325	-	4,950	1,404	9,600	-	395,572
Total revenues	23,989	172	9,085	6,634	50,839	14	1,352,343
EXPENDITURES:							
Current:							
General government	-	-	-	2,252	-	3,857	163,837
Public safety	-	-	-	-	-	-	681,228
Highways and roads	-	-	-	-	-	-	-
Culture and recreation	9,019	-	39,971	-	48,731	-	235,480
Debt service:							
Principal	-	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-	-
Capital outlay	6,379	-	13,195	-	4,744	-	365,826
Total expenditures	15,398	-	53,166	2,252	53,475	3,857	1,446,371
Excess (deficiency) of revenues over expenditures	8,591	172	(44,081)	4,382	(2,636)	(3,843)	(94,028)
OTHER FINANCING SOURCES (USES):							
Proceeds from long-term debt, net	-	-	-	-	-	-	118,765
Transfers in	(6,322)	-	-	-	59,992	-	(65,095)
Transfers out	(6,322)	-	-	-	59,992	-	53,670
Total other financing sources and uses	-	-	-	-	-	-	3,070
SPECIAL ITEM:							
Proceeds from sale of fixed assets	-	-	-	-	-	-	(37,288)
Net change in fund balances	2,269	172	(44,081)	4,382	57,356	(3,843)	4,642,670
Fund balances - beginning, unadjusted	4,399	2,291	155,561	92,845	45,231	3,843	(110,197)
Prior period adjustment	-	-	-	-	-	-	4,532,473
Fund balances - beginning, adjusted	4,399	2,291	155,561	92,845	45,231	3,843	4,495,185
Fund balances - ending	6,668	2,463	111,480	97,227	102,587	-	

CITY OF DAKLESVILLE

**Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(continued)**

	Capital Project Funds				
	Capital				
	Capital Improvement-Park & Recreation Fund	Capital Improvement-Wastewater Fund	Improvement-Wastewater Regulatory Fund	Capital Improvement-Storm Sewer Fund	CDBG Fund
REVENUES:					
Property taxes	-	-	-	-	-
Sales and miscellaneous taxes	-	-	-	-	-
Fees and fines	-	-	-	-	-
Licenses and permits	-	-	-	-	85,910
Intergovernmental	-	-	-	18,197	-
Charges for services	9,455	122,000	712,760	658	-
Investment earnings	-	20,197	13,797	-	-
Miscellaneous	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total revenues	9,455	142,197	726,557	18,855	85,910
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and roads	-	4,188	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital outlay	142,447	242,443	163,905	-	80,705
Total expenditures	142,447	246,631	163,905	-	80,705
Excess (deficiency) of revenues over expenditures	(132,992)	(104,434)	562,652	18,855	5,205
OTHER FINANCING SOURCES (USES):					
Proceeds from long-term debt, net	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
SPECIAL ITEM:					
Proceeds from sale of fixed assets	-	-	-	-	-
Net change in fund balances	(132,992)	(104,434)	562,652	18,855	5,205
Fund balances - beginning, unadjusted	673,522	715,457	-	7,574	115,097
Prior period adjustment	(263,330)	-	-	-	(106,029)
Fund balances - beginning, adjusted	410,192	715,457	-	7,574	9,068
Fund balances - ending	277,200	611,023	562,652	26,429	14,273

CITY OF DANIELSVILLE
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(continued)

	Capital Project Funds				Total Capital Project Funds	Debt Service Fund	Bartlesville Adult Center Trust Authority	Total Other Govern- mental Funds
	2005 G.O. Bond Fund	2007 G.O. Bond Fund	2008A G.O. Bond Fund	2008B G.O. Bond Fund				
REVENUES:								
Property taxes	\$ -	-	-	-	-	2,233,775	-	2,233,775
Sales and miscellaneous taxes	-	-	-	-	-	-	-	437,120
Fees and fines	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	85,910	-	11,222	512,503
Charges for services	-	-	-	-	852,957	-	-	878,376
Investment earnings	28,433	78,829	127,067	73,913	352,349	-	3,207	298,725
Miscellaneous	-	-	-	-	-	-	-	135,692
Contributions and donations	-	-	-	-	-	-	33,399	428,971
Total revenues	28,433	78,829	127,067	73,913	1,291,216	2,233,775	47,828	4,925,162
EXPENDITURES:								
Current:								
General government	5,000	-	-	46,552	51,552	35,437	-	250,826
Public safety	-	-	-	-	-	-	-	681,228
Highways and roads	-	-	3,600	-	7,788	-	-	7,788
Culture and recreation	23,484	-	-	-	23,484	-	53,539	312,503
Debt service:								
Principal	-	-	-	-	-	2,445,000	-	2,445,000
Interest and other charges	-	-	-	-	-	561,785	-	561,785
Capital outlay	71,367	773,835	398,973	598,317	2,471,992	-	-	2,837,818
Total expenditures	99,851	773,835	402,573	644,869	2,554,816	3,042,222	53,539	7,096,948
Excess (deficiency) of revenues over expenditures	(71,418)	(695,006)	(275,506)	(570,956)	(1,263,600)	(808,447)	(5,711)	(2,171,786)
OTHER FINANCING SOURCES (USES):								
Proceeds from long-term debt, net	126,500	-	-	2,000,000	2,000,000	-	-	2,000,000
Transfers in	-	-	-	-	126,500	6,322	-	251,587
Transfers out	-	-	-	-	-	-	-	(65,095)
Total other financing sources and uses	126,500	-	-	2,000,000	2,126,500	6,322	-	2,186,492
SPECIAL ITEM:								
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	3,070
Net change in fund balances	55,082	(695,006)	(275,506)	1,429,044	862,900	(802,125)	(5,711)	17,776
Fund balances - beginning, unadjusted	666,540	3,067,461	3,988,562	-	9,234,213	2,798,531	107,421	16,782,835
Prior period adjustment	12,240	-	-	-	(357,119)	(27,063)	-	(494,379)
Fund balances - beginning, adjusted	678,780	3,067,461	3,988,562	-	8,877,094	2,771,468	107,421	16,288,456
Fund balances - ending	733,862	2,372,455	3,713,056	1,429,044	9,739,994	1,969,343	101,710	16,306,232

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CITY OF BARTLESVILLE
Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1	-	1
Cash held by third party	40,000	10,000	50,000
Investments	4,350	45,772	50,122
Other receivables	-	6,462	6,462
Total assets	<u>\$ 44,351</u>	<u>62,234</u>	<u>106,585</u>
<u>LIABILITIES</u>			
Accounts payable	<u>\$ 19,445</u>	<u>16,806</u>	<u>36,251</u>
Total liabilities	<u>\$ 19,445</u>	<u>16,806</u>	<u>36,251</u>
<u>NET ASSETS</u>			
Restricted for other purposes	\$ 40,000	10,000	50,000
Unrestricted	<u>(15,094)</u>	<u>35,428</u>	<u>20,334</u>
Total net assets	<u>\$ 24,906</u>	<u>45,428</u>	<u>70,334</u>

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CITY OF BARTLESVILLE

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended June 30, 2009

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Total</u>
REVENUES:			
Charges for services	\$ 277,596	2,811,980	3,089,576
Total operating revenues	<u>277,596</u>	<u>2,811,980</u>	<u>3,089,576</u>
OPERATING EXPENSES:			
Personal services	510,521	2,455,461	2,965,982
Contractual services	20,718	322,731	343,449
Total operating expenses	<u>531,239</u>	<u>2,778,192</u>	<u>3,309,431</u>
Operating income (loss)	<u>(253,643)</u>	<u>33,788</u>	<u>(219,855)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest and investment revenue	2,472	3,990	6,462
Miscellaneous revenue	2,856	134	2,990
Total non-operating revenue (expenses)	<u>5,328</u>	<u>4,124</u>	<u>9,452</u>
Income (loss) before contributions and transfers	(248,315)	37,912	(210,403)
Transfers in	47,019	-	47,019
Change in net assets	<u>(201,296)</u>	<u>37,912</u>	<u>(163,384)</u>
Total net assets - beginning	226,202	7,516	233,718
Total net assets - ending	<u>\$ 24,906</u>	<u>45,428</u>	<u>70,334</u>

CITY OF BARTLESVILLE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	<u>Workers'</u>	<u>Health</u>	<u>Total</u>
	<u>Compensation</u>	<u>Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$		
Receipts from customers	279,785	2,806,387	3,086,172
Payments to suppliers	<u>(511,794)</u>	<u>(2,761,386)</u>	<u>(3,273,180)</u>
Net cash provided (used) by operating activities	<u>(232,009)</u>	<u>45,001</u>	<u>(187,008)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other income	2,856	134	2,990
Interfund transfers in (out)	<u>47,019</u>	<u>-</u>	<u>47,019</u>
Net cash provided (used) by noncapital financing activities	<u>49,875</u>	<u>134</u>	<u>50,009</u>
 CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	2,472	3,990	6,462
Purchase of investments	<u>(4,350)</u>	<u>(45,773)</u>	<u>(50,123)</u>
Net cash provided (used) by investing activities	<u>(1,878)</u>	<u>(41,783)</u>	<u>(43,661)</u>
 Net (decrease) in cash and cash equivalents	(184,012)	3,352	(180,660)
 Cash and cash equivalents, beginning of year	<u>184,013</u>	<u>(3,352)</u>	<u>180,661</u>
 Cash and cash equivalents, end of year	<u>\$ 1</u>	<u>-</u>	<u>1</u>
	<u>Workers'</u>	<u>Health</u>	<u>Total</u>
	<u>Compensation</u>	<u>Insurance</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME (LOSS) OF NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	<u>\$ (253,643)</u>	<u>33,788</u>	<u>(219,855)</u>
 Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
(Increase) decrease in accounts receivable	2,189	(5,593)	(3,404)
Increase (decrease) in accounts payable	<u>19,445</u>	<u>16,806</u>	<u>36,251</u>
Total adjustments	<u>21,634</u>	<u>11,213</u>	<u>32,847</u>
 Net cash provided (used) by operating activities	<u>\$ (232,009)</u>	<u>45,001</u>	<u>(187,008)</u>

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