

***CITY OF BARTLESVILLE,
OKLAHOMA***

Independent Auditor's Report
and Financial Statements
For the Fiscal Year Ended June 30, 2014

CITY OF BARTLESVILLE

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CITY OF BARTLESVILLE

List of Principal Officials

City Council

Thomas A. Gorman, Mayor
Ted Lockin, Vice Mayor
Dale Copeland, Council member
Doann Nguyen, Council member
John Kane, Council member

City Manager

Ed Gordon

Administrative Director/CFO

Mike Bailey

City Attorney

Jerry Maddux



STOTTS • ARCHAMBO
MUEGGENBORG & BARCLAY_{PC}
Certified Public Accountants

JD Stotts, CPA

Mark W. Archambo, CPA, CFP[™]

Deborah E. Mueggenborg, CPA

Tom K. Barclay, CPA, CFP[™]

John Whipple, CPA

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 blended 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 blended nonmajor component unit. 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 blended major component unit, the Bartlesville Development Authority, which represents 100% of the assets and revenues of the Bartlesville Development Authority blended major component unit and the Bartlesville Redevelopment Trust Authority, which represents 100% of the assets and revenues of the Bartlesville Redevelopment Trust Authority blended nonmajor component unit. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bartlesville Development Corporation, Bartlesville Community Center Trust Authority, Bartlesville Development Authority and Bartlesville

Redevelopment Trust Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Bartlesville Development Corporation and Bartlesville Community Center Trust Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report 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 blended component units, each major fund, and the aggregate remaining fund information of the *City of Bartlesville, Oklahoma*, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through xv and 68 through 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the other information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2015, on our consideration of the *City of Bartlesville, Oklahoma's* internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* in considering *City of Bartlesville's* internal control over financial reporting and compliance.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants

May 20, 2015

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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, 2014. 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. Comparisons with prior fiscal years are provided as needed.

Financial Highlights

Key financial highlights for 2014 were:

- The City of Bartlesville's assets exceeded its liabilities at the close of the fiscal year by more than \$205.2 million.
- The City's main governmental revenue source, sales tax, ended the year with an increase of 1.0%.
- Noteworthy changes to the City's capital assets included:
 - Completed the new Silverlake Road extension costing almost \$3.3 million
 - Completed over \$1.9 million in major road rehabilitations
 - Completed the Phase V wastewater collection improvements for over \$1.0 million
 - Completed over \$850 thousand of taxiway improvements to the Bartlesville Municipal Airport
 - Completed almost \$1.3 million of park and recreation improvements
 - Through a partnership with the Bartlesville Public Schools, provided financing for improvements to the High School and Central Middle School. Over \$4.0 million spent in fiscal year 2014.
 - Provided incentive financing for the construction of the new ABB building expansion. Over \$10 million spent through fiscal year 2014.
- The City retained its AA- bond rating despite difficult economic times. This bond rating is the 3rd highest in the State of Oklahoma for public entities.
- The City is one of only five municipalities in the State of Oklahoma that receives the Government Finance Officers Association's Award for Distinguished Budget Presentation.
- The City added an additional \$682 thousand dollars to its stabilization reserve fund, bringing the total to \$3.2 million or 11.5% of budgeted expenditures.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(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 Position and the Statement of Activities

The Statement of Net Position presents information on all of the City of Bartlesville's assets and liabilities with the difference between the two being reported as net position. Over time, the increase or decrease in net position 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 Position 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 4. 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, 2014
(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 Position and the Statement of Activities) and governmental funds.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

The Statement of Net Position 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 2014.

Table 1
Governmental Activities
Net Position (In Millions) – Differences Due to Rounding

	<u>2013</u>	<u>2014</u>
<u>Assets</u>		
Current and other assets	\$ 29.2	32.8
Capital assets, net	<u>77.1</u>	<u>78.8</u>
Total assets	<u>106.3</u>	<u>111.6</u>
<u>Liabilities</u>		
Current liabilities	1.2	1.3
Long-term liabilities:		
Due within one year	4.0	4.5
Due in more than one year	<u>13.5</u>	<u>12.0</u>
Total liabilities	<u>18.7</u>	<u>17.8</u>
<u>Net Position</u>		
Invested in capital assets net of related debt	60.9	63.8
Restricted by:		
Enabling legislation	18.2	21.4
Statutory requirements	5.4	4.6
External contracts	.2	1.1
Unrestricted	<u>2.9</u>	<u>2.8</u>
Total net position	<u>\$ 87.6</u>	<u>93.8</u>

Note: This is a recap of the Governmental Activities Column from the Statement of Net Position on page 2 of the financial statement.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

Table 2
Governmental Activities
Statement of Activities (In Millions) – Differences Due to Rounding

	<u>2013</u>	<u>2014</u>
<u>Governmental Activities (Net Cost)</u>		
General government	\$ (6.2)	(7.1)
Public safety	(10.4)	(10.8)
Public works	(2.5)	(1.4)
Health, welfare and sanitation	0.0	0.0
Culture and recreation	(2.6)	(1.7)
Payments to component units	0.0	0.0
Interest on long-term debt	(0.4)	(0.4)
	<u>(22.3)</u>	<u>(21.5)</u>
<u>General Revenues</u>		
Taxes		
Property taxes, levied for debt service	3.1	3.5
Franchise taxes	1.5	1.5
Sales and use taxes	16.3	16.4
Other taxes	1.6	1.6
Investment earnings, unrestricted	0.3	.3
Miscellaneous	0.9	1.1
Special item – gain on sale of asset	0.0	0.1
Transfers	3.0	3.0
	<u>26.6</u>	<u>27.6</u>
Total general revenues, special items and transfers		
	<u>26.6</u>	<u>27.6</u>
Change in net position	4.4	6.2
Net Position – beginning	83.3	87.6
Net Position – ending	\$ <u>87.6</u>	<u>93.8</u>

Note: This is a recap of the Governmental Activities Column from the Statement of Activities on page 3 of the financial statement.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

Total assets from governmental activity are about \$111.6 million (rounded), which represents an increase of \$5.2 million from the prior fiscal year. This increase can mainly be attributed to the issuance of new G.O. Bond debt and the conservative financial policies implemented by the City Council and City Staff. The most significant financial policies are the City's Stabilization Reserve Fund and Capital Reserve Fund policies which were adopted by ordinance. These policies institutionalize incremental, annual savings and resulted in an additional \$682 thousand being set aside in a formal stabilization reserve fund and an additional \$2.3 million being set aside in a formal capital reserve fund. These policies provide for stability and planned capital replacement even during difficult economic times.

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 Administrative Director/CFO 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. This process continues today.

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. In order to more efficiently pursue and coordinate grant activity, the City appointed a full time Grant's Coordinator.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

FY 2014 was again a very successful year for the City in relation to grants and subsidized loan programs, and we were able to leverage State, Federal, and private grants to expand the impact of local tax revenues. The City was awarded the following 8 grants to be used for new projects during FY 2014.

<u>Grant</u>	<u>Purpose</u>	<u>Award Amount</u>
FEMA Fire Prevention & Safety Grant	For fire investigation training and equipment	\$25,245
Institute of Museum & Library Science	For the Frank Griggs nitrate and acetate negative accession	\$19,138
Martha Jane Phillips Starr Field of Interest Fund	Continuation of Museum's newspaper digitization project	\$14,036
Phillips 66	For Freedom Flag project	\$1,000
2013 Edward Byrne Justice Assistance Grant	For 4 dash mount radars for Police Department	\$7,000
CDBG	For extension of Virginia sidewalk	\$77,190
Airport Improvement	For reconstructing a portion of the parallel & connecting taxiways	\$588,466
Bulletproof Vest Partnership Program	For bulletproof vests	\$4,285
TOTAL		\$736,360

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

The City has continued its concerted effort to improve work place safety so that worker's compensation costs are reduced. This includes continued in house safety training and monitoring trends in injuries to better focus training on important issues. The City is "own risk" or self-insured for worker's compensation. Despite the City's best efforts, worker's compensation expense continues to escalate due to increasing medical and settlement costs. To help offset these increases, the City began levying worker's compensation court judgments on property tax. While this step has lessened worker's compensation's impact on the City's general revenues, it does create a slight increase in the property tax levy. It is the City's hope that the worker's compensation reform that recently emerged from the State Legislature will help to control these costs long-term.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

In recent years, the City also elected to return to an “own risk” or self-funded plan for employee health insurance, but this program differs from the Worker’s Compensation program in that the City obtains reinsurance to cover the largest claims. This self-insured plans, like most insurance plans, has had its ups and downs, but recently the performance of the plan has stabilized and is allowing the City set aside additional funds for future catastrophic illnesses.

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-five years. The remaining 25% is divided between economic development (1/3) and capital improvements (2/3). Sales tax revenue reported in the Government-wide Financial Statements totaled \$16,421,936 which represented a 1.0% increase over prior year receipts.

Public Safety is one of the most important yet costly governmental expense activities in the City. Combined, the Police and Fire departments accounted for 50.3% of net governmental expenses. The Fire department consists of 70 full-time employees, including one administrative assistant. The Police department consists of 66 full time employees with 58 being sworn enforcement personnel and 8 being civilian 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, 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, 2014
(continued)

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

The Individual Fund Financial Statements

Information on the City's major funds starts on page 4. The governmental funds utilize the modified accrual basis of accounting. All governmental funds combined received total revenues of \$29.6 million for the year and \$32.9 million in expenditures resulting in a deficiency in revenues over expenditures of (\$3.3 million). The City's governmental funds also had other financing sources and uses (mainly transfers, debt proceeds, and sale of fixed assets) that netted to create other financing sources of \$6.5 million. When combined with the deficiency mentioned above, the City's governmental funds' fund balances in total finished the year up almost \$3.2 million more than where they started.

The individual net change in fund balances for the year was only significant in the CIP – Wastewater Regulatory Fund, Capital Reserve Fund, the 2010 G.O. Bond Fund, the 2012 G.O. Bond Fund, and the 2014 G.O. Bond Fund. The CIP – Wastewater Regulatory Fund receives dedicated utility revenues that are accumulated to pay for regulatory required wastewater projects. It received over \$1.4 million in revenues and paid a little over \$500 thousand for projects. This resulted in an increase of \$902 thousand. The Capital Reserve Fund is a capital improvement fund used to accumulate amounts from the Water, Wastewater, and Sanitation operations that will be used to finance these funds' long term capital plans. This fund accumulated \$2.3 million in transfers while only spending \$1.9 million which resulted in increased fund balance of \$430 thousand. The 2010 G.O. Bond Fund and 2012 G.O. Bond Funds both contain revenues from past bond issues which are spent over a period of time. Both funds made substantial progress on their remaining projects which resulted in reductions of \$1.5 million and \$787 thousand respectively. The 2014 G.O. Bond Fund received \$1.5 million in proceeds from the issuance of G.O. bonds while incurring less than \$50 thousand in expenditures. This resulted in an increase of \$1.5 million in fund balance for this fund.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

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

The Individual Fund Financial Statements (continued)

The general fund reflects an increase in fund balance of \$713,365 which brings it up to \$6.9 million. While no standard is established for the desired level of fund balance that should be carried, it is desirable to have at least two months of average expenditures so that fluctuations in revenue and expenditures can be absorbed without major disruptions to the normal operations. With careful monitoring of revenue and expenditures combined with conservative budgeting, the City management believes the fund balance is adequate to allow the City to meet its obligations and reflects a good financial condition of the City as a whole.

General Fund Budgeting Highlights

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

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.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

The Individual Fund Financial Statements (continued)

For the general fund, budget basis revenue was up by \$141,003 over the budget estimates of \$16,529,921. 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 2014 were \$601,206 below the final budget of \$19,214,315. These savings were achieved through spending restraints and careful monitoring of budget results.

Business-Type Activities

Overall, the business-type activities saw a decrease of \$3.3 million in net position. This decrease of 2.9% is related primarily depreciation expense of \$6.2 million and transfers to the capital reserve fund of \$2.3 million.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the City of Bartlesville had \$235,762,072 invested in land, buildings, and capital equipment (net of depreciation). This was an increase of \$11,137,439 from fiscal year 2013. Table 2 shows the detail of the fiscal year 2014 balances of capital assets.

	Table 2 <u>Capital Assets</u> <u>Net of Accumulated Depreciation</u>		
	Governmental Activities 2014	Business-Type Activities 2014	Total 2014
Land	\$ 3,385,695	4,515,640	7,901,335
Works of art	0	46,137	46,137
Buildings	13,209,880	147,205,010	160,414,890
Other improvements and infrastructure	94,470,774	79,146,181	173,616,955
Furniture and equipment	12,480,099	13,056,397	25,536,496
Construction in progress	2,846,625	14,561,290	17,407,915
Total capital assets	126,393,073	258,530,655	384,923,728
(Less) depreciation	(47,580,169)	(101,581,487)	(149,161,656)
Capital assets (net of depreciation)	\$ 78,812,904	156,949,168	235,762,072

CITY OF BARTLESVILLE
Management's Discussion and Analysis
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(continued)

Capital Assets and Debt Administration (continued)

Perhaps the City's most important long-term capital needs revolve around a long term sustainable water supply and a second wastewater treatment plant. The construction of the new Ted Lockin potable water treatment plant was completed in September of 2006, and the City is continuing to make progress on this issue. However, the City's water needs now largely lay in the hands of the United States Congress where discounted pricing for water rights on Copan Lake must be approved.

In addition to the need for long term water supply, the City is also currently undertaking the early stages of planning for its long-term wastewater needs with the completion of several studies, collection system improvements, treatment process evaluations, and negotiating for land acquisition to hold a new plant. It is anticipated that the City will need to construct this new wastewater treatment plant in the near future. To fund these future improvements, the City implemented a dedicated utility fee in FY 2009 which has been incrementally increased over the years to pay for engineering, design, land acquisition, and eventually the debt service on a new wastewater treatment facility.

Funds provided by the capital improvement sales tax are providing a large portion of the City's general capital needs including some street, drainage, park, and facilities improvements as well as equipment and vehicle replacements. In 2013, the citizens approved an extension of the capital improvements sales tax for an additional seven years beginning July 1, 2014. This extension added needed improvements to the City's world class Community Center that is now 30 years old.

With regard to infrastructure, the engineering department maintains a list of street, drainage, and park 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, City Staff prioritizes these projects and makes recommendations to the City Council. 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.

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

Capital Assets and Debt Administration (continued)

Water and sewer projects are most often 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. This process allows the City's utility rates to be set at a level that covers the full cost of their operations and preserves general revenues for functions that do not have a dedicated source of funding.

Debt

As of June 30, 2014 the City of Bartlesville had \$98,960,461 in outstanding debt. Table 3 summarizes the outstanding debt. This increase of \$29,293,263 over last year is almost entirely due to the issuance of \$6.6 million debt by the Bartlesville Development Authority for the construction of the new ABB facility and the issuance of \$25.0 million debt by the Bartlesville Education Authority for the construction of additions to the Bartlesville High School and Central Middle School. Neither of these two issuances represent direct obligations of the City of Bartlesville and are secured solely by the lease revenues associated with these facilities.

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

	<u>2013</u>	<u>2014</u>
General Obligation Bonds	\$ 16,210,000	15,010,000
Capital leases	0	12,651
Accrued compensated absences	821,304	859,020
Workers compensation claims	988,695	1,201,393
Notes payable	<u>51,647,199</u>	<u>81,877,397</u>
Total	\$ <u>69,667,198</u>	<u>98,960,461</u>

CITY OF BARTLESVILLE
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(continued)

Capital Assets and Debt Administration (continued)

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. Most 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 obligations of the City's authorities which are secured solely by the lease revenues of the facilities associated with the debt. 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).

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 and conservative financial management policies. 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, management, and Council 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 Administrative Director/CFO, 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, 2014

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
 - d) Discretely Presented Component Units

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 Position – Government-wide
June 30, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and equivalents	\$ 1,609,595	983,812	2,593,407
Investments	26,474,882	11,058,426	37,533,308
Receivables, net of allowance	4,029,587	1,883,012	5,912,599
Internal balances	67,501	(67,501)	-
Due from other governmental agencies	300,844	-	300,844
Prepaid expenses	107,648	5,942	113,590
Inventories	80,026	662,320	742,346
Incentive loans receivable, current	-	252,627	252,627
Total current assets	<u>32,670,083</u>	<u>14,778,638</u>	<u>47,448,721</u>
Noncurrent assets:			
Restricted cash and equivalents	126,871	24,561,456	24,688,327
Restricted investments	-	1,100,000	1,100,000
Mortgage and security agreement	-	940,686	940,686
Incentive loans receivable, noncurrent	-	1,048,388	1,048,388
Deferred outflows of resources	-	779,654	779,654
Capital assets:			
Non-depreciable	6,232,320	19,123,067	25,355,387
Depreciable, net of depreciation	<u>72,580,584</u>	<u>137,826,101</u>	<u>210,406,685</u>
Total noncurrent assets	<u>78,939,775</u>	<u>185,379,352</u>	<u>264,319,127</u>
Total assets	<u>111,609,858</u>	<u>200,157,990</u>	<u>311,767,848</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	1,122,000	4,202,940	5,324,940
Meter deposit liability	-	1,128,081	1,128,081
Advanced revenues	50,014	4,339	54,353
Net OPEB obligation	133,616	62,506	196,122
Long-term liabilities:			
Due within one year:			
Bonds, capital leases and contracts	3,030,000	2,810,269	5,840,269
Compensated absences	685,183	173,837	859,020
Claims payable	761,157	440,236	1,201,393
Due in more than one year:			
Deferred inflows of resources	-	779,654	779,654
Bonds, capital leases and contracts	<u>11,980,000</u>	<u>79,067,128</u>	<u>91,047,128</u>
Total liabilities	<u>17,761,970</u>	<u>88,668,990</u>	<u>106,430,960</u>
NET POSITION			
Net investment in capital assets	63,802,904	75,071,771	138,874,675
Restricted (Note 8):			
Enabling legislation	21,437,289	-	21,437,289
Statutory requirements	4,633,257	-	4,633,257
External contracts	1,125,110	29,740,755	30,865,865
Unrestricted	<u>2,849,328</u>	<u>6,676,474</u>	<u>9,525,802</u>
Total net position	<u>\$ 93,847,888</u>	<u>111,489,000</u>	<u>205,336,888</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Activities – Government-wide
For the Fiscal Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenue			Net (Exp) Rev and Changes in Net Position		
		Charges for Services and Fines	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 7,780,153	547,251	20,400	89,685	(7,122,817)		(7,122,817)
Public Safety	12,161,555	993,816	39,368	361,095	(10,767,276)		(10,767,276)
Public Works	3,835,524	1,530,448	738,466	132,034	(1,434,576)		(1,434,576)
Culture and Recreation	2,737,795	43,146	989,040	46,600	(1,659,009)		(1,659,009)
Interest on long-term debt	436,059	-	-	-	(436,059)		(436,059)
Total governmental activities	26,951,086	3,114,661	1,787,274	629,414	(21,419,737)		(21,419,737)
Business-type Activities							
Wastewater System	4,734,451	4,084,665	-	-		(649,786)	(649,786)
Water System	8,508,526	8,700,857	-	-		192,331	192,331
Solid Waste Disposal	2,995,584	4,664,350	-	-		1,668,766	1,668,766
Community Center	1,576,552	466,047	230,086	-		(880,419)	(880,419)
Other Business-type Activities	5,575,645	1,969,855	947,032	-		(2,658,758)	(2,658,758)
Total business-type Activities	23,390,758	19,885,774	1,177,118	-		(2,327,866)	(2,327,866)
Total Primary Government	50,341,844	23,000,435	2,964,392	629,414	(21,419,737)	(2,327,866)	(23,747,603)
General revenues:							
Taxes:							
Property taxes, levied for debt service					\$ 3,511,987	-	3,511,987
Franchise taxes					1,531,571	-	1,531,571
Sales and use taxes					16,421,936	-	16,421,936
Other taxes					1,617,277	-	1,617,277
Unrestricted investment earnings					344,880	831,001	1,175,881
Miscellaneous					1,090,835	1,215,293	2,306,128
Gain (loss) on sale of assets					73,617	27,159	100,776
Transfers (Note 5.A.)					3,044,207	(3,044,207)	-
Total general revenues, special items, and transfers					27,636,310	(970,754)	26,665,556
Change in net position					6,216,573	(3,298,620)	2,917,953
Net position - beginning					87,631,315	114,817,981	202,449,296
Prior period adjustment					-	(30,361)	(30,361)
Adjusted net position - beginning					87,631,315	114,787,620	202,418,935
Net position - ending					\$ 93,847,888	111,489,000	205,336,888

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
 Balance Sheet – Governmental Funds
 June 30, 2014

ASSETS	General Fund	Debt Service Fund	Capital Improvement Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 229,731	40,848	56,623	888,075	1,215,277
Investments	4,431,005	2,200,000	5,000,000	14,443,877	26,074,882
Taxes receivable	2,393,783	-	479,472	297,384	3,170,639
Due from other funds	-	-	-	3,773	3,773
Receivable from other governments	37,591	10,135	-	253,117	300,843
Other receivables, net of allowance	833,923	-	8,083	16,125	858,131
Inventories	80,026	-	-	-	80,026
Prepaid expenses	107,648	-	-	-	107,648
Cash - restricted	66,871	-	-	-	66,871
Total assets	<u>\$ 8,180,578</u>	<u>2,250,983</u>	<u>5,544,178</u>	<u>15,902,351</u>	<u>31,878,090</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 123,649	-	94,036	238,095	455,780
Due to other funds	57,591	-	-	3,773	61,364
Advanced revenue	50,014	-	-	-	50,014
Other accrued expenses	1,022,716	-	-	37,130	1,059,846
Other payables	59,249	-	20,546	88,721	168,516
Total liabilities	<u>1,313,219</u>	<u>-</u>	<u>114,582</u>	<u>367,719</u>	<u>1,795,520</u>
Fund balances:					
Nonspendable	187,674	-	-	-	187,674
Restricted	-	2,250,983	5,429,596	14,299,310	21,979,889
Committed	4,767,082	-	-	1,235,322	6,002,404
Unassigned	1,912,603	-	-	-	1,912,603
Total fund balances	<u>6,867,359</u>	<u>2,250,983</u>	<u>5,429,596</u>	<u>15,534,632</u>	<u>30,082,570</u>
Total liabilities and fund balances	<u>\$ 8,180,578</u>	<u>2,250,983</u>	<u>5,544,178</u>	<u>15,902,351</u>	<u>31,878,090</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position For the Fiscal Year Ended June 30, 2014

Total fund balance, governmental funds	\$ 30,082,570
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	78,812,904
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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 Position.	954,538
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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 Position.	(16,002,124)
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Net Position of Governmental Activities in the Statement of Net Position	\$ <u>93,847,888</u>
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CITY OF BARTLESVILLE

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2014

	General Fund	Debt Service Fund	Capital Improvement Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ -	3,511,988	-	-	3,511,988
Sales and miscellaneous taxes	14,160,182	-	2,737,131	2,026,111	18,923,424
Fees and fines	1,005,751	-	-	-	1,005,751
Licenses and permits	254,565	-	-	-	254,565
Intergovernmental	667,360	-	3,441	1,233,434	1,904,235
Charges for services	571,542	-	-	1,537,593	2,109,135
Investment earnings (losses)	215,937	-	(16,569)	146,307	345,675
Miscellaneous	310,152	-	-	179,676	489,828
Contributions and donations	-	-	-	1,013,792	1,013,792
Total revenues	<u>17,185,489</u>	<u>3,511,988</u>	<u>2,724,003</u>	<u>6,136,913</u>	<u>29,558,393</u>
EXPENDITURES:					
Current:					
General government	5,404,033	1,575	93,590	1,468,355	6,967,553
Public Safety	10,003,126	-	33,151	1,176,735	11,213,012
Public Works	1,215,836	-	81,944	522,106	1,819,886
Culture and recreation	2,145,197	-	47,504	265,186	2,457,887
Debt Service:					
Principal	-	2,874,704	-	-	2,874,704
Interest and other charges	-	436,059	-	5,242	441,301
Capital outlay	1,000	-	1,883,108	5,217,308	7,101,416
Total expenditures	<u>18,769,192</u>	<u>3,312,338</u>	<u>2,139,297</u>	<u>8,654,932</u>	<u>32,875,759</u>
Excess (deficiency) of revenues over expenditures	<u>(1,583,703)</u>	<u>199,650</u>	<u>584,706</u>	<u>(2,518,019)</u>	<u>(3,317,366)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	3,399,036	-	-	2,818,321	6,217,357
Transfers out	(1,174,358)	-	(17,295)	(117,210)	(1,308,863)
Proceeds from sale of debt	-	-	-	1,500,000	1,500,000
Proceeds from sale of fixed assets	72,392	-	-	3,298	75,690
Total other financing sources and uses	<u>2,297,070</u>	<u>-</u>	<u>(17,295)</u>	<u>4,204,409</u>	<u>6,484,184</u>
Net change in fund balances	<u>713,367</u>	<u>199,650</u>	<u>567,411</u>	<u>1,686,390</u>	<u>3,166,818</u>
Fund balances - beginning	<u>6,153,992</u>	<u>2,051,333</u>	<u>4,862,185</u>	<u>13,848,242</u>	<u>26,915,752</u>
Fund balances - ending	<u>\$ 6,867,359</u>	<u>2,250,983</u>	<u>5,429,596</u>	<u>15,534,632</u>	<u>30,082,570</u>

See accompanying notes to the financial statements

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, 2014

Net change in fund balances - total governmental funds: \$ 3,166,818

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 \$7,101,416 exceeded depreciation \$3,848,996 in the current period. 3,252,420

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. 311,081

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. (1,864,287)

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 repayments \$2,700,000 exceeded proceeds \$1,500,000. 1,200,000

Governmental funds do not report workers' compensation claims payable. This is the amount that the workers compensation claims payable increased. (92,185)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (18,335)

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. 261,061

Change in net position of governmental activities \$ 6,216,573

CITY OF BARTLESVILLE
Statement of Net Position – Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Municipal Authority	Community Center Trust Authority	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	
ASSETS									
Current assets:									
Cash	\$ 72,950	8,312	49,663	92,267	201,511	204,405	-	354,704	394,318
Investments	-	300,000	1,100,000	4,400,000	5,183,266	-	-	75,160	400,000
Accounts receivable, net of allowance	-	-	285,455	952,467	-	-	-	-	-
Other receivables	118	2,059	1,868	215,414	3,991	-	409,180	12,460	816
Inventories	51,798	610,522	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	5,942	-	-	-
Incentive loans receivable, current	-	-	-	-	-	158,401	-	94,226	-
Due from other funds	-	-	-	-	57,591	-	-	-	-
Total current assets	124,866	920,893	1,436,986	5,660,148	5,446,359	368,748	409,180	536,550	795,134
Non-current assets:									
Restricted assets:									
Restricted cash	-	-	-	331,528	-	1,068,249	21,735,348	1,426,331	60,000
Restricted investments	-	-	-	1,100,000	-	-	-	-	-
Mortgage and security agreement	-	-	-	-	-	-	-	940,686	-
Incentive loans receivable	-	-	-	-	-	1,048,388	-	-	-
Deferred outflows	-	-	-	-	-	-	-	779,654	-
Capital assets:									
Land and improvements	6,528	135,877	-	724,569	989,815	2,062,736	-	596,115	-
Utility System	37,762,119	22,912,127	-	12,479,866	-	-	-	-	-
Construction in progress	-	146,665	-	-	-	10,378,273	4,036,352	-	-
Buildings	14,138,362	5,761,355	134,434	45,890,585	14,387,716	63,112,707	-	3,779,851	-
Equipment and furniture	5,477,249	2,717,435	3,005,510	-	1,086,411	87,534	-	682,258	-
Infrastructure and other improvements	-	1,070,232	-	1,690,361	438,147	-	-	2,793,329	-
Works of Art	-	-	-	-	46,137	-	-	-	-
Less accumulated depreciation	(37,610,162)	(23,758,883)	(1,498,457)	(11,970,192)	(9,901,731)	(13,314,988)	-	(3,527,074)	-
Total non-current assets	19,774,096	8,984,808	1,641,487	50,246,717	7,046,495	64,442,899	25,771,700	7,471,150	60,000
Total assets	19,898,962	9,905,701	3,078,473	55,906,865	12,492,854	64,811,647	26,180,880	8,007,700	855,134

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Position – Proprietary Funds
June 30, 2014
(continued)

	Business-type Activities - Enterprise Funds								Governmental Activities - Internal Service Funds
	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Municipal Authority	Community Center Trust Authority	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	
LIABILITIES									
Current liabilities:									
Accounts payable	\$ 187,584	57,820	36,380	-	59,892	1,251,767	1,285,777	71,184	2,950,404
Accrued personnel expenses	33,227	124,497	106,152	-	600	-	-	23,158	287,634
Accrued interest payable	-	-	-	480,088	-	-	409,180	-	889,268
Deposit liability	-	-	-	1,128,081	5,645	-	-	-	1,133,726
Advanced revenue	-	-	-	-	-	-	-	4,339	4,339
Net OPEB obligation	8,064	26,939	25,365	-	-	-	-	2,138	62,506
Underfunded pension liability	7,359	24,947	24,809	-	-	-	-	3,290	60,405
Claims and judgments	320,373	61,028	57,985	-	-	-	-	850	440,236
Other payables	-	-	-	-	-	-	74,326	109,094	183,420
Bonds, notes and loans payable	-	-	-	1,869,843	-	847,425	-	93,000	2,810,268
Total current liabilities	556,607	295,231	250,691	3,478,012	66,137	2,099,192	1,769,283	307,053	8,822,206
Non-current liabilities:									
Deferred inflows of resources	-	-	-	-	-	-	-	779,654	779,654
Bonds, notes and loans payable	-	-	-	42,882,689	-	10,386,754	24,950,000	847,686	79,067,129
Total non-current liabilities	-	-	-	42,882,689	-	10,386,754	24,950,000	1,627,340	79,846,783
Total liabilities	556,607	295,231	250,691	46,360,701	66,137	12,485,946	26,719,283	1,934,393	88,668,989
NET POSITION									
Net investment in capital assets	19,797,293	8,955,286	1,466,435	4,062,657	7,046,495	49,792,083	(20,928,601)	4,324,479	74,516,127
Restricted for debt service	-	-	-	5,427,279	-	-	-	-	5,427,279
Restricted for other purposes	-	-	-	56,228	20,000	2,368,249	20,390,198	1,478,801	24,313,476
Unrestricted	(454,938)	655,184	1,361,347	-	5,360,222	165,369	-	270,027	7,357,211
Total net position	\$ 19,342,355	9,610,470	2,827,782	9,546,164	12,426,717	52,325,701	(538,403)	6,073,307	111,614,093
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 Position									(125,093)
Total Business-type net position per Government-wide financial statements									111,489,000

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds									Governmental
	Community								Activities -	
	Wastewater	Water	Solid	Bartlesville	Center	Bartlesville	Bartlesville	Other		Internal
	Fund	Fund	Waste	Municipal	Trust	Development	Education	Enterprise	Total	Service Funds
			Fund	Authority	Authority	Authority	Authority	Funds		
REVENUES:										
Charges for services	\$ -	-	4,664,349	12,727,370	466,047	748,562	-	1,218,865	19,825,193	3,061,640
Miscellaneous revenue	-	-	-	-	27,458	-	-	463,200	490,658	
Interest and investment revenue	-	-	-	-	-	-	-	49,550	49,550	
Total operating revenues	-	-	4,664,349	12,727,370	493,505	748,562	-	1,731,615	20,365,401	3,061,640
OPERATING EXPENSES:										
Personal services	967,643	2,198,392	1,633,754	-	579,213	-	-	709,044	6,088,046	2,421,358
Contractual services	2,077,630	262,552	748,301	3,277	352,581	5,455	9,500	148,202	3,607,498	396,815
Utilities	1,236	536,096	4,199	-	127,195	-	-	46,650	715,376	-
Repairs and maintenance	70,818	367,756	159,857	-	42,572	-	-	57,633	698,636	8,246
Other supplies and expenses	26,806	934,271	237,510	290,838	88,924	31	95,419	160,671	1,834,470	-
Programs	-	-	-	-	-	80,002	-	1,434,870	1,514,872	-
Depreciation	1,572,226	644,539	229,181	1,704,946	386,067	1,385,642	-	317,846	6,240,447	-
Total operating expenses	4,716,359	4,943,606	3,012,802	1,999,061	1,576,552	1,471,130	104,919	2,874,916	20,699,345	2,826,419
Operating income (loss)	(4,716,359)	(4,943,606)	1,651,547	10,728,309	(1,083,047)	(722,568)	(104,919)	(1,143,301)	(333,944)	235,221
NON-OPERATING REVENUES (EXPENSES):										
Interest and investment revenue (losses)	(1,247)	(1,096)	(1,790)	(8,114)	793,941	-	-	(244)	781,450	(784)
Sales and other miscellaneous taxes	-	-	-	-	-	-	-	878,608	878,608	-
Miscellaneous revenue	2,295	59,637	-	296,947	-	-	409,446	29,550	797,875	67,598
Grants and contributions	-	-	-	-	230,086	-	-	55,767	285,853	-
Interest expense	-	-	-	(1,672,577)	-	(216,880)	(842,930)	-	(2,732,387)	-
Total non-operating revenue (expenses)	1,048	58,541	(1,790)	(1,383,744)	1,024,027	(216,880)	(433,484)	963,681	11,399	66,814
Income (loss) before contributions and transfers	(4,715,311)	(4,885,065)	1,649,757	9,344,565	(59,020)	(939,448)	(538,403)	(179,620)	(322,545)	302,035
Capital asset transfers	1,128,781	226,576	404,232	-	-	-	-	104,698	1,864,287	-
Transfers in	4,179,420	7,184,042	-	199,412	299,410	3,892,908	-	55,375	15,810,567	-
Transfers out	(1,524,596)	(2,829,094)	(1,109,001)	(11,363,462)	-	-	-	(3,892,908)	(20,719,061)	-
Special item - gain (loss) on sale of capital assets	-	26,698	461	-	-	-	-	-	27,159	-
Change in net position	(931,706)	(276,843)	945,449	(1,819,485)	240,390	2,953,460	(538,403)	(3,912,455)	(3,339,593)	302,035
Total net position - beginning	20,274,061	9,887,313	1,882,333	11,365,649	12,186,327	49,372,241	-	10,016,123	114,984,047	527,409
Prior period adjustment	-	-	-	-	-	-	-	(30,361)	(30,361)	-
Total adjusted net position - beginning	20,274,061	9,887,313	1,882,333	11,365,649	12,186,327	49,372,241	-	9,985,762	114,953,686	527,409
Total net position - ending	\$ 19,342,355	9,610,470	2,827,782	9,546,164	12,426,717	52,325,701	(538,403)	6,073,307	111,614,093	829,444
Change in net position per above									(3,339,593)	
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.									40,973	
Change in Business-type Activities in Net Assets per Government-wide Financial Statements									(3,298,620)	

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds								Total	Governmental Activities - Internal Service Funds
	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Municipal Authority	Community Center Trust Authority	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers	\$ 835	-	4,555,247	12,363,612	525,245	748,562	-	2,341,359	20,534,860	3,061,640
Receipts from investments	-	-	-	-	-	-	-	696	696	-
Payment for incentives and operations	-	-	-	-	-	-	-	(532,103)	(532,103)	-
Payments to suppliers	(2,013,633)	(2,261,014)	(1,148,107)	(623,098)	(593,327)	(85,488)	(28,800)	(1,233,146)	(7,986,613)	(2,886,612)
Payments to employees	(642,895)	(2,231,062)	(1,785,770)	-	(581,491)	-	-	(604,041)	(5,845,259)	-
Net cash provided (used) by operating activities	(2,655,693)	(4,492,076)	1,621,370	11,740,514	(649,573)	663,074	(28,800)	(27,235)	6,171,581	175,028
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Other income	2,295	59,637	-	296,947	230,086	-	265	17,021	606,251	67,658
Intergovernmental income	-	-	-	-	-	-	-	55,767	55,767	-
Interfund transfers in (out)	3,783,605	4,581,524	(704,769)	(10,914,050)	296,559	1,142,961	-	(982,886)	(2,797,056)	-
Net cash provided (used) by noncapital financing activities	3,785,900	4,641,161	(704,769)	(10,617,103)	526,645	1,142,961	265	(910,098)	(2,135,038)	67,658
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(1,128,782)	(166,347)	(403,772)	-	(96,491)	(9,637,019)	(2,752,367)	(182,753)	(14,367,531)	-
Proceeds from sale of debt	-	-	-	-	-	7,626,377	24,950,000	-	32,576,377	-
Principal paid on capital debt	-	-	-	(1,248,152)	-	-	-	(93,671)	(1,341,823)	-
Interest paid on capital debt	-	-	-	(1,680,306)	-	(216,880)	(433,750)	(61,018)	(2,391,954)	-
Net cash provided (used) by capital and related financing activities	(1,128,782)	(166,347)	(403,772)	(2,928,458)	(96,491)	(2,227,522)	21,763,883	(337,442)	14,475,069	-

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2014
(continued)

	Business-type Activities - Enterprise Funds									Governmental Activities- Internal Service Funds
	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Municipal Authority	Community Center Trust Authority	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	Total	
CASH FLOWS FROM INVESTING ACTIVITIES										
Investment income (loss)	(1,247)	(1,096)	(1,790)	(8,113)	352,149	-	-	(939)	338,964	(784)
Purchase of investments	-	-	(461,376)	-	(803,913)	-	-	-	(1,265,289)	-
Sale of investments	-	26,670	-	2,006,457	777,839	-	-	-	2,810,966	171,757
Net cash provided (used) by investing activities	(1,247)	25,574	(463,166)	1,998,344	326,075	-	-	(939)	1,884,641	170,973
Net increase (decrease) in cash and cash equivalents	\$ 178	8,312	49,663	193,297	106,656	(421,487)	21,735,348	(1,275,714)	20,396,253	413,659
Cash and cash equivalents, beginning of year	72,772	-	-	230,498	94,855	1,694,141	-	3,056,749	5,149,015	280,659
Cash and cash equivalents, end of year	\$ 72,950	8,312	49,663	423,795	201,511	1,272,654	21,735,348	1,781,035	25,545,268	694,318
OPERATING ACTIVITIES										
Operating income (loss)	\$ (4,716,359)	(4,943,606)	1,651,547	10,728,309	(1,083,047)	(722,568)	(104,919)	(251,468)	557,889	235,221
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:										
Depreciation and amortization expense	1,572,226	644,539	229,181	1,704,946	386,067	1,385,642	-	321,581	6,244,182	-
(Increase) decrease in accounts receivable	835	(418)	(109,102)	(401,695)	31,740	-	-	(193,448)	(672,088)	-
(Increase) decrease in inventories	(24,301)	(130,875)	-	-	-	-	-	-	(155,176)	-
(Increase) decrease in prepaid expenses	-	-	-	-	-	-	-	4,244	4,244	-
Increase (decrease) in accounts payable	187,158	(29,046)	1,760	(291,046)	8,344	-	76,119	90,799	44,088	(60,193)
Increase (decrease) in advanced revenue	-	-	-	-	5,645	-	-	(945)	4,700	-
Increase (decrease) in payroll liabilities	324,748	(32,670)	(152,016)	-	1,678	-	-	2,002	143,742	-
Total adjustments	2,060,666	451,530	(30,177)	1,012,205	433,474	1,385,642	76,119	224,233	5,613,692	(60,193)
Net cash provided (used) by operating activities	\$ (2,655,693)	(4,492,076)	1,621,370	11,740,514	(649,573)	663,074	(28,800)	(27,235)	6,171,581	175,028

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Statement of Net Position – Fiduciary Funds
June 30, 2014

	<u>M ausoleum Endowment</u>	<u>Housing TIF Districts</u>	<u>BRTA Pass Through</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 10,700	47,690	12,113
Investments	-	200,000	-
Taxes receivable	-	119,296	9,649
Other receivables	17	393	-
Total assets	<u>10,717</u>	<u>367,379</u>	<u>21,762</u>
<u>LIABILITIES</u>			
Refunds payable and other liabilities	-	340,357	12,113
Total liabilities	<u>-</u>	<u>340,357</u>	<u>12,113</u>
<u>NET POSITION</u>			
Held in trust for benefits and other purposes	\$ <u>10,717</u>	<u>27,022</u>	<u>9,649</u>
Total net position	<u>10,717</u>	<u>27,022</u>	<u>9,649</u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE

Statement of Changes in Fiduciary Net Position – Fiduciary Funds For the Fiscal Year Ended June 30, 2014

	<u>Mausoleum Endowment</u>	<u>TIF Districts</u>	<u>BRTA TIF Pass Through</u>
ADDITIONS:			
Property taxes for specific purposes	\$ -	335,357	51,547
Sales and miscellaneous taxes	-	5,818	232,794
Investment earnings (losses)	(40)	163	-
Total additions	<u>(40)</u>	<u>341,338</u>	<u>284,341</u>
DEDUCTIONS:			
General government	-	311	286,348
Interest expense	-	114,865	-
Principal payments	-	220,492	-
Total deductions	<u>-</u>	<u>335,668</u>	<u>286,348</u>
Change in net position	(40)	5,670	(2,007)
Net position - beginning	<u>10,757</u>	<u>21,352</u>	<u>11,656</u>
Net position - ending	<u><u>\$ 10,717</u></u>	<u><u>27,022</u></u>	<u><u>9,649</u></u>

See accompanying notes to the financial statements

CITY OF BARTLESVILLE
Notes to Basic Financial Statements – Index
June 30, 2014

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CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. INTRODUCTION

The financial statements of the *City of Bartlesville, Oklahoma* (the City) are prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) and Generally Accepted Governmental Accounting Principals promulgated by the Governmental Accounting Standards Board (GASB). The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.B. FINANCIAL REPORTING ENTITY

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

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(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 in accordance with GASB 61 as shown in the following table:

Blended Component Units Reported with the Primary Government	Brief Description of Activity's 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.	Enterprise Fund
Bartlesville Library Trust Authority	Encourage, finance and promote the public library. The City Council appoints members of the Trust Authority Board. City employees manage trust assets and provide services to citizens.	Special Revenue Fund
Bartlesville History Museum Trust Authority	Establish, improve, maintain, administer and operate facilities for use as a history museum. Their Board consists of nine members, one of whom must be a member of the City Council. Members are appointed by the Mayor with the approval of City Council.	Special Revenue Fund
Adult Center Trust Authority	Encourage, finance and promote cultural and recreational activities for the older citizens of Bartlesville. Their Board consists of six members appointed by the City Council. (Classified as Governmental Special Revenue prior to July 1, 2010)	Enterprise Fund

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.B. FINANCIAL REPORTING ENTITY (continued)

Blended Component Units Reported with the Primary Government	Brief Description of Activity's Relationship to City	Reporting Funds
Bartlesville Redevelopment Trust Authority	Develop, redevelop, restore and beautify a certain portion of central Bartlesville, Oklahoma jurisdictional boundaries. (Classified as Discretely Presented prior to July 1, 2010)	Enterprise Fund
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.	Enterprise Fund
Bartlesville Development Authority	Finances certain facilities for the purpose of promoting economic development in the <i>City of Bartlesville, Oklahoma</i> and surrounding areas.	Enterprise Fund
Bartlesville Education Authority	Finances certain facilities for the purpose of improving educational buildings in the <i>City of Bartlesville, Oklahoma</i> and surrounding areas.	Enterprise Fund

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION

Government-wide Financial Statements:

The statement of net position 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 non-exchange revenues. Business type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between the expenses and program revenues directly associated with the different governmental functions and business-type activities to arrive at the net revenue or expense of the function or activity prior to the use of taxes and other general revenues. Program revenues include (1) fees, fines, and service charges generated by the program or activity, (2) operating grants and contributions that are restricted to meeting the operational requirements of the program or activity, and (3) capital grants and contributions that are restricted to meeting the capital requirement of the program or activity. The policy for allocating indirect expenses to functions is on a percentage basis.

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

- 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.
- c. A fund not meeting the criteria of (a) or (b) except that management has elected to report the fund as a major fund due to its significance to the users of the financial statements.

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.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Non-operating revenues of the proprietary funds include such items as investment earnings, interest expense and subsidies.

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>
Workers' Compensation	Accounts for the revenues and expenditures of the City's workers' compensation plan.
Health Insurance	Accounts for the revenues and expenditures of the City's health insurance plan.
Auto Collision Insurance	Accounts for the revenues and expenditures of the City's auto insurance plan.
Stabilization Reserve	Accounts for the funds set aside to be used only in certain limited and unusual circumstances.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

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.

Fund

Mausoleum Endowment Fund

Brief Description

Accounts for the revenue and expenditures of the mausoleum. Comprised initially of monies on deposit for the mausoleum's care when the City accepted the mausoleum.

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.

Fund

Housing TIF Districts Fund

Brief Description

Accounts for ad valorem and general sales taxes that are to be used to fund infrastructure improvements to the designated Tax Increment Financing (TIF) areas.

BRTA Pass Through Fund

Accounts for sales taxes and hotel/motel taxes that are to be passed through to the BRTA as part of existing TIF structures.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

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 Fund	See above for description.
Special Revenue Fund:	
Debt Service Fund	See above for description.
Capital Project Fund:	
Capital Improvement Sales Tax Fund	Accounts for revenues and expenditures related to a sales tax issue restricted for capital improvements
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.
Bartlesville Community Center Trust Authority	See above for description.
Bartlesville Development Authority	See above for description.
Bartlesville Education Authority	See above for description.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major:	
Special Revenue Funds:	
Bartlesville History Museum Trust Authority	See above for description.
E-911 Fund	Accounts for revenues and expenditures of the E-911 service that is legally restricted for public safety use.
Special Library Fund	Accounts for State Library Assistance and library donations which are provided to the library for operations.
Special Museum Fund	Accounts for museum grants and donations that are provided primarily by the BHMTA.
Economic Development Fund	Accounts for revenues and expenditures of promoting economic diversification.
Bartlesville Library Trust Authority	See blended component units above for description.
Restricted Donations Fund	Accounts for receipts and expenditures of donations that are restricted for specific purposes.
Municipal Airport Fund	See above for description.
Harshfield Library Donation Fund	Accounts for receipts and expenditures related to the Harshfield library donation.
Golf Course Memorial Fund	Accounts for donations and proceeds of an annual memorial golf tournament.
Justice Assistance Grant Fund (JAG)	Accounts for revenues and expenditures related to the Justice Assistance Grant.
Police Grant Fund	Accounts for revenues and expenditures related to grants.
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.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major: (continued)	
Capital Project Funds:	
Capital Improvement - Wastewater Fund	Accounts for the revenues and expenditures associated with improving the wastewater system.
Capital Improvement – Wastewater Regulatory Fund	Accounts for revenues and expenditures associated with the wastewater capital investment fees.
Capital Improvement – City Hall Fund	Accounts for revenues and expenditures associated with improving City Hall.
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 the series 2005 G.O. Bond.
2007 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2007 G.O. Bond.
2008A G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2008A G.O. Bond.
2008B G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2008B G.O. Bond.
2009 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2009 G.O. Bond.
2010 G.O. Bonds Fund	Accounts for bond proceeds and expenditures associated with the series 2010 G.O. Bond.
2012 G.O. Bonds Fund	Accounts for bond proceeds and expenditures associated with the series 2012 G.O. Bond.
2014 G.O. Bonds Fund	Accounts for bond proceeds and expenditures associated with the series 2014 G.O. Bond.
Capital Reserve Fund	Accounts for proceeds and expenditures associated with the City's capital reserve ordinance.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.C. BASIS OF PRESENTATION (continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major: (continued)	
Proprietary Funds:	
Adams Municipal Golf Course	Accounts for revenues and expenses of the municipal golf course.
Sooner Pool	Accounts for revenues and expenses of Sooner Pool.
Frontier Pool	Accounts for revenues and expenses of Frontier Pool.
Adult Center Trust Authority	See above for description.
Bartlesville Redevelopment Trust Authority	See above for description.
Bartlesville Development Corporation	See above for description.

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 Position 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:

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Measurement Focus (continued)

- 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 position.
- 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 position.
- 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 Position 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.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Basis of Accounting (continued)

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.

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 Position. See Note 6 for details of interfund transactions, including receivables and payables at year-end.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings comprise the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

Deposit with Third-Party Administrator

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. Inventories for all other funds are insignificant and purchases of such items are expensed.

Deferred Outflows of Resources:

Deferred outflows are the consumption of net position that are applicable to a future reporting period. At June 30, 2014 the City has deferred outflows of resources related to the BRTA's Series 2009B development and financing assistance agreement.

Deferred Inflows of Resources:

Deferred inflows are the acquisition of net position that are applicable to a future reporting period. At June 30, 2014 the City has deferred inflows of resources related to the BRTA's Series 2009B note payable.

Arbitrage Rebate:

The proceeds from the City's tax exempt bond issues are subject to arbitrage rebate laws under the Internal Revenue Code. This arbitrage rebate limits the earnings on investment of tax exempt proceeds in non-purpose investments. The City had no arbitrage rebate liability at June 30, 2014.

Fixed Assets

The accounting treatment of 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, 2014
(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 preceding 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 Position. Depreciation is recorded 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

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 in the same manner as in the government-wide statements.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Assets

Restricted assets include cash and investments 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 workers' 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 funds is the same in the fund statements as it is in the government-wide statements.

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 credited to a corresponding liability in the applicable fund or component unit. The estimated liabilities include required salary-related payments.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Equity Classifications

Government-wide Statements

Equity is classified as net position 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 position – consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, (2) law through constitutional provisions or enabling legislation, or (3) external contracts.
- c. Unrestricted net position – all other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- a. Non-spendable – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Equity Classifications (continued)

Governmental Fund Financial Statements (continued)

b. Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purpose specified by the legislation.

c. Committed – The committed fund balance classification includes amounts that can be used only for specific purposes imposed by (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with those constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

d. Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter, ordinance or resolution.

e. Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within the unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

1.F. REVENUES, EXPENDITURES AND EXPENSES

Sales Tax

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(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. Property taxes unpaid are attached by an enforceable lien on the property the day after the due date. The Treasurer of Washington County bills and collects the property taxes and remits to the City its portion in the month following collection. 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 is allocated to the General Fund. The 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".

Income Taxes

As a municipal government, the income of the City and its public authorities, which is derived from the exercise of any essential governmental function, is not subject to federal or state income taxes.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(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.

1.G. STABILIZATION RESERVE FUND

On March 21, 2011 the City Council adopted an ordinance which established requirements for a stabilization reserve. This ordinance requires that the General Fund, Water Operating Fund, Wastewater Operating Fund, and Sanitation Fund set aside a certain amount each year which will be committed for the purpose of stabilization.

The ordinance also established a minimum and maximum amount that must be set aside for this purpose. The amount committed for stabilization for each fund should be between 16% and 35% of budgeted annual non-capital operating expenses. If the amounts committed for stabilization are less than the minimum required amounts, then 2% of budgeted annual non-capital operating expenses must be set aside each year until such minimum is met.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.G. STABILIZATION RESERVE FUND (continued)

Amounts committed for stabilization may be used only in certain limited and unusual circumstances that must be declared to exist by a 4/5th's majority of the City Council. The circumstances differ depending on whether the amounts to be used are in excess of the minimum required balance or below this level.

For amounts in excess of the minimum required balances, one of the following criteria must be declared by the City Council:

- i. Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists;
- ii. Situations where a significant revenue decline arises that could not have reasonably been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining existing service levels;
- iii. Correcting the results of an inaccurate estimate, accounting error, or budgeting error;
- iv. Expenditures where the proposed use is of a nonoperational nature involving capital or technical purchases having a useful life of greater than five years that will improve the efficiency of the City government. These efficiency improvements should result in tangible benefits that can be measured financially, through better service to the citizens, or in increased productivity for City employees;
- v. Expenditures where the proposed use is of a nonrecurring nature, such as a study, start-up costs of a program whose ongoing costs are otherwise funded, or matching funds for a grant. These expenditures should result in tangible benefits that can be measured financially, through better service to the citizens, or in increased productivity for City employees.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.G. STABILIZATION RESERVE FUND (continued)

For amounts that are below the minimum required balances, one of the following criteria must be declared by the City Council:

- i. Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists;
- ii. Situations where a significant revenue decline arises that could not have reasonably been foreseen, and for which new revenue is not available and transfers of existing appropriations are not considered feasible or appropriate in maintaining exiting service levels;
- iii. Correcting the results of an inaccurate estimate, accounting error, or budgeting error.

As of June 30, 2014, the City had the following balances committed for stabilization:

	Amount Committed for Stabilization	Original Budgeted Operating Expenses	Stabilization as % of Budgeted Expenses
General	\$ 1,787,127	19,688,003	9.1%
Wastewater	313,709	2,885,725	10.9%
Water	627,714	1,837,620	34.2%
Sanitation	422,451	3,239,167	13.0%
	<u>\$ 3,151,001</u>	<u>27,650,515</u>	<u>11.4%</u>

1.H. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.I. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations.

1.J. DEFICIT FUND BALANCES OR NET POSITION

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund of the City (excluding public trusts). At June 30, 2014, the Bartlesville Education Authority reported a deficit net position of \$538,403. This deficit is related to the issuance of debt in the BEA for the purpose of constructing education facilities. It is anticipated that this deficit will last until lease payments are received from the Bartlesville Public School District which will be used to service this debt. There were no other individual deficit fund balances.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 2 – DEPOSITS, INVESTMENTS AND COLLATERAL

The following is a table of deposits and investments of the City at June 30, 2014 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	27,265,689	27,265,689		
Time Deposits	N/A	15,618,407		7,897,140	7,721,267
Total Deposits		<u>42,886,871</u>			
Investments:					
Corporate Stocks and Bonds					
Community Center	N/A	4,312,935			
Library Trust Authority	AAAAA	15,963			
Agencies of the U.S Govt.					
GNMA/FHLB/FNMA/FFCR	AAA	17,379,466			
Mutual Funds					
Library Trust Authority	AAA-AAAAA	<u>1,226,863</u>			
Total Investments:		<u>22,935,227</u>			
Note Payments held in trust and cash with fiscal agent		363,447			
Total:		<u>\$ 66,185,545</u>	<u>27,268,464</u>	<u>7,897,140</u>	<u>7,721,267</u>
Reconciliation to Statement of Net Position:					
Cash and Cash Equivalents:					
Government-wide		\$ 2,593,407			
TIF Districts		59,803			
Mausoleum		10,700			
Investments:					
Government-wide		37,533,308			
TIF Districts		200,000			
Restricted Cash and Cash Equivalents:					
Government-wide		24,688,327			
Restricted Investments:					
Government-wide		<u>1,100,000</u>			
Total:		<u>\$ 66,185,545</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, 2014
(continued)

NOTE 3 – CAPITAL ASSETS

3.A. CAPITAL ASSET ACTIVITY – GOVERNMENTAL ACTIVITIES

Capital asset activity for governmental activities for the year ended June 30, 2014 was as follows:

Governmental Activities					
Class	Ending Balance June 30, 2013	Additions	Deletions	Transfers	Ending Balance June 30, 2014
Capital assets, not being depreciated:					
Land	\$ 3,360,533	25,162	-	-	3,385,695
Construction in progress	6,723,504	5,473,149	(9,350,028)	-	2,846,625
Total capital assets, not being depreciated	10,084,037	5,498,311	(9,350,028)	-	6,232,320
Capital assets, being depreciated:					
Infrastructure and improvements	86,485,251	9,336,948	-	(1,351,425)	94,470,774
Buildings	13,063,014	146,866	-	-	13,209,880
Equipment and furniture	11,495,585	1,782,469	(265,933)	(532,022)	12,480,099
Total capital assets, being depreciated	111,043,850	11,266,283	(265,933)	(1,883,447)	120,160,753
Less accumulated depreciation for:					
Infrastructure and improvements	(29,386,439)	(2,734,542)	-	-	(32,120,981)
Buildings	(6,305,180)	(507,588)	-	-	(6,812,768)
Equipment and furniture	(8,322,577)	(606,866)	263,863	19,160	(8,646,420)
Total accumulated depreciation	(44,014,196)	(3,848,996)	263,863	19,160	(47,580,169)
Total capital assets, being depreciated, net	67,029,654	7,417,287	(2,070)	(1,864,287)	72,580,584
Governmental activities capital assets, net	\$ 77,113,691	12,915,598	(9,352,098)	(1,864,287)	78,812,904

On October 16, 2010, the BDC received a quit-claim deed from the City of Bartlesville for the Sunset Industrial Park. The land was given to the BDC on a condition that they would maintain, insure, and market it as a possible location for local business development. With the quit-claim deed, the Bartlesville City Council has the right to ask for the return of the deed and the property after twelve months. As of May 20, 2015, the Council has not requested the return of the land.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 3 – CAPITAL ASSETS (continued)

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

Capital asset activity for business-type activities for the year ended June 30, 2014, was as follows:

Class	Business-type Activities				Ending Balance June 30, 2014
	Ending Balance June 30, 2013	Additions	Deletions	Transfers	
Capital assets, not being depreciated:					
Land	\$ 4,515,639	1	-	-	4,515,640
Works of Art	46,137	-	-	-	46,137
Construction in progress	949,984	13,673,370	(62,064)	-	14,561,290
Total capital assets, not being depreciated	5,511,760	13,673,371	(62,064)	-	19,123,067
Capital assets, being depreciated:					
Infrastructure and improvements	77,718,986	75,770	-	1,351,425	79,146,181
Buildings	147,078,306	126,704	-	-	147,205,010
Equipment and furniture	12,915,300	600	(391,525)	532,022	13,056,397
Total capital assets, being depreciated	237,712,592	203,074	(391,525)	1,883,447	239,407,588
Less accumulated depreciation for:					
Infrastructure and improvements	(40,083,447)	(2,042,923)	-	-	(42,126,370)
Buildings	(46,483,032)	(3,763,538)	-	-	(50,246,570)
Equipment and furniture	(9,146,927)	(433,986)	391,526	(19,160)	(9,208,547)
Total accumulated depreciation	(95,713,406)	(6,240,447)	391,526	(19,160)	(101,581,487)
Total capital assets, being depreciated, net	141,999,186	(6,037,373)	1	1,864,287	137,826,101
Business-type capital assets	\$ 147,510,946	7,635,998	(62,063)	1,864,287	156,949,168

3.C. DEPRECIATION CHARGES

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

Functional Category	Amount
General Government	\$ 768,628
Public Safety	417,954
Public Works	2,204,107
Culture and Recreation	458,307
Total depreciation	\$ 3,848,996

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 4 – CAPITAL LEASES

In July 2013, the City entered into a capital lease agreement with Syneco Systems, Inc. for the use of an odor scrubber at the City's Shawnee Lift Station. The lease term was for 2 years at a cost of \$12,651 with the total amount due at lease signing. This asset has been recorded as Equipment in the City's capital assets in the Wastewater Fund with a useful life equal to the 2 year lease term. Amortization is recorded with accumulated depreciation and depreciation expense. There is no bargain purchase provision and the City does not have the option to retain possession of the scrubber at lease termination.

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

	General Obligation Bonds Payable	Notes Payable	Workers' Comp Claims Liability	Accrued Compensated Absences	Total
Long-term debt, July 1, 2013	\$ 16,210,000	51,647,199	988,695	821,304	69,667,198
Debt issued	1,500,000	31,572,021	676,080	37,716	33,785,817
Debt retired	<u>(2,700,000)</u>	<u>(1,341,823)</u>	<u>(463,382)</u>	<u>-</u>	<u>(4,505,205)</u>
Long-term debt, June 30, 2014	<u>\$ 15,010,000</u>	<u>81,877,397</u>	<u>1,201,393</u>	<u>859,020</u>	<u>98,947,810</u>
Amount due in one year	<u>\$ 3,030,000</u>	<u>2,810,269</u>	<u>1,201,393</u>	<u>859,020</u>	<u>7,900,682</u>

**5.A. GENERAL OBLIGATION BONDS TO BE REPAID THROUGH
GOVERNMENTAL TYPE ACTIVITY**

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

General obligation bonds payable at June 30, 2014, are comprised of the following issues:

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 5 – LONG-TERM DEBT (continued)

5.A. GENERAL OBLIGATION BONDS TO BE REPAID THROUGH GOVERNMENTAL TYPE ACTIVITY (continued)

On June 1, 2014, \$1,500,000 General Obligation Bonds, Series 2014, serial bonds due in annual installments of \$165,000, except for a final installment of \$180,000 through June 1, 2024; semi-annual interest at rates varying from 1% to 2.15%.	Current	\$ -
	Long-term	<u>1,500,000</u>
	Total	<u>1,500,000</u>
On November 1, 2012, \$3,000,000 General Obligation Bonds, Series 2012, serial bonds due in annual installments of \$330,000, except for a final installment of \$360,000 through November 1, 2022; semi-annual interest at rates varying from 1.8% to 1.05%.	Current	330,000
	Long-term	<u>2,670,000</u>
	Total	<u>3,000,000</u>
On December 1, 2010, \$5,000,000 General Obligation Bonds, Series 2010, serial bonds due in annual installments of \$710,000, except for a final installment of \$740,000 through December 1, 2018; semi-annual interest at rates varying from 2.15% to .75%.	Current	710,000
	Long-term	<u>2,870,000</u>
	Total	<u>3,580,000</u>
On September 1, 2009, \$3,000,000 General Obligation Bonds Series 2009, due in annual installments of \$330,000 through September 1, 2020; semi-annual interest at rates varying from 2.7% to 5.7%.	Current	330,000
	Long-term	<u>1,680,000</u>
	Total	<u>2,010,000</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 2.7% to 5.7%.	Current	220,000
	Long-term	<u>900,000</u>
	Total	<u>1,120,000</u>
On June 1, 2008, \$3,000,000 General Obligation Bonds, Series 2008A, due in annual installments of \$340,000, except for a final installment of \$380,000 through June 1, 2018; semi-annual interest at rates varying from 2.7% to 4.75%.	Current	440,000
	Long-term	<u>1,360,000</u>
	Total	<u>1,800,000</u>
On April 1, 2007, \$3,500,000 General Obligation Bonds, Series 2007, 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%.	Current	500,000
	Long-term	<u>1,000,000</u>
	Total	<u>1,500,000</u>
On May 1, 2005, \$3,500,000 General Obligation Bonds, Series 2005, 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%.	Current	500,000
	Long-term	<u>-</u>
	Total	<u>500,000</u>
Total current portion		3,030,000
Total long-term portion		<u>11,980,000</u>
Total general obligation bonds		<u>\$ 15,010,000</u>

5.B NOTES PAYABLE TO BE REPAID BY BUSINESS-TYPE ACTIVITY

Notes payable at June 30, 2014 are comprised of the following obligations:

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 5 – LONG-TERM DEBT (continued)

5.B NOTES PAYABLE TO BE REPAID BY BUSINESS-TYPE ACTIVITY
(continued)

Note payable by the BMA 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 March 15, 2022.

Current	\$ 38,133
Long-term	<u>266,930</u>
Total	<u>305,063</u>

Note payable by the BMA 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 March 15, 2024.

Current	36,300
Long-term	<u>326,703</u>
Total	<u>363,003</u>

Note payable by the BMA to the Oklahoma Water Resources Board, proceeds of \$552,498 were used to refinance an interim construction loan on March 31, 2004, principle payments of \$13,812 are due semi-annually starting September 15, 2004. This note bears no interest but is subject to a 1/2% administrative fee. The note will mature March 15, 2024.

Current	27,625
Long-term	<u>248,624</u>
Total	<u>276,249</u>

Note payable by the BMA to Bank of America proceeds of \$3,030,000 were used to refinance three variable interest rate loans with Oklahoma Water Resources Board to a fixed interest rate of 3.8% per annum on March 1, 2005. Principal and interest are due semiannually starting on October 1, 2005. Principal payments range from \$130,000 to \$175,000. This note matures March 1, 2015.

Current	350,000
Long-term	<u>-</u>
Total	<u>350,000</u>

Note payable by the BMA to the Oklahoma Water Resources Board, proceeds of \$30,445,000 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	1,010,000
Long-term	<u>34,515,000</u>
Total	<u>35,525,000</u>

Note payable by the BMA to Oklahoma Water Resources Board. proceeds of \$5,330,688 were used to finance construction improvements to the drinking water system on September 1, 2009. This note bears interest at a rate of 2.77% per annum. Principal and interest are due semiannually starting March 15, 2011. The note will mature on September 15, 2030.

Current	218,794
Long-term	<u>4,497,613</u>
Total	<u>4,716,407</u>

Note payable by the BMA to Oklahoma Water Resources Board. proceeds of \$3,810,000 were used to finance construction improvements to the drinking water system on August 30, 2012, \$500,000 of principal forgiveness was received due to State/Federal green initiative grant bringing beginning balance to \$3,310,000. This note bears interest at a rate of 2.29% per annum. Principal and interest are due semiannually starting March 15, 2014. The note will mature on September 15, 2028.

Current	188,991
Long-term	<u>3,027,819</u>
Total	<u>3,216,810</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 5 – LONG-TERM DEBT (continued)

5.B NOTES PAYABLE TO BE REPAID BY BUSINESS-TYPE ACTIVITY
(continued)

Note titled Bartlesville Education Authority Lease Revenue Note, Series 2013 payable by the BEA to BOKF, proceeds of \$24,950,000 used to establish construction escrow account to finance construction improvements to Bartlesville High School and Central Middle School on November 1, 2013. Note bears interest at a rate of 2.46% per annum payable semi-annually beginning July 1, 2014. Principal payments are due in two installments. \$16,000,000 is payable July 1, 2019 and \$8,950,000 on July 1, 2020.

Current	-
Long-term	<u>24,950,000</u>
Total	<u>24,950,000</u>

Note payable by the BRTA to BancFirst proceeds of \$1,200,000 were used to finance costs associated with the construction of Downtown Bartlesville Hotel. Principal and interest are due annually on June 1st with a variable interest rate starting at 5.5%. The note will mature on June 1, 2022.

Current	93,000
Long-term	<u>847,686</u>
Total	<u>940,686</u>

Note payable by the BDA to Arvest proceeds of \$6,865,000 were used to finance costs associated with the construction of the original ABB facility in the Bartlesville Industrial Park with additional principal authorized on March 21, 2013 to be used to expand said facility with a total amount available of \$17,000,000. Principal and interest payments of \$55,613 are due monthly from March 15, 2013 through July 30, 2014 increasing to \$166,122 monthly starting December 15, 2014 through maturity with a variable interest rate indexed to Wall Street Prime on January 15th of each year (3.25% at June 30, 2014). The note will mature on March 15, 2023.

Current	847,426
Long-term	<u>10,386,753</u>
Total	<u>11,234,179</u>

Total current portion	2,810,269
Total long-term portion	<u>79,067,128</u>
Total notes payable	<u>\$ 81,877,397</u>

All of the City's notes with the OWRB have a debt coverage covenant of 125% of maximum annual debt service. As of June 30, 2014, the City fully complied with the requirement.

5.C. WORKERS' COMPENSATION CLAIMS LIABILITY

The City self-insures workers' compensation claims liability. The administration of claims for insurance is primarily performed by third party administrators. At June 30, 2014, the City's workers' compensation claims liability was \$1,201,393 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. \$761,157 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. \$440,236 is payable from the Proprietary Funds and is recorded in claims payable. Due to the uncertainty of when these liabilities will be paid, the entire amount is considered to be a component of the current portion of long-term debt. All court-ordered judgments are levied in accordance with State law over three years.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 5 – LONG-TERM DEBT (continued)

5.D. DEBT SERVICE REQUIREMENTS TO MATURITY

Excepting the BDA's note payable, the annual requirements to amortize long-term debt outstanding as of June 30, 2014, are as follows:

<u>Period</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	4,992,843	2,693,578	7,686,421
2016		4,366,001	2,436,347	6,802,348
2017		4,425,661	2,316,055	6,741,716
2018		4,025,111	2,190,639	6,215,750
2019		3,665,932	2,077,107	5,743,039
2020-2024		37,458,370	6,642,813	44,101,183
2025-2029		10,786,893	4,206,582	14,993,475
2030-2034		10,302,416	2,198,582	12,500,998
2035-2039		5,629,991	334,599	5,964,590
Total	\$	<u>85,653,218</u>	<u>25,096,302</u>	<u>110,749,520</u>

The estimated annual requirements to amortize the BDA's note payable, assuming that the full available balance of \$17,000,000 is drawn, are as follows:

<u>Period</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$	847,425	315,431	1,162,856
2016		1,490,583	502,885	1,993,468
2017		1,539,755	453,713	1,993,468
2018		1,590,549	402,919	1,993,468
2019		1,643,019	350,449	1,993,468
2020-2024		9,064,763	902,578	9,967,341
2025-2029		823,906	6,706	830,611
2030-2034		-	-	-
2035-2039		-	-	-
Total	\$	<u>17,000,000</u>	<u>2,934,681</u>	<u>19,934,680</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 6 – INTERFUND TRANSACTIONS

6.A. INTERFUND TRANSFERS

Transfers In				
Transfer to	Transfer From	Governmental	Business	Nature of Interfund Transaction
Adams Municipal Golf Course Fund	General Fund	\$	18,551	To subsidize the operations of the fund
Bartlesville Development Authority	Bartlesville Development Corporation		3,892,908	To transfer operations from BDC to BDA
Bartlesville History Museum Trust	General Fund	7,500		To refund excess transfers from previous years
BMA - General	CIP - Park and Recreation		30,588	Debt repayment
BMA - General	CIP - Sales Tax		17,295	Debt repayment
BMA - General	Neighborhood Park Fund		3,489	Debt repayment
BMA - Water	Wastewater Fund		148,040	Debt repayment
Capital Reserve Fund	Solid Waste Fund	260,000		Capital reserve fund established by Ordinance
Capital Reserve Fund	Wastewater Fund	550,000		Capital reserve fund established by Ordinance
Capital Reserve Fund	Water Fund	1,500,000		Capital reserve fund established by Ordinance
Community Center	General Fund		299,410	To subsidize the operations of the fund
E-911 Fund	General Fund	418,313		To subsidize the operations of the fund
Frontier Pool Fund	General Fund		14,381	To subsidize the operations of the fund
General Fund	Bartlesville History Museum Trust	625		To subsidize the operations of the fund
General Fund	Solid Waste Fund	768,841		To subsidize the operations of the fund
General Fund	Wastewater Fund	768,841		To subsidize the operations of the fund
General Fund	Water Fund	1,208,178		To subsidize the operations of the fund
Restricted Revenues	Cemetery Perpetual Care	11,086		Transfer prior years' donations
Sooner Pool Fund	General Fund		22,443	To subsidize the operations of the fund
Special Library Fund	Bartlesville Library Trust Authority	61,422		To subsidize the operations of the fund
Special Museum	Bartlesville History Museum Trust	10,000		To subsidize the operations of the fund
Stabilization Fund	General Fund	393,760		Stabilization reserve fund established by Ordinance
Stabilization Fund	Solid Waste Fund	80,160		Stabilization reserve fund established by Ordinance
Stabilization Fund	Wastewater Fund	57,715		Stabilization reserve fund established by Ordinance
Stabilization Fund	Water Fund	120,916		Stabilization reserve fund established by Ordinance
Wastewater Fund	BMA - Wastewater		4,179,420	To subsidize the operations of the fund
Water Fund	BMA - Water		7,184,042	To subsidize the operations of the fund
		\$ 6,217,357	15,810,567	

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 6 – INTERFUND TRANSACTIONS

6.A. INTERFUND TRANSFERS (continued)

Transfers Out				
Transfer to	Transfer From	Governmental	Business	Nature of Interfund Transaction
Bartlesville Development Authority	Bartlesville Development Corporation	\$	3,892,908	To transfer operations from BDC to BDA
General Fund	Bartlesville History Museum Trust	625		To subsidize the operations of the fund
Special Museum	Bartlesville History Museum Trust	10,000		To subsidize the operations of the fund
Special Library Fund	Bartlesville Library Trust Authority	61,422		To subsidize the operations of the fund
Wastewater Fund	BMA - Wastewater		4,179,420	To subsidize the operations of the fund
Water Fund	BMA - Water		7,184,042	To subsidize the operations of the fund
Restricted Revenues	Cemetery Perpetual Care	11,086		Transfer prior years' donations
BMA - General	CIP - Park and Recreation	30,588		Debt repayment
BMA - General	CIP - Sales Tax	17,295		Debt repayment
Adams Municipal Golf Course Fund	General Fund	18,551		To subsidize the operations of the fund
Bartlesville History Museum Trust	General Fund	7,500		To refund excess transfers from previous years
Community Center	General Fund	299,410		To subsidize the operations of the fund
E-911 Fund	General Fund	418,313		To subsidize the operations of the fund
Frontier Pool Fund	General Fund	14,381		To subsidize the operations of the fund
Sooner Pool Fund	General Fund	22,443		To subsidize the operations of the fund
Stabilization Fund	General Fund	393,760		Stabilization reserve fund established by Ordinance
BMA - General	Neighborhood Park Fund	3,489		Debt repayment
Capital Reserve Fund	Solid Waste Fund		260,000	Capital reserve fund established by Ordinance
General Fund	Solid Waste Fund		768,841	To subsidize the operations of the fund
Stabilization Fund	Solid Waste Fund		80,160	Stabilization reserve fund established by Ordinance
BMA - Water	Wastewater Fund		148,040	Debt repayment
Capital Reserve Fund	Wastewater Fund		550,000	Capital reserve fund established by Ordinance
General Fund	Wastewater Fund		768,841	To subsidize the operations of the fund
Stabilization Fund	Wastewater Fund		57,715	Stabilization reserve fund established by Ordinance
Capital Reserve Fund	Water Fund		1,500,000	Capital reserve fund established by Ordinance
General Fund	Water Fund		1,208,178	To subsidize the operations of the fund
Stabilization Fund	Water Fund		120,916	Stabilization reserve fund established by Ordinance
		\$	<u>1,308,863</u>	
			<u>20,719,061</u>	

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 6 – INTERFUND TRANSACTIONS (continued)

6.B. INTERFUND RECEIVABLES AND PAYABLES

<u>Interfund Payables</u>	<u>Bartlesville Community Center Authority</u>	<u>Cemetery Perpetual Care Fund</u>	<u>Payables Total</u>
General Fund	\$ 57,591	-	57,591
CDBG	-	3,773	3,773
Receivables total	<u>\$ 57,591</u>	<u>3,773</u>	<u>61,364</u>

NOTE 7 – RETIREMENT PLANS

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

7.A. DEFINED CONTRIBUTION PLAN

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

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.A. DEFINED CONTRIBUTION PLAN (continued)

Employee contributions are 3% mandatory pre-tax contributions called Government Pick-Up, up to additional 3% after-tax contributions which are eligible for Employer match (called Mandatory Contributions) and voluntary after-tax contributions up to the maximum annual contribution allowed by the Internal Revenue Service.

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

Employees direct how their money is invested.

Upon separation of employment and before vesting, an employee can receive a distribution of the employee contribution account balance (if any). After vesting, benefit payment options include the distribution of both the Employee and Employer contribution account balances and can be paid in any form designated by the participant.

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

For the fiscal year ended June 30, 2014 the City contributed \$82,718 to the plan.

7.B. OKLAHOMA MUNICIPAL RETIREMENT FUND – DEFINED BENEFIT 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.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS

7.B. OKLAHOMA MUNICIPAL RETIREMENT FUND – DEFINED BENEFIT PLAN (continued)

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 July 1, 1996 until July 1, 2006), participate in the Employee Retirement Plan. Employees had a onetime chance to change from the Defined Benefit Plan to the Defined Contribution plan in December 2009. Approximately 25% of the employees in the Defined Benefit Plan changed to the Defined Contribution Plan. The plan was funded through a Group Annuity Contract with Southwestern Life Insurance Company, through July 1, 1997. The City began participation in the Oklahoma Municipal Retirement Fund on July 1, 1997.

The number of Fund participants by category is as follows:

Terminated members entitled to but not yet receiving benefits	39
Retirees and beneficiaries currently receiving benefits	95
Fully vested employees	149
Non-vested employees	<u>4</u>
Total as of 1/1/14	<u>287</u>

City employees participating in the defined benefit plan become vested in retirement benefits upon completion of seven years of employment with 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 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 beginning at any age. 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, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.B. OKLAHOMA MUNICIPAL RETIREMENT FUND – DEFINED BENEFIT 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 are now required to contribute 3.0% of their pay. On January 1, 2010, the plan was revised. No new entrants may join the plan and the employee contribution rate increased to 6% of pay. Active participants were given a one-time election to opt out of the plan. Employees who opted out will continue to accrue service for eligibility as long as they remain employed, but will not accrue any benefits for service after January 1, 2010. Upon reaching age 65, the employee's retirement benefit is equal to 2.5% of their career average salary. 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 2012)
Retirement age	Rates by age
Turnover	Rates by age and service
Asset value	Actuarial method

The unfunded actuarial liability is being amortized over 27 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, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.B. OKLAHOMA MUNICIPAL RETIREMENT FUND – DEFINED BENEFIT PLAN (continued)

Schedule of employer and employee contributions per actual paid payroll based on actuary's percentage of payroll:

Fiscal Year	Required Contribution Rate	Annual Required Contribution	Annual Actual Contribution	Percentage Contributed
2012	24.54%	1,517,437	1,642,962	108%
2013	27.89%	1,493,850	1,599,365	107%
2014	26.06%	1,497,217	1,575,354	105%

OKLAHOMA MUNICIPAL RETIREMENT FUND - DEFINED BENEFIT RETIREMENT PLAN – SCHEDULE OF FUNDING PROGRESS

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

Actuarial Valuation Date		Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
1/1/05	\$	3,361,482	4,476,154	1,114,673	75.1%	6,019,000	18.5%
1/1/06		3,997,881	5,452,141	1,454,260	73.3%	5,743,064	25.3%
1/1/07		4,660,888	8,392,743	3,711,855	55.8%	7,439,181	49.9%
1/1/08		5,496,136	9,733,979	4,237,843	56.5%	7,130,565	59.4%
1/1/09		5,857,260	13,096,204	7,238,944	44.7%	7,708,287	93.9%
1/1/10		6,735,427	15,940,247	9,204,821	42.3%	6,824,433	134.9%
1/1/11		7,827,081	17,433,271	9,606,190	44.9%	6,185,093	155.3%
1/1/12		9,007,298	18,359,941	9,352,643	49.1%	5,925,252	157.8%
1/1/13		10,541,708	19,305,653	8,763,945	54.6%	5,698,170	153.8%
1/1/14		12,200,965	20,125,016	7,924,051	60.6%	5,654,082	140.1%

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.C. COST SHARING, MULTIPLE EMPLOYER PLANS

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

The Oklahoma Insurance Department made a contribution to the OPPRS of \$292,589 on behalf of the City's employed police officers who participate in the Oklahoma Police Pension & Retirement System. This was recorded as a miscellaneous revenue and public safety expense on the government-wide financial statements.

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, 2014, the System held no related party investments of the City or any of its entities.

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

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

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

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

As of June 30, 2014, 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.

	Police Pension System	Fire Pension System
City contribution as a percent of covered payroll	13%	14%
Employee contributions as a percent of covered payroll	8%	9%

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

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

Fiscal Year	Oklahoma Police Pension and Retirement System		Oklahoma Firefighters Pension and Retirement System	
	Required Contribution	Percentage Contributed	Required Contribution	Percentage Contributed
2012	293,535	100%	414,854	100%
2013	315,327	100%	428,813	100%
2014	333,842	100%	454,256	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, 2014. Copies of these reports may be obtained from the State Retirement System.

7.D. RETIREE MEDICAL PLAN

Plan Description: On July 1, 2006, the *City of Bartlesville* implemented a single employer Retiree Medical Plan 401(h) benefit. Eligible employees are retired from active service under the pension plan, having completed at least 20 continuous years of credited service.

Funding Policy: The plan pays 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. Service considered in determining this maximum benefit includes only service completed on or before January 1, 2010; credited service for determining benefit eligibility, however, is not so limited.

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, 2014 was \$90,775 per actual paid payroll based on actuarial percentages. Contributions paid were \$90,775.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.D. RETIREE MEDICAL PLAN (continued)

Annual OPEB Cost and Net OPEB Obligation – The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years on a level dollar method. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

OPEB liability (accrued actuarial liability) at July 1, 2013	\$ 744,477
Annual Amortization 28 years level payments	42,212
Annual Amortization 15 years gains and losses (level payments)	4,420
Normal Cost	<u>68,836</u>
Annual Required Contribution (ARC) (Normal Cost + amortization)	115,468
Interest on Net OPEB Obligation (NOO)	4,678
Amortization of NOO	<u>(74,721)</u>
Annual OPEB Cost	112,725
Employer contributions (expected claims less contributions)	<u>(25,387)</u>
Estimated NOO at end of year (June 30, 2014)	<u>\$ 196,122</u>

The City’s significant OPEB calculations for 2014 are as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>	<u>Annual Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>
2012	81,935	35.0%	53,378	698,862	698,862
2013	83,963	34.0%	108,784	740,434	740,434
2014	112,725	23.0%	196,122	744,477	744,477

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.D. RETIREE MEDICAL PLAN (continued)

Funded Status:

FUNDED STATUS AT THE END OF THE FISCAL YEAR

OPEB liability (Accrued Actuarial Liability) at July 1, 2013	\$ 744,477
Interest	32,013
Normal cost with interest	68,836
Claims net of retiree contributions	<u>(13,968)</u>
OPEB liability (Accrued Actuarial Liability) at June 30, 2014	\$ <u>831,358</u>

Actuarial Assumptions:

Discount rate	4.30%
Healthcare trend	7.35% in 2014 graded to 4.87% in 2060
Acceptance rate-medical (civilians)	50%
Spouse covered if retiree is covered	50%
Mortality	UP94p
Turnover and retirement rates	Experience

Actuarial Method:

The actuarial funding method chosen will determine the allocation of costs. For example, one method may allocate all costs between now and the time a member is fully eligible to retire whereas another method may allocate all costs between now and the time a member is expected to retire (several years after retirement eligibility). One method might allocate costs as a level dollar amount while another might allocate costs as a level percentage of payroll. Using a different method will provide slightly different results. In short, different methods will relatively frontload the costs or backload the costs.

GASB allows the selection of one of six different actuarial methods. The method selected for this report was Projected Unit Credit (PUC). This is the method required by FASB 106 in the private. PUC is known to backload costs compared with the Entry Age Normal cost method. This is reasonable to do for OPEB liabilities, which are "soft liabilities" because it allows for the realization of the assumptions before most payments are made.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 7 – RETIREMENT PLANS (continued)

7.D. RETIREE MEDICAL PLAN (continued)

GASB also allows for the selection of the amortization period (not to exceed thirty years). A longer amortization period means that the unfunded liability is being smoothed, and funded, over a longer period of time. This can be compared to a mortgage being paid off over a longer period of time (lower payments, but more interest). There are 28 years remaining for all level payments and 15 years remaining for gains and losses.

7.E. COMPONENT UNIT RETIREMENT PLANS

Effective July 1, 1997, Bartlesville Development Corporation (BDC) adopted the American Chamber of Commerce Executives (ACCE) 401(k) Plan as a vehicle to provide retirement plan benefits to BDC employees. In May 2005, the BDC 401(k) plan was combined with the Bartlesville Regional Chamber of Commerce plan to provide retirement benefits to all employees of the Chamber of Commerce. BDC will pay an amount equal to 4 percent of a qualified employee's annual salary and match an employee's contribution up to 1 percent of the employee's annual salary. During the fiscal years ending June 30, 2014, BDC paid a total of \$10,412 to the plan, which has been recorded as employee benefits in the statement of activities.

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, 2014, the employer contributed \$16,741 to the plan.

NOTE 8 – FUND BALANCES AND NET POSITION

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 8 – FUND BALANCES AND NET POSITION (continued)

	General Fund	Debt Service Fund	Capital Improvement Sales Tax Fund	Other Governmental Funds	Total
Fund balances:					
Non-spendable					
Inventory	\$ 80,026	-	-	-	80,026
Prepaid items	107,648	-	-	-	107,648
Restricted for:					
Debt service	-	2,250,983	-	-	2,250,983
CIP Sales tax	-	-	5,429,596	-	5,429,596
History museum	-	-	-	125,889	125,889
E-911	-	-	-	7,397	7,397
Special library	-	-	-	282,461	282,461
Special museum	-	-	-	119,319	119,319
Economic development	-	-	-	2,108,906	2,108,906
Library	-	-	-	1,373,382	1,373,382
Restricted revenues	-	-	-	206,201	206,201
Harshfield library donation	-	-	-	896,505	896,505
Justice assistance	-	-	-	41,538	41,538
Police grants	-	-	-	41,356	41,356
Neighborhood parks	-	-	-	2,426	2,426
Cemetery	-	-	-	72,821	72,821
CIP Parks & Recreation	-	-	-	149,717	149,717
CIP Wastewater	-	-	-	313,043	313,043
CIP Wastewater Regulatory	-	-	-	4,617,311	4,617,311
CIP Storm Sewer	-	-	-	35,829	35,829
CIP City Hall	-	-	-	243,792	243,792
Community Develop Grant	-	-	-	8	8
Capital reserve	-	-	-	2,337,904	2,337,904
2008B G.O. bonds	-	-	-	15,314	15,314
2009 G.O. bonds	-	-	-	11,902	11,902
2010 G.O. bonds	-	-	-	137,800	137,800
2012 G.O. bonds	-	-	-	602,784	602,784
2014 G.O. bonds	-	-	-	1,452,210	1,452,210
Committed to:					
Next year's budget	1,616,081	-	-	-	1,616,081
Stabilization reserve	3,151,001	-	-	-	3,151,001
Municipal airport	-	-	-	309,872	309,872
Golf course	-	-	-	22,404	22,404
Memorial stadium	-	-	-	6,541	6,541
Unassigned:	1,912,603	-	-	-	1,912,603
Total fund balances	\$ 6,867,359	2,250,983	5,429,596	15,534,632	30,082,570

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 8 – FUND BALANCES AND NET POSITION (continued)

Restricted net position as reported in the Statement of Net Position is comprised of the following:

	<u>Enabling Legislation</u>	<u>Statutory Requirement</u>	<u>External Contracts</u>
Restricted Net Position - Governmental Activities:			
Economic Development	\$ 2,108,906	-	-
E-911	7,397	-	-
Special Library	282,461	-	-
Special Museum	119,319	-	-
Municipal Airport	309,872	-	-
Bartlesville History Museum Trust Authority	125,889	-	-
Bartlesville Library Trust Authority	1,373,382	-	-
Restricted Revenues	-	-	206,201
Golf Course Memorial	-	-	22,404
Harshfield Library Donation	-	-	896,505
Justice Assistance Grant	-	41,538	-
Police Grants	-	41,356	-
Neighborhood Park	2,426	-	-
Cemetery Perpetual Care	-	72,821	-
Memorial Stadium Operations	-	6,541	-
Workers' Compensation	166,199	-	-
Health Insurance	371,491	-	-
Auto Collision Insurance	291,754	-	-
Stabilization Reserve	3,151,001	-	-
Debt Service	-	2,250,983	-
Capital Improvement Funds:			
Sales Tax Capital Improvement Fund	5,429,596	-	-
Park & Recreation Fund	149,717	-	-
Wastewater Fund	313,043	-	-
Wastewater Regulatory Fund	4,617,311	-	-
Storm Sewer Fund	35,829	-	-
CDBG Fund	-	8	-
City Hall	243,792	-	-
Capital Reserve Fund	2,337,904	-	-
General Obligation Bond Funds:			
2008B G.O. Bond Fund	-	15,314	-
2009 G.O. Bond Fund	-	11,902	-
2010 G.O. Bond Fund	-	137,800	-
2012 G.O. Bond Fund	-	602,784	-
2014 G.O. Bond Fund	-	1,452,210	-
Total restricted net position	<u>\$ 21,437,289</u>	<u>4,633,257</u>	<u>1,125,110</u>
Restricted Net Position - Business-type Activities:			
Bartlesville Municipal Authority	\$ -	-	5,483,507
Community Center	-	-	20,000
Bartlesville Development Authority	-	-	2,368,249
Bartlesville Education Authority	-	-	20,390,198
Bartlesville Redevelopment Trust Authority	-	-	1,478,801
Total restricted net position	<u>\$ -</u>	<u>-</u>	<u>29,740,755</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 9 – ACCOUNTS RECEIVABLE

Accounts receivable of the governmental and business-type activities is net of allowance for uncollectible accounts on the statement of net position. 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 receivable include fines, taxes, interest and miscellaneous receivables as follows:

Governmental Activities:	Interest	Taxes	Court	Other	Total
Accounts receivable	\$ 38,623	3,163,561	265,347	566,187	4,033,718
Less: allowance for uncollectible accounts	-	-	-	(4,131)	(4,131)
Accounts receivable, net of allowance	<u>\$ 38,623</u>	<u>3,163,561</u>	<u>265,347</u>	<u>562,056</u>	<u>4,029,587</u>

The business-type activities accounts receivable follows:

Business-type Activities:	Utility Accounts Receivable	Misc. Accounts Receivable	Total
Wastewater	\$ 565,116	3,173	568,289
Water	814,132	214,418	1,028,550
Solid Waste	419,447	1,868	421,315
Golf	-	8,943	8,943
Sooner Pool	-	917	917
Frontier Pool	-	71	71
Bartlesville Community Center	-	3,991	3,991
Bartlesville Education Authority	-	409,180	409,180
Bartlesville Redevelopment Trust Authority	-	2,529	2,529
Total	1,798,695	645,090	2,443,785
Less: allowance for uncollectible accounts	<u>(560,773)</u>	<u>-</u>	<u>(560,773)</u>
Accounts receivable, net of allowance	<u>\$ 1,237,922</u>	<u>645,090</u>	<u>1,883,012</u>

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The City maintains a stop-loss policy for plans to limit risk associated with the plans. For insured programs, there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Contingencies:

At June 30, 2014, the City had awarded construction contracts totaling \$4,075,118 for various City projects and of this amount \$3,158,448 was outstanding and payable from various funds.

Grant Program Involvement:

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency to ensure compliance with specific provisions of the grant or loan. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed that the amount, if any, would not be material.

Operating Leases:

The City leases office space on the 4th floor of City Hall and the Bartlesville Municipal Airport to ConocoPhillips.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 11 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters.

The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. General Liability: - Torts - Errors and omissions - Police liability - Vehicle	Purchased insurance with Oklahoma Municipal Assurance Group	None
b. Physical Property: - Theft - Damage to assets - Natural disasters	Purchased insurance with \$2,500 deductible	None
c. Workers' Compensation - Employee injuries	Self-insured with third-party administration of the claims process. Workers' Compensation Insurance Fund used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Judgments are levied on property taxes. Administered by Consolidated Benefits Resource.	Entire risk of loss retained.
d. Health and Life: - Medical - Dental	Self-insured with City paying a portion of health care and life and disability premiums. Health administered by Blue Cross Blue Shield of Oklahoma. Life and disability purchased through Allstate.	No risk on life and disability. Health claims are reinsured with a self-insured retention level of \$75,000 individual and \$1,954,788 aggregate.

CITY OF BARTLESVILLE
Notes to Basic Financial Statements
June 30, 2014
(continued)

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The Bartlesville Redevelopment Trust Authority required a prior period adjustment due to the provisions of GASB 65 which required an accounting change to conform to the provisions of this statement. This statement required debt issuance costs to be presented as an expense instead of as an asset. A prior period adjustment of \$30,361, the balance of the debt issuance costs associated with BRTA loan 2009A, has been reported as a restatement of beginning net position.

NOTE 13 – SUBSEQUENT EVENT

Management has evaluated and disclosed subsequent events up to and including May 20, 2015, which is the date the financial statements were available for issuance. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

CITY OF BARTLESVILLE
Required Supplementary Information
June 30, 2014

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:

- Budgetary Comparison Schedules – General Fund, Debt Service Fund, and Capital Improvement – Sales Tax Fund

CITY OF BARTLESVILLE
 Budgetary Comparison Schedule - General Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 14,177,026	14,177,026	13,999,627	(177,399)
Fees and fines	914,200	914,200	942,947	28,747
Licenses and permits	241,500	241,500	254,566	13,066
Intergovernmental	671,295	691,295	666,143	(25,152)
Charges for services	394,900	394,900	450,822	55,922
Investment earnings	30,600	30,600	(23,569)	(54,169)
Miscellaneous	58,800	80,400	380,388	299,988
Total revenues	<u>16,488,321</u>	<u>16,529,921</u>	<u>16,670,924</u>	<u>141,003</u>
EXPENDITURES				
Current:				
General government	5,886,999	5,903,509	5,588,855	(314,654)
Public safety	9,890,885	9,912,485	9,915,575	3,090
Streets and highways	1,180,780	1,181,270	1,031,835	(149,435)
Culture and recreation	2,255,651	2,251,151	2,110,944	(140,207)
Total Expenditures	<u>19,214,315</u>	<u>19,248,415</u>	<u>18,647,209</u>	<u>(601,206)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,725,994)</u>	<u>(2,718,494)</u>	<u>(1,976,285)</u>	<u>(742,209)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,748,360	2,748,360	2,746,485	(1,875)
Transfers out	(895,691)	(903,191)	(903,191)	-
Reserves	(742,756)	(742,756)	-	742,756
Total other financing sources and uses	<u>1,109,913</u>	<u>1,102,413</u>	<u>1,843,294</u>	<u>740,881</u>
Net change in fund balances	(1,616,081)	(1,616,081)	(132,991)	(1,328)
Fund balances - beginning	1,616,081	1,616,081	1,863,142	247,061
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>1,730,151</u>	<u>245,733</u>

(Unaudited - See independent auditor's report)

CITY OF BARTLESVILLE
 Budgetary Comparison Schedule – Debt Service Fund
 For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Property taxes	\$ 3,322,615	3,322,615	3,517,573	194,958
Total revenues	<u>3,322,615</u>	<u>3,322,615</u>	<u>3,517,573</u>	<u>194,958</u>
EXPENDITURES				
Current:				
General government	1,900	1,900	1,575	(325)
Debt service:				
Principal	2,875,000	2,875,000	2,874,704	(296)
Interest	<u>444,966</u>	<u>444,966</u>	<u>436,058</u>	<u>(8,908)</u>
Total Expenditures	<u>3,321,866</u>	<u>3,321,866</u>	<u>3,312,337</u>	<u>(9,529)</u>
Excess (deficiency) of revenues over expenditures	<u>749</u>	<u>749</u>	<u>205,236</u>	<u>204,487</u>
Net change in fund balances	749	749	205,236	204,487
Fund balances - beginning	<u>1,931,145</u>	<u>1,931,145</u>	<u>2,035,611</u>	<u>104,466</u>
Fund balances - ending	<u><u>\$ 1,931,894</u></u>	<u><u>1,931,894</u></u>	<u><u>2,240,847</u></u>	<u><u>308,953</u></u>

CITY OF BARTLESVILLE

Budgetary Comparison Schedule – Capital Improvement – Sales Tax Fund For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Over (Under)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	\$ 2,783,230	2,783,230	2,705,418	(77,812)
Investment earnings	12,600	12,600	(10,717)	(23,317)
Miscellaneous	-	-	3,441	3,441
Total revenues	<u>2,795,830</u>	<u>2,795,830</u>	<u>2,698,142</u>	<u>(97,688)</u>
EXPENDITURES				
Current:				
General government	1,275,986	1,989,955	1,708,396	(281,559)
Public safety	725,520	575,520	454,573	(120,947)
Streets and highways	3,510,000	3,136,000	1,398,190	(1,737,810)
Culture and recreation	1,074,500	1,129,572	270,722	(858,850)
Wastewater	100,000	100,000	-	(100,000)
Total Expenditures	<u>6,686,006</u>	<u>6,931,047</u>	<u>3,831,881</u>	<u>(3,099,166)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,890,176)</u>	<u>(4,135,217)</u>	<u>(1,133,739)</u>	<u>3,001,478</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(17,264)	(17,295)	(17,295)	-
Reserves	(343,501)	(98,429)	-	98,429
Total other financing sources and uses	<u>(360,765)</u>	<u>(115,724)</u>	<u>(17,295)</u>	<u>98,429</u>
Net change in fund balances	(4,250,941)	(4,250,941)	(1,151,034)	3,099,907
Fund balances - beginning	4,250,941	4,250,941	4,415,115	164,174
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>3,264,081</u>	<u>3,264,081</u>

CITY OF BARTLESVILLE

Notes to Required Supplementary Information on Budgetary Accounting and Control June 30, 2014

BUDGETARY ACCOUNTING AND CONTROL

BUDGET LAW

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

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

CITY OF BARTLESVILLE

Notes to Required Supplementary Information on Budgetary Accounting and Control
June 30, 2014
(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 Redevelopment Trust Authority, Bartlesville Community Center Trust Authority, Bartlesville Education 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, 2014** (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, 2014, the following supplemental increases and decreases in appropriations were approved:

	<u>Original Appropriations</u>	<u>Net Supplemental Appropriations (Increases)</u>	<u>Revised Appropriations</u>
General fund	\$ 19,957,071	41,600	19,998,671
General fund transfers	895,691	-	895,691
Debt service	3,321,866	-	3,321,866
Special revenue funds	7,906,984	635,702	8,542,686
Special revenue funds transfers	3,489	11,086	14,575
Capital projects funds	13,124,170	81,364	13,205,534
Capital projects funds transfers	303,094	-	303,094

CITY OF BARTLESVILLE
Other Supplementary Information
For the Year Ended June 30, 2014

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 Non-Major proprietary funds
- Combining financial statements of internal service funds
- Schedule of Expenditures of Federal Awards and notes

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2014

	Special Revenue Funds							Page Totals
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Economic Development Fund	Bartlesville Library Trust Authority	Restricted Revenues Fund	
<u>ASSETS</u>								
Cash and cash equivalents	\$ 25,749	6,847	32,393	19,460	72,480	29,295	6,201	192,425
Investments	100,000	-	250,000	100,000	1,800,000	1,343,877	200,000	3,793,877
Taxes receivable	-	36,748	-	-	260,636	-	-	297,384
Other receivables, net of allowance	140	10	459	243	3,044	210	-	4,106
Total assets	<u>\$ 125,889</u>	<u>43,605</u>	<u>282,852</u>	<u>119,703</u>	<u>2,136,160</u>	<u>1,373,382</u>	<u>206,201</u>	<u>4,287,792</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	193	100	-	27,254	-	-	27,547
Other accrued expenses	-	36,015	291	384	-	-	-	36,690
Total liabilities	<u>-</u>	<u>36,208</u>	<u>391</u>	<u>384</u>	<u>27,254</u>	<u>-</u>	<u>-</u>	<u>64,237</u>
Fund balances:								
Restricted	125,889	7,397	282,461	119,319	2,108,906	1,373,382	206,201	4,223,555
Total fund balances	<u>125,889</u>	<u>7,397</u>	<u>282,461</u>	<u>119,319</u>	<u>2,108,906</u>	<u>1,373,382</u>	<u>206,201</u>	<u>4,223,555</u>
Total liabilities and fund balances	<u>\$ 125,889</u>	<u>43,605</u>	<u>282,852</u>	<u>119,703</u>	<u>2,136,160</u>	<u>1,373,382</u>	<u>206,201</u>	<u>4,287,792</u>

See independent auditor's report

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2014
 (continued)

	Special Revenue Funds								Total Special Revenue Funds
	Municipal Airport Fund	Harshfield Library Donation	Golf Course Memorial Fund	Justice Assistance Grant Fund	Police Grant Fund	Neighborhood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	
<u>ASSETS</u>									
Cash and cash equivalents	\$ 45,466	45,050	23,078	36,254	-	2,422	68,912	9,527	423,134
Investments	100,000	850,000	-	-	-	-	-	-	4,743,877
Taxes receivable	-	-	-	-	-	-	-	-	297,384
Due from other funds	-	-	-	-	-	-	3,773	-	3,773
Receivable from other governments	202,755	-	-	5,225	45,129	-	-	-	253,109
Other receivables, net of allowance	236	1,455	38	59	-	4	136	15	6,049
Total assets	<u>\$ 348,457</u>	<u>896,505</u>	<u>23,116</u>	<u>41,538</u>	<u>45,129</u>	<u>2,426</u>	<u>72,821</u>	<u>9,542</u>	<u>5,727,326</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	-	712	-	-	-	-	2,561	30,820
Due to other funds	-	-	-	-	3,773	-	-	-	3,773
Other accrued expenses	-	-	-	-	-	-	-	440	37,130
Other payables	38,585	-	-	-	-	-	-	-	38,585
Total liabilities	<u>38,585</u>	<u>-</u>	<u>712</u>	<u>-</u>	<u>3,773</u>	<u>-</u>	<u>-</u>	<u>3,001</u>	<u>110,308</u>
Fund balances:									
Restricted	-	-	-	41,538	41,356	2,426	72,821	-	4,381,696
Committed	309,872	896,505	22,404	-	-	-	-	6,541	1,235,322
Total fund balances	<u>309,872</u>	<u>896,505</u>	<u>22,404</u>	<u>41,538</u>	<u>41,356</u>	<u>2,426</u>	<u>72,821</u>	<u>6,541</u>	<u>5,617,018</u>
Total liabilities and fund balances	<u>\$ 348,457</u>	<u>896,505</u>	<u>23,116</u>	<u>41,538</u>	<u>45,129</u>	<u>2,426</u>	<u>72,821</u>	<u>9,542</u>	<u>5,727,326</u>

See independent auditor's report

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2014
 (continued)

	Capital Project Funds							Page Totals
	CIP - Park and Recreation Fund	CIP - Wastewater Fund	CIP - Wastewater Regulatory Fund	CIP - Storm Sewer Fund	CIP - City Hall Fund	Community Development Block Grant Fund	Capital Reserve Fund	
<u>ASSETS</u>								
Cash and cash equivalents	\$ 49,474	62,535	58,763	35,771	55,876	-	11,704	274,123
Investments	100,000	250,000	4,600,000	-	200,000	-	2,500,000	7,650,000
Receivable from other governments	-	-	-	-	-	8	-	8
Other receivables, net of allowance	243	508	7,571	58	416	-	-	8,796
Total assets	<u>\$ 149,717</u>	<u>313,043</u>	<u>4,666,334</u>	<u>35,829</u>	<u>256,292</u>	<u>8</u>	<u>2,511,704</u>	<u>7,932,927</u>
<u>LIABILITIES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ -	-	49,023	-	12,500	-	143,664	205,187
Other payables	-	-	-	-	-	-	30,136	30,136
Total liabilities	<u>-</u>	<u>-</u>	<u>49,023</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>173,800</u>	<u>235,323</u>
Fund balances:								
Restricted	<u>149,717</u>	<u>313,043</u>	<u>4,617,311</u>	<u>35,829</u>	<u>243,792</u>	<u>8</u>	<u>2,337,904</u>	<u>7,697,604</u>
Total fund balances	<u>149,717</u>	<u>313,043</u>	<u>4,617,311</u>	<u>35,829</u>	<u>243,792</u>	<u>8</u>	<u>2,337,904</u>	<u>7,697,604</u>
Total liabilities and fund balances	<u>\$ 149,717</u>	<u>313,043</u>	<u>4,666,334</u>	<u>35,829</u>	<u>256,292</u>	<u>8</u>	<u>2,511,704</u>	<u>7,932,927</u>

See independent auditor's report

CITY OF BARTLESVILLE
 Other Supplementary Information
 Combining Balance Sheet – Non-Major Governmental Funds
 June 30, 2014
 (continued)

	Capital Project Funds							Total Capital Project Funds	Total Other Governmental Funds
	2007 G.O. Bond Fund	2008A G.O. Bond Fund	2008B G.O. Bond Fund	2009 G.O. Bond Fund	2010 G.O. Bond Fund	2012 G.O. Bond Fund	2014 G.O. Bond Fund		
<u>ASSETS</u>									
Cash and cash equivalents	\$ -	-	15,289	11,883	57,544	53,892	52,210	464,941	888,075
Investments	-	-	-	-	100,000	550,000	1,400,000	9,700,000	14,443,877
Taxes receivable	-	-	-	-	-	-	-	-	297,384
Due from other funds	-	-	-	-	-	-	-	-	3,773
Receivable from other governments	-	-	-	-	-	-	-	8	253,117
Other receivables, net of allowance	-	-	25	19	256	980	-	10,076	16,125
Total assets	<u>\$ -</u>	<u>-</u>	<u>15,314</u>	<u>11,902</u>	<u>157,800</u>	<u>604,872</u>	<u>1,452,210</u>	<u>10,175,025</u>	<u>15,902,351</u>
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Accounts payable	\$ -	-	-	-	-	2,088	-	207,275	238,095
Due to other funds	-	-	-	-	-	-	-	-	3,773
Other accrued expenses	-	-	-	-	-	-	-	-	37,130
Other payables	-	-	-	-	20,000	-	-	50,136	88,721
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>2,088</u>	<u>-</u>	<u>257,411</u>	<u>367,719</u>
Fund balances:									
Restricted	-	-	15,314	11,902	137,800	602,784	1,452,210	9,917,614	14,299,310
Committed	-	-	-	-	-	-	-	-	1,235,322
Total fund balances	<u>-</u>	<u>-</u>	<u>15,314</u>	<u>11,902</u>	<u>137,800</u>	<u>602,784</u>	<u>1,452,210</u>	<u>9,917,614</u>	<u>15,534,632</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>-</u>	<u>15,314</u>	<u>11,902</u>	<u>157,800</u>	<u>604,872</u>	<u>1,452,210</u>	<u>10,175,025</u>	<u>15,902,351</u>

See independent auditor's report

CITY OF BARTLESVILLE

Other Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds							
	Bartlesville History Museum Trust Authority	E-911 Fund	Special Library Fund	Special Museum Fund	Economic Development Fund	Bartlesville Library Trust Authority	Restricted Revenues Fund	Page Totals
REVENUES:								
Sales and miscellaneous taxes	\$ -	449,656	-	-	1,576,455	-	-	2,026,111
Intergovernmental	-	-	33,700	-	-	-	-	33,700
Charges for services	-	2,200	26	137	-	-	-	2,363
Investment earnings (losses)	(535)	(240)	(1,185)	(457)	(5,352)	187,687	-	179,918
Miscellaneous	-	-	148	-	-	-	26,291	26,439
Contributions and donations	-	-	23,525	16,434	-	-	56,088	96,047
Total revenues	(535)	451,616	56,214	16,114	1,571,103	187,687	82,379	2,364,578
EXPENDITURES:								
Current:								
General government	-	-	-	-	1,286,960	-	1,042	1,288,002
Public safety	-	889,671	-	-	-	-	52,625	942,296
Culture and recreation	-	-	121,806	38,880	-	-	-	160,686
Capital outlay	-	-	-	-	-	-	10,872	10,872
Total expenditures	-	889,671	121,806	38,880	1,286,960	-	64,539	2,401,856
Excess (deficiency) of revenues over expenditures	(535)	(438,055)	(65,592)	(22,766)	284,143	187,687	17,840	(37,278)
OTHER FINANCING SOURCES (USES):								
Transfers in	7,500	418,313	61,422	10,000	-	-	11,086	508,321
Transfers out	(10,625)	-	-	-	-	(61,422)	-	(72,047)
Proceeds from sale of fixed assets	-	-	3,298	-	-	-	-	3,298
Total other financing sources and uses	(3,125)	418,313	64,720	10,000	-	(61,422)	11,086	439,572
Net change in fund balances	(3,660)	(19,742)	(872)	(12,766)	284,143	126,265	28,926	402,294
Fund balances - beginning	129,549	27,139	283,333	132,085	1,824,763	1,247,117	177,275	3,821,261
Fund balances - ending	\$ 125,889	7,397	282,461	119,319	2,108,906	1,373,382	206,201	4,223,555

See independent auditor's report

CITY OF BARTLESVILLE

Other Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2014

(continued)

	Special Revenue Funds								
	Municipal Airport Fund	Harshfield Library Donation	Golf Course Memorial Fund	Justice Assistance Grant Fund	Police Grant Fund	Neighbor- hood Park Fund	Cemetery Perpetual Care Fund	Memorial Stadium Operating Fund	Total Special Revenue Funds
REVENUES:									
Sales and miscellaneous taxes	\$ -	-	-	-	-	-	-	-	2,026,111
Intergovernmental	738,466	-	-	15,455	361,094	-	-	-	1,148,715
Charges for services	-	-	2,856	-	-	-	1,926	-	7,145
Investment earnings (losses)	(1,892)	35	(32)	(118)	-	(26)	(296)	(145)	177,444
Miscellaneous	-	-	-	-	-	-	-	41,111	67,550
Contributions and donations	-	896,470	19,550	-	-	-	1,725	-	1,013,792
Total revenues	736,574	896,505	22,374	15,337	361,094	(26)	3,355	40,966	4,440,757
EXPENDITURES:									
Current:									
General government	83,392	-	-	-	-	-	-	-	1,371,394
Public safety	-	-	-	11,531	189,738	-	-	-	1,143,565
Culture and recreation	-	-	16,764	-	-	-	-	68,495	245,945
Capital outlay	782,340	-	-	-	130,000	-	-	-	923,212
Total expenditures	865,732	-	16,764	11,531	319,738	-	-	68,495	3,684,116
Excess (deficiency) of revenues over expenditures	(129,158)	896,505	5,610	3,806	41,356	(26)	3,355	(27,529)	756,641
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	-	-	508,321
Transfers out	-	-	-	-	-	(3,489)	(11,086)	-	(86,622)
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	3,298
Total other financing sources and uses	-	-	-	-	-	(3,489)	(11,086)	-	424,997
Net change in fund balances	(129,158)	896,505	5,610	3,806	41,356	(3,515)	(7,731)	(27,529)	1,181,638
Fund balances - beginning	439,030	-	16,794	37,732	-	5,941	80,552	34,070	4,435,380
Fund balances - ending	\$ 309,872	896,505	22,404	41,538	41,356	2,426	72,821	6,541	5,617,018

See independent auditor's report

CITY OF BARTLESVILLE

Other Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2014

(continued)

	Capital Project Funds							
	CIP - Park and Recreation Fund	CIP - Wastewater Fund	CIP - Wastewater Regulatory Fund	CIP - Storm Sewer Fund	CIP - City Hall Fund	Community Development Block Grant Fund	Capital Reserve Fund	Page Totals
REVENUES:								
Intergovernmental	\$ -	-	-	-	-	84,719	-	84,719
Charges for services	-	89,200	1,440,933	315	-	-	-	1,530,448
Investment earnings (losses)	(707)	(818)	(14,438)	(187)	(456)	-	3	(16,603)
Miscellaneous	-	-	-	-	112,126	-	-	112,126
Total revenues	<u>(707)</u>	<u>88,382</u>	<u>1,426,495</u>	<u>128</u>	<u>111,670</u>	<u>84,719</u>	<u>3</u>	<u>1,710,690</u>
EXPENDITURES:								
Current:								
General government	-	-	-	-	20,474	-	-	20,474
Public works	-	18,500	331,076	-	-	-	105,747	455,323
Debt service:								
Interest and other charges	-	-	5,242	-	-	-	-	5,242
Capital outlay	-	-	188,293	15,221	-	84,711	1,773,872	2,062,097
Total expenditures	<u>-</u>	<u>18,500</u>	<u>524,611</u>	<u>15,221</u>	<u>20,474</u>	<u>84,711</u>	<u>1,879,619</u>	<u>2,543,136</u>
Excess (deficiency) of revenues over expenditures	<u>(707)</u>	<u>69,882</u>	<u>901,884</u>	<u>(15,093)</u>	<u>91,196</u>	<u>8</u>	<u>(1,879,616)</u>	<u>(832,446)</u>
OTHER FINANCING SOURCES (USES):								
Transfers in	-	-	-	-	-	-	2,310,000	2,310,000
Transfers out	(30,588)	-	-	-	-	-	-	(30,588)
Total other financing sources and uses	<u>(30,588)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,310,000</u>	<u>2,279,412</u>
Net change in fund balances	(31,295)	69,882	901,884	(15,093)	91,196	8	430,384	1,446,966
Fund balances - beginning	181,012	243,161	3,715,427	50,922	152,596	-	1,907,520	6,250,638
Fund balances - ending	\$ 149,717	313,043	4,617,311	35,829	243,792	8	2,337,904	7,697,604

See independent auditor's report

CITY OF BARTLESVILLE

Other Supplementary Information

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2014

(continued)

	Capital Project Funds							Total Capital Project Funds	Total Other Governmental Funds
	2007 G.O. Bond Fund	2008A G.O. Bond Fund	2008B G.O. Bond Fund	2009 G.O. Bond Fund	2010 G.O. Bond Fund	2012 G.O. Bond Fund	2014 G.O. Bond Fund		
REVENUES:									
Sales and miscellaneous taxes	\$ -	-	-	-	-	-	-	-	2,026,111
Intergovernmental	-	-	-	-	-	-	-	84,719	1,233,434
Charges for services	-	-	-	-	-	-	-	1,530,448	1,537,593
Investment earnings (losses)	(18)	(75)	(23)	(380)	(7,596)	(6,442)	-	(31,137)	146,307
Miscellaneous	-	-	-	-	-	-	-	112,126	179,676
Contributions and donations	-	-	-	-	-	-	-	-	1,013,792
Total revenues	<u>(18)</u>	<u>(75)</u>	<u>(23)</u>	<u>(380)</u>	<u>(7,596)</u>	<u>(6,442)</u>	<u>-</u>	<u>1,696,156</u>	<u>6,136,913</u>
EXPENDITURES:									
Current:									
General government	-	-	-	-	-	28,697	47,790	96,961	1,468,355
Public safety	-	-	-	-	-	33,170	-	33,170	1,176,735
Public works	-	-	-	-	66,783	-	-	522,106	522,106
Culture and recreation	-	-	-	-	-	19,241	-	19,241	265,186
Debt service:									
Interest and other charges	-	-	-	-	-	-	-	5,242	5,242
Capital outlay	5,788	24,949	-	53,552	1,447,858	699,852	-	4,294,096	5,217,308
Total expenditures	<u>5,788</u>	<u>24,949</u>	<u>-</u>	<u>53,552</u>	<u>1,514,641</u>	<u>780,960</u>	<u>47,790</u>	<u>4,970,816</u>	<u>8,654,932</u>
Excess (deficiency) of revenues over expenditures	<u>(5,806)</u>	<u>(25,024)</u>	<u>(23)</u>	<u>(53,932)</u>	<u>(1,522,237)</u>	<u>(787,402)</u>	<u>(47,790)</u>	<u>(3,274,660)</u>	<u>(2,518,019)</u>
OTHER FINANCING SOURCES (USES):									
Transfers in	-	-	-	-	-	-	-	2,310,000	2,818,321
Transfers out	-	-	-	-	-	-	-	(30,588)	(117,210)
Proceeds from long-term debt	-	-	-	-	-	-	1,500,000	1,500,000	1,500,000
Proceeds from sale of fixed assets	-	-	-	-	-	-	-	-	3,298
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500,000</u>	<u>3,779,412</u>	<u>4,204,409</u>
Net change in fund balances	(5,806)	(25,024)	(23)	(53,932)	(1,522,237)	(787,402)	1,452,210	504,752	1,686,390
Fund balances - beginning	5,806	25,024	15,337	65,834	1,660,037	1,390,186	-	9,412,862	13,848,242
Fund balances - ending	<u>\$ -</u>	<u>-</u>	<u>15,314</u>	<u>11,902</u>	<u>137,800</u>	<u>602,784</u>	<u>1,452,210</u>	<u>9,917,614</u>	<u>15,534,632</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2014

ASSETS	Adams Municipal Golf Course	Sooner Pool	Frontier Pool	Adult Center Trust Authority	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Total Other Enterprise Funds
Current assets:							
Cash	\$ 12,787	36,682	26,328	18,886	260,021	-	354,704
Investments	-	-	-	75,160	-	-	75,160
Other receivables	8,943	917	71	-	-	2,529	12,460
Incentive loans receivable	-	-	-	-	-	94,226	94,226
Total current assets	<u>21,730</u>	<u>37,599</u>	<u>26,399</u>	<u>94,046</u>	<u>260,021</u>	<u>96,755</u>	<u>536,550</u>
Non-current assets:							
Restricted assets:							
Restricted cash	-	-	-	-	-	1,426,331	1,426,331
Mortgage and security agreement	-	-	-	-	-	940,686	940,686
Deferred outflows of resources	-	-	-	-	-	779,654	779,654
Capital assets:							
Land and improvements	498,500	-	-	97,615	-	-	596,115
Buildings	394,541	358,610	2,758,573	268,127	-	-	3,779,851
Equipment and furniture	663,231	19,027	-	-	-	-	682,258
Infrastructure and other improvements	2,378,634	394,114	-	20,581	-	-	2,793,329
Less accumulated depreciation	<u>(2,199,184)</u>	<u>(451,860)</u>	<u>(764,972)</u>	<u>(111,058)</u>	<u>-</u>	<u>-</u>	<u>(3,527,074)</u>
Total non-current assets	<u>1,735,722</u>	<u>319,891</u>	<u>1,993,601</u>	<u>275,265</u>	<u>-</u>	<u>3,146,671</u>	<u>7,471,150</u>
Total assets	<u>1,757,452</u>	<u>357,490</u>	<u>2,020,000</u>	<u>369,311</u>	<u>260,021</u>	<u>3,243,426</u>	<u>8,007,700</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2014
(continued)

	Adams Municipal Golf Course	Sooner Pool	Frontier Pool	Adult Center Trust Authority	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Total Other Enterprise Funds
LIABILITIES							
Current liabilities:							
Accounts payable	7,087	1,269	4,142	578	45,673	12,435	71,184
Accrued personnel expenses	9,308	5,615	8,235	-	-	-	23,158
Advanced revenue	4,339	-	-	-	-	-	4,339
Net OPEB obligation	2,138	-	-	-	-	-	2,138
Underfunded pension liability	3,290	-	-	-	-	-	3,290
Claims and judgments	850	-	-	-	-	-	850
Other payables	-	-	-	-	66,667	42,427	109,094
Bonds, notes and loans payable	-	-	-	-	-	93,000	93,000
Total current liabilities	<u>27,012</u>	<u>6,884</u>	<u>12,377</u>	<u>578</u>	<u>112,340</u>	<u>147,862</u>	<u>307,053</u>
Non-current liabilities:							
Deferred inflows of resources	-	-	-	-	-	779,654	779,654
Bonds, notes and loans payable	-	-	-	-	-	847,686	847,686
Total non-current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,627,340</u>	<u>1,627,340</u>
Total liabilities	<u>27,012</u>	<u>6,884</u>	<u>12,377</u>	<u>578</u>	<u>112,340</u>	<u>1,775,202</u>	<u>1,934,393</u>
NET POSITION							
Net investment in capital assets	1,735,722	319,891	1,993,601	275,265	-	-	4,324,479
Restricted for other purposes	-	-	-	-	-	1,478,801	1,478,801
Unrestricted	<u>(5,282)</u>	<u>30,715</u>	<u>14,022</u>	<u>93,468</u>	<u>147,681</u>	<u>(10,577)</u>	<u>270,027</u>
Total net position	<u>\$ 1,730,440</u>	<u>350,606</u>	<u>2,007,623</u>	<u>368,733</u>	<u>147,681</u>	<u>1,468,224</u>	<u>6,073,307</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Adams Municipal Golf Course	Sooner Pool	Frontier Pool	Adult Center Trust Authority	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Total Other Enterprise Funds
REVENUES:							
Charges for services	\$ 325,105	32,083	55,702	33,500	770,000	2,475	1,218,865
Miscellaneous revenue	-	-	-	-	461,200	2,000	463,200
Interest and investment revenue	-	-	-	-	49,550	-	49,550
Total operating revenues	<u>325,105</u>	<u>32,083</u>	<u>55,702</u>	<u>33,500</u>	<u>1,280,750</u>	<u>4,475</u>	<u>1,731,615</u>
OPERATING EXPENSES:							
Personal services	210,449	43,697	74,975	21,926	254,996	103,001	709,044
Contractual services	108,750	1,592	368	-	-	37,492	148,202
Utilities	23,566	4,136	12,658	6,290	-	-	46,650
Repairs and maintenance	35,087	2,385	4,701	15,460	-	-	57,633
Other supplies and expenses	50,245	19,974	22,473	6,555	-	61,424	160,671
Programs	-	-	-	-	923,881	510,989	1,434,870
Depreciation	95,347	23,109	174,046	6,978	18,366	-	317,846
Total operating expenses	<u>523,444</u>	<u>94,893</u>	<u>289,221</u>	<u>57,209</u>	<u>1,197,243</u>	<u>712,906</u>	<u>2,874,916</u>
Operating income (loss)	<u>(198,339)</u>	<u>(62,810)</u>	<u>(233,519)</u>	<u>(23,709)</u>	<u>83,507</u>	<u>(708,431)</u>	<u>(1,143,301)</u>
NON-OPERATING REVENUES (EXPENSES):							
Interest and investment revenue (losses)	(524)	(206)	(242)	32	-	696	(244)
Sales and other miscellaneous taxes	-	-	-	-	-	878,608	878,608
Miscellaneous revenue	128	4,483	12,410	-	-	12,529	29,550
Grants and contributions	-	-	-	55,767	-	-	55,767
Total non-operating revenue (expenses)	<u>(396)</u>	<u>4,277</u>	<u>12,168</u>	<u>55,799</u>	<u>-</u>	<u>891,833</u>	<u>963,681</u>
Income (loss) before contributions and transfers	<u>(198,735)</u>	<u>(58,533)</u>	<u>(221,351)</u>	<u>32,090</u>	<u>83,507</u>	<u>183,402</u>	<u>(179,620)</u>
Capital asset transfers	104,698	-	-	-	-	-	104,698
Transfers in	18,551	22,443	14,381	-	-	-	55,375
Transfers out	-	-	-	-	(3,892,908)	-	(3,892,908)
Change in net position	<u>(75,486)</u>	<u>(36,090)</u>	<u>(206,970)</u>	<u>32,090</u>	<u>(3,809,401)</u>	<u>183,402</u>	<u>(3,912,455)</u>
Total net position - beginning	<u>1,805,926</u>	<u>386,696</u>	<u>2,214,593</u>	<u>336,643</u>	<u>3,957,082</u>	<u>1,315,183</u>	<u>10,016,123</u>
Prior period adjustment	-	-	-	-	-	(30,361)	(30,361)
Total adjusted net position - beginning	<u>1,805,926</u>	<u>386,696</u>	<u>2,214,593</u>	<u>336,643</u>	<u>3,957,082</u>	<u>1,284,822</u>	<u>9,985,762</u>
Total net position - ending	<u>\$ 1,730,440</u>	<u>350,606</u>	<u>2,007,623</u>	<u>368,733</u>	<u>147,681</u>	<u>1,468,224</u>	<u>6,073,307</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Fiscal Year Ended June 30, 2014

	Adams Municipal Golf Course	Sooner Pool	Frontier Pool	Adult Center Trust Authority	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Total Other Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 322,647	31,335	55,836	33,500	1,073,931	824,110	2,341,359
Receipts from investments	-	-	-	-	-	696	696
Payment for incentives and operations	-	-	-	-	-	(532,103)	(532,103)
Payments to suppliers	(215,650)	(32,105)	(42,175)	(28,305)	(914,911)	-	(1,233,146)
Payments to employees	(208,750)	(42,188)	(76,181)	(21,926)	(254,996)	-	(604,041)
Net cash provided (used) by operating activities	<u>(101,753)</u>	<u>(42,958)</u>	<u>(62,520)</u>	<u>(16,731)</u>	<u>(95,976)</u>	<u>292,703</u>	<u>(27,235)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Other income	128	4,483	12,410	-	-	-	17,021
Intergovernmental income	-	-	-	55,767	-	-	55,767
Interfund transfers in (out)	<u>123,249</u>	<u>22,443</u>	<u>14,381</u>	<u>-</u>	<u>(1,142,959)</u>	<u>-</u>	<u>(982,886)</u>
Net cash provided (used) by noncapital financing activities	<u>123,377</u>	<u>26,926</u>	<u>26,791</u>	<u>55,767</u>	<u>(1,142,959)</u>	<u>-</u>	<u>(910,098)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Purchases of capital assets	(104,698)	-	-	(78,055)	-	-	(182,753)
Principal paid on capital debt	-	-	-	-	(6,671)	(87,000)	(93,671)
Interest paid on capital debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,018)</u>	<u>(61,018)</u>
Net cash provided (used) by capital and related financing activities	<u>(104,698)</u>	<u>-</u>	<u>-</u>	<u>(78,055)</u>	<u>(6,671)</u>	<u>(148,018)</u>	<u>(337,442)</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Fiscal Year ended June 30, 2014
(continued)

	Adams Municipal Golf Course	Sooner Pool	Frontier Pool	Adult Center Trust Authority	Bartlesville Development Corporation	Bartlesville Redevelop- ment Trust Authority	Total Other Enterprise Funds
CASH FLOWS FROM INVESTING ACTIVITIES							
Investment income (loss)	\$ (524)	(205)	(242)	32	-	-	(939)
Net cash provided (used) by investing activities	(524)	(205)	(242)	32	-	-	(939)
Net increase (decrease) in cash and cash equivalents	(83,598)	(16,237)	(35,971)	(38,987)	(1,245,606)	144,685	(1,275,714)
Cash and cash equivalents, beginning of year	96,385	52,919	62,299	57,873	1,505,627	1,281,646	3,056,749
Cash and cash equivalents, end of year	<u>\$ 12,787</u>	<u>36,682</u>	<u>26,328</u>	<u>18,886</u>	<u>260,021</u>	<u>1,426,331</u>	<u>1,781,035</u>
OPERATING ACTIVITIES							
Operating income (loss)	\$ (198,339)	(62,810)	(233,519)	(23,709)	83,507	183,402	(251,468)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization expense	95,347	23,109	174,046	6,978	18,366	3,735	321,581
(Increase) decrease in accounts receivable	(1,513)	(748)	134	-	(206,819)	15,498	(193,448)
(Increase) decrease in prepaid expenses	-	-	-	-	4,244	-	4,244
Increase (decrease) in accounts payable	1,998	(4,018)	(1,975)	-	4,726	90,068	90,799
Increase (decrease) in advanced revenue	(945)	-	-	-	-	-	(945)
Increase (decrease) in payroll liabilities	1,699	1,509	(1,206)	-	-	-	2,002
Total adjustments	<u>96,586</u>	<u>19,852</u>	<u>170,999</u>	<u>6,978</u>	<u>(179,483)</u>	<u>109,301</u>	<u>224,233</u>
Net cash provided (used) by operating activities	<u>\$ (101,753)</u>	<u>(42,958)</u>	<u>(62,520)</u>	<u>(16,731)</u>	<u>(95,976)</u>	<u>292,703</u>	<u>(27,235)</u>

See independent auditor's report

CITY OF BARTLESVILLE
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	Workers' Compensation	Health Insurance	Auto Collision Insurance Fund	Total
<u>ASSETS</u>				
Cash	\$ 117,071	85,493	191,754	394,318
Cash held by third parties	60,000	-	-	60,000
Investments	-	300,000	100,000	400,000
Other receivables	297	519	-	816
Total assets	<u>177,368</u>	<u>386,012</u>	<u>291,754</u>	<u>855,134</u>
<u>LIABILITIES</u>				
Accounts payable	<u>11,169</u>	<u>14,521</u>	<u>-</u>	<u>25,690</u>
Total liabilities	<u>11,169</u>	<u>14,521</u>	<u>-</u>	<u>25,690</u>
<u>NET POSITION</u>				
Restricted for other purposes	<u>166,199</u>	<u>371,491</u>	<u>291,754</u>	<u>829,444</u>
Total net position	<u>\$ 166,199</u>	<u>371,491</u>	<u>291,754</u>	<u>829,444</u>

CITY OF BARTLESVILLE

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Fiscal Year Ended June 30, 2014

	<u>Workers'</u> <u>Compensation</u>	<u>Health</u> <u>Insurance</u>	<u>Auto</u> <u>Collision</u> <u>Insurance</u> <u>Fund</u>	<u>Total</u>
REVENUES:				
Charges for services	\$ 240,694	2,792,703	28,243	3,061,640
Total operating revenues	<u>240,694</u>	<u>2,792,703</u>	<u>28,243</u>	<u>3,061,640</u>
OPERATING EXPENSES:				
Personal services	268,189	2,153,169	-	2,421,358
Contractual services	5,000	391,815	-	396,815
Repairs and maintenance	-	-	8,246	8,246
Total operating expenses	<u>273,189</u>	<u>2,544,984</u>	<u>8,246</u>	<u>2,826,419</u>
Operating income (loss)	<u>(32,495)</u>	<u>247,719</u>	<u>19,997</u>	<u>235,221</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest and investment revenue (loss)	(435)	(349)	-	(784)
Miscellaneous revenue	20,504	47,094	-	67,598
Total non-operating revenue (expenses)	<u>20,069</u>	<u>46,745</u>	<u>-</u>	<u>66,814</u>
Change in net position	(12,426)	294,464	19,997	302,035
Total net position - beginning	<u>178,625</u>	<u>77,027</u>	<u>271,757</u>	<u>527,409</u>
Total net position - ending	<u>\$ 166,199</u>	<u>371,491</u>	<u>291,754</u>	<u>829,444</u>

CITY OF BARTLESVILLE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	Workers' Compensation	Health Insurance	Auto Collision Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 240,694	2,792,703	28,243	3,061,640
Payments to suppliers	<u>(281,973)</u>	<u>(2,596,393)</u>	<u>(8,246)</u>	<u>(2,886,612)</u>
Net cash provided by operating activities	<u>(41,279)</u>	<u>196,310</u>	<u>19,997</u>	<u>175,028</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Other income	<u>20,638</u>	<u>47,020</u>	<u>-</u>	<u>67,658</u>
Net cash provided by noncapital financing activities	<u>20,638</u>	<u>47,020</u>	<u>-</u>	<u>67,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	(435)	(349)	-	(784)
Purchase of investments	-	(300,000)	-	(300,000)
Sale of investments	<u>-</u>	<u>-</u>	<u>171,757</u>	<u>171,757</u>
Net cash (used) by investing activities	<u>(435)</u>	<u>(300,349)</u>	<u>171,757</u>	<u>(129,027)</u>
Net increase (decrease) in cash and cash equivalents	(21,076)	(57,019)	191,754	113,659
Cash and cash equivalents, beginning of year	<u>138,147</u>	<u>142,512</u>	<u>-</u>	<u>280,659</u>
Cash and cash equivalents, end of year	<u>\$ 117,071</u>	<u>85,493</u>	<u>191,754</u>	<u>394,318</u>
RECONCILIATION OF OPERATING INCOME (LOSS) OF NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ <u>(32,495)</u>	<u>247,719</u>	<u>19,997</u>	<u>235,221</u>
A adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Increase (decrease) in accounts payable	<u>(8,784)</u>	<u>(51,409)</u>	<u>-</u>	<u>(60,193)</u>
Total adjustments	<u>(8,784)</u>	<u>(51,409)</u>	<u>-</u>	<u>(60,193)</u>
Net cash provided by operating activities	<u>\$ (41,279)</u>	<u>196,310</u>	<u>19,997</u>	<u>175,028</u>

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John Whipple, CPA

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

Honorable Mayor and City Council
City of Bartlesville, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2014, and the related notes to the financial statements, which collectively comprise the *City of Bartlesville, Oklahoma's* basic financial statements and have issued our report thereon dated May 20, 2015. Our report includes a reference to other auditors. The financial statements of the Bartlesville Development Corporation and the Bartlesville Community Center Trust Authority were not audited in accordance with *Government Auditing Standards*. Other auditors audited the financial statements of Bartlesville Community Center Trust Authority, Bartlesville Development Authority, Bartlesville Development Corporation, and Bartlesville Redevelopment Trust Authority, as described in our report on the *City of Bartlesville, Oklahoma's* financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the *City of Bartlesville, Oklahoma's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the *City of Bartlesville, Oklahoma's* internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses: 2014-001, 2014-003 and 2014-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency: 2014-002.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the *City of Bartlesville, Oklahoma's* financial statements are free from 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 and other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters that we reported to management of the *City of Bartlesville, Oklahoma*, in a separate letter dated May 20, 2015.

***City of Bartlesville, Oklahoma's* Response to Findings**

City of Bartlesville, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. *City of Bartlesville, Oklahoma's* response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the *City's* internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the *City's* internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants

May 20, 2015



STOTTS • ARCHAMBO
MUEGGENBORG & BARCLAY_{PC}

Certified Public Accountants

JD Stotts, CPA

Mark W. Archambo, CPA, CFP[™]

Deborah E. Mueggenborg, CPA

Tom K. Barclay, CPA, CFP[™]

John Whipple, CPA

**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by OMB Circular A-133**

Honorable Mayor and City Council
City of Bartlesville, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the *City of Bartlesville, Oklahoma's* compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the *City of Bartlesville, Oklahoma's* major federal programs for the year ended June 30, 2014. The *City of Bartlesville, Oklahoma's* major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the *City of Bartlesville, Oklahoma's* compliance.

Opinion on Each Major Federal Program

In our opinion, the *City of Bartlesville, Oklahoma* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stotts, Archambo, Mueggenborg & Barclay, PC

Stotts, Archambo, Mueggenborg & Barclay, PC
Certified Public Accountants
Bartlesville, Oklahoma

May 20, 2015

CITY OF BARTLESVILLE

Summary of Auditor's Results For the Fiscal Year Ended June 30, 2014

Section 1

Summary of Auditor's Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major program: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None reported |
| 2. Type of auditor's report issued on compliance for major program: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? | No |
| 4. Identification of major program: | |

CFDA Number

Name of Federal Program

14.228
20.106

Community Development Block Grant
Airport Improvement Program

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs: | \$300,000 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

CITY OF BARTLESVILLE

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2014

Current Year Findings

Section II – Financial Statement Findings

2014-001

Criteria: There must be sufficient internal controls to adequately safeguard City assets and property.

Condition: Fuel is charged to a department by vehicle key fob--Employees are given global access to City fuel pumps if they have access to a key fob and are listed as an employee in the system. This allows the employee to charge fuel to any department, not necessarily the department where the driver is employed. The entrance to the key fob system area is not locked and is accessible 24 hours a day, 7 days a week. The side gate at the City Garage is not locked. Many vehicles at the City Garage are unlocked, with the key fob inside the vehicle. There is no camera coverage at the City fuel pump site. The City Garage supervisor assigns new drivers a driver number without authorization from the employee's supervisor or program director. Many employees that have active driver numbers are no longer employed by the City. There is no independent monitoring of active drivers.

Questioned costs: None

Context: The number of employees in the system that can access fuel without sufficient oversight--The listing of employees in the key fob system includes former employees and deceased employees, so the number of active drivers is not readily available.

Effect: Potential misappropriation of City fuel supplies.

Cause: Lack of sufficient internal controls over City fuel supplies.

Recommendation: We recommend that proper authorization from the applicable department directors be obtained in writing or e-mail before assigning driver numbers to new drivers. We further recommend that security measures at the City Garage be implemented, such as camera coverage at the fuel pumps, a key card system at the door to the key fob area, and all gates secured with key card access. We also recommend communication with the Human Resources Department to verify that only current employees are assigned active driver numbers. Drivers should not be given global access, but rather be allowed only to charge fuel to specific, applicable departments. All unoccupied City vehicles should be locked at all times. An independent review of the

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Current Year Findings
(continued)

Section II – Financial Statement Findings (continued)

2014-001 (continued)

listing of active drivers should be performed on a monthly basis to verify that the listing only includes current City employees.

Views of responsible officials and planned corrective actions:

The City of Bartlesville's current fuel management system is out of date and provides insufficient controls to adequately monitor the City's fuel dispensing system. Staff is aware of this fact and during a SAS 99 interview, asked the City's auditors to review our procedures during this audit. Staff has already taken steps to improve controls and reduce our risk. Staff is currently developing the requirements for a new fueling system. The new system will provide better controls either through a dual authorization card system (one for the employee and one for the vehicle) or through an automated fuel "ring" authorization system.

In addition to the new system, there are a number of physical security upgrades that are currently planned as part of the new public works facility currently under construction. These systems will consist of a new perimeter security fence, key card operated security gate, and video recording system. Additionally, Human Resources will communicate with the garage all new hires that are authorized to dispense fuel and all terminations. A current list of all employees will also be provided by HR to the garage initially to ensure that the current list is up to date.

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Current Year Findings
(continued)

2014-002

Criteria: The Utility Deposit account should be reconciled to the general ledger.

Condition: Monthly reports for the Utility Deposit payable are not being traced to the general ledger. During the audit procedures, the client was unable to duplicate the report for June 30, 2014 and there was no documentation to support the amount in the general ledger.

Questioned costs: Unable to determine.

Context: Monthly reports are produced, but not reconciled to the general ledger.

Effect: Possible misstatement of Utility Deposits payable.

Cause: Lack of sufficient internal controls over Utility Deposits payable.

Recommendation: We recommend that the client continue to produce the monthly reports for the Utility Deposit payable, and promptly reconcile them to the general ledger on a monthly basis.

Views of responsible officials and planned corrective actions:

The City recently switched our utility billing system to cycle billing. This switch allowed the billing cycle to be broken up into four cycles per month which evened out both the workload and the cash flow. This switch also caused some unexpected technical confusion in how monthly and annual reports are run. The report in question was run for year end, but a mistake was made and only cycle 1 was included. This is a report that must be run on the effective date and cannot be back dated. Therefore, by the time the error was noted, it was too late to correct in that period. The City utilized other methods including transaction data and later reports to ensure that the balance was reasonable at year end and in subsequent months. This report is now being run monthly and reconciliations are being performed as part of the regular month end close.

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Current Year Findings
(continued)

Section II – Financial Statement Findings (continued)

2014-003

Criteria: Pass-through funds owed to other entities should be paid promptly.

Condition: BRTA pass-through funds received by the City in January 2014 were not discovered until the June 30, 2014 year-end closing. As of January 12, 2015, the checks had still not been processed to pass the funds on to the BRTA. In addition, lodging tax and sales tax due to the BRTA for September through December 2014 of \$83,184 was not passed on to the BRTA until February 25, 2015.

Questioned costs: None

Context: Property taxes received January 2014 from Washington County in the amount of \$12,113, were to be passed on to BRTA, but management did not realize the funds were held and ready for disbursement until year-end closing, after June 30, 2014.

Effect: The City did not remit pass-through funds timely.

Cause: Monthly bank reconciliation procedures do not include examining detail of consolidated cash so that it may be determined for which funds cash is actually being held.

Recommendation: We recommend that monthly bank reconciliation procedures include printing the detail for Fund 990 Consolidated Cash so that pass-through funds may be noted and promptly transferred to the appropriate entity.

Views of responsible officials and planned corrective actions:

The accounting for the BRTA was once performed by the City of Bartlesville. All of the receipts and remittances for the BRTA were tracked on the City's accounting system, and the BRTA reports were produced by City staff. At the City's suggestion, the BRTA now contracts with Stotts, Archambo, Mueggenborg, and Barclay (SAMB) for their accounting services. As such, the ad valorem payments for the BRTA are supposed to be remitted directly to SAMB. The pass through balances remaining with the City were inadvertently remitted to the City by Washington County where they were deposited in a

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Current Year Findings
(continued)

Section II – Financial Statement Findings

2014-003 (continued)

Views of responsible officials and planned corrective actions: (continued)

restricted fund in accordance with previous procedures. At that point, City staff overlooked the remaining balances due to the BRTA, since it was believed that the City would receive no further funds on behalf of the BRTA.

In order to prevent the City from inadvertently holding pass through funds in the future, the City will amend existing bank reconciliation procedures to add the print out and review of the Fund 990 consolidated cash detail to ensure that pass through funds are identified and transferred timely.

2014-004

Criteria: Financial statements should be free of material misstatement.

Condition: The financial statements are generated from Excel, and there were many material errors and omissions when the auditor attempted to tie the financial statements to the adjusted trial balance. Various receivables, cash and fixed assets were not booked.

Questioned costs: None

Context: The financial statements were prepared by the client. The City does not have a software system that can generate the financial statements, so they were developed from an extensive Excel spreadsheet. This is a difficult process to do using Excel. There were many material errors and corrections that had to be made. A grant receivable of \$202,755 was not booked, interest expense of \$409,180 related to BEA was not accrued, a cash account in the amount of \$87,534 was not on the City's books, and there was a total of \$144,688 of fixed assets not on the City's books. These items were discovered by the auditor during fieldwork. The client was informed and allowed to make the adjustments to their financial statements. The Finance Director has reported to the City Council the past two years that the City was working on obtaining a new accounting system as approved by the voters. A new integrated system should allow preparation of more timely and accurate financial statements.

Effect: The City is not presenting reliable financial statements.

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Current Year Findings
(continued)

Section II – Financial Statement Findings (continued)

2014-004 (continued)

Cause: The financial statements are developed using an Excel spreadsheet. There is a lack of internal controls in place to ensure all cash, receivables and fixed assets are entered in the accounting records.

Recommendation: We recommend that the City obtain and implement a new software system in a timely manner. We also recommend that the City develop controls to ensure that the financial statements include all adjustments.

Views of responsible officials and planned corrective actions:

The City of Bartlesville has taken a number of steps toward choosing an ERP system over the last several years. However, staff is very cognizant of the fact that this will be our only chance to ensure that the system purchased is the best possible solution. The City's current system is an ERP system that was purchased in 2000. This system was moved to "legacy" support by the software producer shortly after implementation. This meant that the existing system would be supported but no further upgrades or enhancements would be available. Staff also spoke with several municipalities who had recently upgraded their ERP systems, and none of these cities were happy with the results.

With this recent history in mind, staff is taking a cautious approach to ensure that the best possible decision is made to avoid the mistakes of the past. In an effort to find the best possible path forward, the City Council, at staff's recommendation, is expected to engage the Governmental Finance Officers Association (GFOA) to assist with the preparation of an RFP for this critical purchase. GFOA has proposed to assist the City by mapping existing business processes, applying best practice guidelines to make existing business processes more efficient, produce a vendor neutral RFP document that fits the City's specific needs, participate in system review and selection, and assist with contract negotiations. Staff feels this process will produce the best possible result and provide the best ERP solution for the City's future.

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014
(continued)

Section III – Federal Award Findings and Questioned Costs
(continued)

None

CITY OF BARTLESVILLE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014
(continued)

Schedule of Prior Year Findings

2013-001: The PBC SEFA was materially incorrect, as it did not include OWRB loan federal dollars in the amount of \$1,047,270.

FY 2014 Follow-up: This finding has been cleared as a finding, but is currently a management letter comment.

2013-002: Water distribution inventory not being tracked as to the movement of inventory on a daily basis.

FY 2014 Follow-up: This finding has been cleared.

2013-003: This is the third year that the City has not collected delinquent utility billing amounts and business licenses.

FY 2014 Follow-up: This finding has been cleared.

CITY OF BARTLESVILLE

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2014

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the *City of Bartlesville, Oklahoma* under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the *City of Bartlesville, Oklahoma*, it is not intended to and does not present the financial position, changes in net position or cash flows of the *City of Bartlesville, Oklahoma*.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

CITY OF BARTLESVILLE
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	CFDA Number	Award Number	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development			
Passed through the Oklahoma Department of Commerce CDBG Small Cities Program	14.228	15243 CDBG 12	\$ 84,719
Total U.S.Department of Housing and Urban Development			<u>84,719</u>
U.S. Department of Justice			
COPS Technology Program Grant	16.710	2010-CKWX-0023	316,658
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0404	7,000
Bulletproof Vest Partnership Program 2012	16.607	N/A	1,755
Bulletproof Vest Partnership Program 2013	16.607	N/A	2,700
Total U.S. Department of Justice			<u>328,113</u>
U.S Department of Transportation			
Federal Aviation Administration Airport Improvement Program	20.106	AIP 3-40-007-010-2013	738,466
Total U.S Department of Transportation			<u>738,466</u>
Environmental Protection Agency			
Passed through the Oklahoma Water Resources Board Safe Drinking Water State Revolving Fund Loan	66.468	ORF-12-0003-DW	202,806
Total Environmental Protection Agency			<u>202,806</u>
Total Expenditures of Federal Awards			\$ <u><u>1,354,104</u></u>