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bartlesville
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ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2018

**THE CITY OF BARTLESVILLE,
OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Bartlesville, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bartlesville, Oklahoma (the "City"), as of and for the year ended June 30, 2018, 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 Community Center Trust Authority, Bartlesville Development Authority, and the Bartlesville Redevelopment Trust Authority, which represents 56 percent, 63 percent, and 17 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Community Center Trust Authority, Bartlesville Development Authority, and the Bartlesville Redevelopment Trust Authority are 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 from material misstatement.

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 statements.

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, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2018 the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension exhibits, and other post-employment benefits funding schedules, as listed in the table of contents, 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's basic financial statements. The combining and individual nonmajor fund financial statements 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 basic 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2019 on our consideration of the City'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 the City's internal control over financial reporting and compliance.



August 22, 2019

CITY OF BARTLESVILLE, OKLAHOMA
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MANAGEMENT DISCUSSION AND ANALYSIS

CITY OF BARTLESVILLE, OKLAHOMA
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The management of the City of Bartlesville, Oklahoma (the “City”), is pleased to present its perspective of the City’s financial performance as a whole for the fiscal year ended June 30, 2018. 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. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ended June 30, 2018, the City’s total net position increased by \$3.2 million or 1.7% from the prior year.
- During the year, the City’s expenses for governmental activities were \$28.2 million and were funded by program revenues of \$6.4 million and further funded with taxes and other general revenues that totaled \$26.4 million.
- In the City’s business-type activities, such as utilities, program expenses exceed program revenues by \$4.2 million.
- Taxes increased by \$825,775 or 3.3% over the prior fiscal year.
- At June 30, 2018, the General Fund reported an unassigned fund balance of \$3,682,233, which is a increase of 28% from the prior year unassigned fund balance. The majority of this is related to the net effect of a decreased commitment for the next fiscal year’s budget of about \$809,761.
- For budgetary reporting purposes, the General Fund reported revenues under estimates of \$136,027 or 0.6%, while expenditures were under the final appropriations by \$1,194,247 or 5.3%.
 - Noteworthy changes to the City’s capital assets included:
 - Completed over \$2.2 million in Street replacement.
 - Completed the rehabilitation at the Airport costing over \$511 thousand.
 - Completed over \$2.8 million in Park projects.
 - The City has retained its AA- bond rating making it one of the highest in the State of Oklahoma for public entities.
 - The City added an additional \$729 thousand dollars to its stabilization reserve fund, bringing the total to \$5.99 million or 17.25 % of budgeted expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City and its component units. Included in this report are government-wide statements for each of two categories of activities – governmental and business-type. The government-wide financial statements present the complete financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately and combined. These statements include all assets of the City (including infrastructure capital assets) as well as all liabilities (including all long-term debt), as well as deferred outflows and deferred inflows.

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About the City

The City of Bartlesville is an incorporated municipality with a population of approximately 36,258 located in northeast Oklahoma. The City is a home rule charter form of government and operates under a charter that provides for three branches of government:

- Legislative – the City Council is a five-member governing body elected by the citizens. The City Council elects the Mayor from its members.
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation, and certain utility services including water, wastewater, and sanitation.

The City's Financial Reporting Entity

This annual report includes all activities for which the City of Bartlesville City Council is fiscally responsible. These activities, defined as the City's financial reporting entity, are operated within separate legal entities that make up the primary government.

The City's financial reporting entity includes the primary government (City of Bartlesville) and the blended component units as follows.

- **The City of Bartlesville** – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities
- **The Bartlesville Municipal Authority** – finances projects and development for the City's water and wastewater utilities
- **The Bartlesville Community Center Trust Authority** – develops, finances, and operates the Community Center for cultural and recreational activities for the citizens of Bartlesville
- **The Bartlesville Library Trust Authority** – encourages, finances, and promotes the public library
- **The Bartlesville History Museum Trust Authority** – establishes, improves, maintains, administers, and operates facilities for use as a history museum
- **The Adult Center Trust Authority** – Encourages, finances, and promotes cultural and recreational activities for the older citizens of Bartlesville
- **The Bartlesville Redevelopment Trust Authority** – Develops, redevelops, restores, and beautifies a certain portion of central Bartlesville, OK jurisdictional boundaries
- **The Bartlesville Development Authority (BDA)** – Finances certain facilities for the purpose of promoting economic development in the City of Bartlesville and surrounding areas
- **The Bartlesville Education Authority (BEA)** – Finances certain facilities for the purpose of improving educational buildings in the City of Bartlesville and surrounding areas

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Using This Annual Report

This annual report is presented in a format that substantially meets the presentation requirements of the Governmental Accounting Standards Board (GASB) in accordance with generally accepted accounting principles. The presentation includes financial statements that communicate the City's financial condition and changes therein at two distinct levels:

- **The City as a Whole** (a government-wide presentation)
- **The City's Funds** (a presentation of the City's major and aggregate nonmajor funds)

The City's various government-wide and fund financial statements are presented throughout this annual report and are accompanied by:

- **Management's Discussion and Analysis** – that provides useful analysis that facilitates a better understanding of the City's financial condition and changes therein
- **Footnotes** - that elaborate on the City's accounting principles used in the preparation of the financial statements and further explain financial statement elements
- **Supplemental** – that provide additional information about specified elements of the financial statements, such as budgetary comparison information

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most frequently asked questions about the City's finances is, "Has the City's overall financial condition improved, declined or remained steady over the past year?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, along with all deferred outflows and deferred inflows. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two government-wide statements report the City's net position and changes in them from the prior year. You can think of the City's net position – the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources – as one way to measure the City's financial condition, or position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving, deteriorating, or remaining steady. However, you must consider other non-financial factors, such as changes in the City's tax base, the condition of the City's roads, and the quality of services to assess the overall health and performance of the City.

As mentioned above, in the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** -- Most of the City's basic services are reported here, including the police, fire, general administration, streets, and parks. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities.
- **Business-type activities** -- The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's water, wastewater, sanitation and community center activities are reported here.

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Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which 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 service it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

Proprietary funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows. In fact, the City's enterprise funds are essentially the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

A FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the primary government, assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$192.4 million at the close of the most recent fiscal year.

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TABLE 1
NET POSITION (In Thousands)

	Governmental		% Inc.	Business-Type		% Inc.	Total		% Inc.
	Activities		(Dec.)	Activities		(Dec.)			(Dec.)
	**			**			**		
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Current assets	\$ 50,022	\$ 37,925	32%	\$ 10,567	\$ 11,297	-6%	\$ 60,589	\$ 49,222	23%
Capital assets, net	90,786	88,284	3%	165,959	172,341	-4%	256,745	260,625	-1%
Other noncurrent assets	-	-	-	2,578	2,701	-5%	2,578	2,701	-5%
Total assets	<u>140,808</u>	<u>126,209</u>	12%	<u>179,104</u>	<u>186,339</u>	-4%	<u>319,912</u>	<u>312,548</u>	2%
Deferred outflows of resources	<u>5,655</u>	<u>5,199</u>	9%	<u>630</u>	<u>949</u>	-34%	<u>6,285</u>	<u>6,148</u>	2%
Current liabilities	4,931	5,034	-2%	6,671	7,095	-6%	11,602	12,129	-4%
Noncurrent liabilities	43,158	37,080	16%	76,745	78,309	-2%	119,903	115,389	4%
Total liabilities	<u>48,089</u>	<u>42,114</u>	14%	<u>83,416</u>	<u>85,404</u>	-2%	<u>131,505</u>	<u>127,518</u>	3%
Deferred inflows of resources	<u>1,833</u>	<u>1,000</u>	83%	<u>418</u>	<u>266</u>	57%	<u>2,251</u>	<u>1,266</u>	78%
Net position									
Net investment in capital assets	67,051	71,769	-7%	88,693	93,893	-6%	155,744	165,662	-6%
Restricted	37,321	25,184	48%	1,771	3,118	-43%	39,092	28,302	38%
Unrestricted (deficit)	(7,831)	(8,659)	10%	5,436	4,607	18%	(2,395)	(4,052)	41%
Total net position	<u>\$ 96,541</u>	<u>\$ 88,294</u>	9%	<u>\$ 95,900</u>	<u>\$ 101,618</u>	-6%	<u>\$ 192,441</u>	<u>\$ 189,912</u>	1%

** - The prior year has not been restated to reflect the effect of the implementation of GASB 75 in fiscal year 2018 related to other post-employment benefits (OPEB) liabilities and related deferrals.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. For 2018, this investment in capital assets, net of related debt, amounted to \$155.7 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A major portion of the City's net position, \$39.1 million, also represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is available to meet the government's ongoing obligations to citizens and creditors.

The increase in current assets in governmental-type activities of approximately \$12.1 million or 32% is due primarily to issuance of G.O. Bonds at the end of the fiscal year.

The increase in deferred outflow of resources and the change in deferred inflow of resources for both the governmental and business-type activities is due to changes in the pension plans including contributions by the City and participants and asset valuations.

Changes in Net Position

For the year ended June 30, 2018, net position of the primary government changed as follows:

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TABLE 2
CHANGES IN NET POSITION (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	**			**			**		
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Revenues									
Charges for service	\$ 4,225	\$ 3,833	10%	\$ 21,500	\$ 20,721	4%	\$ 25,725	\$ 24,554	5%
Operating grants and contributions	2,040	2,167	-6%	97	182	-47%	2,137	2,349	-9%
Capital grants and contributions	162	592	-73%	59	285	-79%	221	877	-75%
Taxes	25,939	25,113	3%	-	-	-	25,939	25,113	3%
Intergovernmental revenue	326	337	-3%	-	-	-	326	337	-3%
Investment income	535	323	66%	353	467	-24%	888	790	12%
Gain on sales of assets	6	-	100%	(55)	-	100%	(49)	-	100%
Miscellaneous	1,337	639	109%	696	626	11%	2,033	1,265	61%
Total revenues	<u>34,570</u>	<u>33,004</u>	5%	<u>22,650</u>	<u>22,281</u>	2%	<u>57,220</u>	<u>55,285</u>	4%
Expenses									
General government	7,394	6,910	7%	-	-	-	7,394	6,910	7%
Public safety	13,571	13,497	1%	-	-	-	13,571	13,497	1%
Culture, parks and recreation	3,159	3,736	-15%	-	-	-	3,159	3,736	-15%
Public works	3,803	3,864	-2%	-	-	-	3,803	3,864	-2%
Interest on long-term debt	289	315	-8%	-	-	-	289	315	-8%
Water	-	-	-	8,089	7,920	2%	8,089	7,920	2%
Wastewater	-	-	-	4,398	4,633	-5%	4,398	4,633	-5%
Sanitation	-	-	-	2,995	3,079	-3%	2,995	3,079	-3%
Community Center	-	-	-	1,671	1,594	5%	1,671	1,594	5%
Other Business-Type Activities	-	-	-	8,627	7,646	13%	8,627	7,646	13%
Total expenses	<u>28,216</u>	<u>28,322</u>	0%	<u>25,780</u>	<u>24,872</u>	4%	<u>53,996</u>	<u>53,194</u>	2%
Excess (deficiency) before transfers	6,354	4,682	36%	(3,130)	(2,591)	-21%	3,224	2,091	54%
Transfers	<u>2,314</u>	<u>(565)</u>	510%	<u>(2,314)</u>	<u>565</u>	-510%	<u>-</u>	<u>-</u>	-
Change in net position	<u>8,668</u>	<u>4,117</u>	111%	<u>(5,444)</u>	<u>(2,026)</u>	-169%	<u>3,224</u>	<u>2,091</u>	54%
Beginning net position	<u>87,873</u>	<u>84,177</u>	4%	<u>101,344</u>	<u>103,644</u>	-2%	<u>189,217</u>	<u>187,821</u>	1%
Ending net position	<u>\$ 96,541</u>	<u>\$ 88,294</u>	9%	<u>\$ 95,900</u>	<u>\$101,618</u>	-6%	<u>\$ 192,441</u>	<u>\$ 189,912</u>	1%

** - The prior year has not been restated to reflect the effect of the implementation of GASB 75 in fiscal year 2018 related to other post-employment benefits (OPEB) liabilities and related deferrals.

Explanations for changes in excess of 20% and \$100,000 are as follows:

Governmental Activities:

Capital grants and contributions decreased approximately \$430,000 or 72% due primary due to the difference in the amount FAA Grant proceeds received versus the prior year.

Investment income increased \$212,000 or 65% due to a increases on the rate of return on investments.

Miscellanies income increased by \$ 698,000 or 109% and was due to some one time reimbursements of expenses from a prior year.

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Transfers for operating expenses from the Business Type to Governmental Type are generally more than offset with capital assets transfers back to Business Type, FY 2018 had a reduction of capital asset transfers moving from Government Type to Business Type.

Business-Type Activities:

Capital grants decreased approximately \$225,000 due to fewer capital grants in fiscal year 2018 for the Bartlesville Development Authority (\$175,000 less) and the Bartlesville Community Center Trust Authority (\$50,000 less).

Investment income decreased approximately \$114,000 or 24% this was mainly attributed to The Community Center Trust Authorities Investments not performing as well as then the prior year.

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or, if it is self-financing, through fees and grants or contributions. All other governmental revenues are reported as general. It is important to note all taxes are classified as general revenue even if restricted for a specific purpose.

TABLE 3
Net Revenue (Expense) of Governmental Activities
(In Thousands)

	Total Expense of Services		% Inc. (Dec.)	Net Revenue (Expense) of Services		% Inc. (Dec.)
	**			**		
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
General government	\$ 7,393	\$ 6,910	7%	(\$6,853)	(\$6,135)	-12%
Public safety	13,572	13,497	1%	(11,362)	(11,419)	0%
Culture, parks and recreation	3,159	3,736	-15%	(3,015)	(3,468)	13%
Public works	3,803	3,864	-2%	(271)	(393)	31%
Interest on long-term debt	289	315	-8%	(289)	(315)	8%
Total	<u>28,216</u>	<u>\$ 28,322</u>	0%	<u>(\$21,790)</u>	<u>(\$21,730)</u>	0%

** - The prior year has not been restated to reflect the effect of the implementation of GASB 75 in fiscal year 2018 related to other post-employment benefits (OPEB) liabilities and related deferrals.

Explanations for significant changes are listed above under Table 2.

Several revenue sources fund the City of Bartlesville's governmental activities with sales tax being the largest. The City levies a three and four-tenths-cent (\$.034) sales tax on taxable sales within the City. The Sales Tax is allocated among three funds: The General Fund, the Economic Development Fund, and the Sales

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Tax Capital Improvement Fund. Two and sixty-five hundredths cents (\$.0265) of the tax collected is deposited in the General Fund, twenty-five hundredths cent (\$.0025) is deposited in the Economic Development Fund, and five-tenths cent (\$.005) 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". Sales tax revenue reported in the Government-wide Financial Statements totaled \$18,343,576, which represented a 1.3% 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 48.1% of net governmental expenses. The Fire department consists of 70 full-time employees, including one administrative assistant. The Police department consists of 68 full time employees with 61 being sworn enforcement personnel and 7 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 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.

Business-Type Activities

Overall, the business-type activities saw a decrease of \$5,723,000 in net position.

TABLE 4
Net Revenue (Expense) of Business-Type Activities
(In Thousands)

	Total Expense of Services		% Inc. Dec.	Net Revenue (Expense) of Services		% Inc. Dec.
	**			**		
	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>	
Water	\$ 8,089	\$ 7,920	2%	\$ 1,434	\$ 1,176	22%
Wastewater	4,398	4,633	-5%	32	(736)	104%
Sanitation	2,995	3,079	-3%	1,474	1,405	5%
Community center	1,671	1,594	5%	(984)	(759)	-30%
Other business-type activities	8,627	7,646	13%	(6,080)	(4,769)	-27%
Total	<u>\$25,780</u>	<u>\$24,872</u>	4%	<u>\$(4,124)</u>	<u>\$(3,683)</u>	-12%

** - The prior year has not been restated to reflect the effect of the implementation of GASB 75 in fiscal year 2018 related to other post-employment benefits (OPEB) liabilities and related deferrals.

The City's business-type activities include utility services for water, wastewater, sanitation and the operation of the community center.

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Total assets from governmental activities are approximately \$140.8 million, which represents an increase of \$14.6 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 \$729,000 being set aside in a formal stabilization reserve fund and \$5.0 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.

The City has continued its concerted effort to improve work place safety so that workers' 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 workers' compensation. Despite the City's best efforts, workers' compensation expense continues to escalate due to increasing medical and settlement costs. To help offset these increases, the City began levying workers' compensation court judgments on property tax. While this step has lessened workers' 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 workers' compensation reform that recently emerged from the State Legislature will help to control these costs long-term.

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

A FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Information on the City's major funds starts on page 39. The governmental funds utilize the modified accrual basis of accounting. All governmental funds combined received total revenues of \$34.70 million for the year and \$34.76 million in expenditures resulting in a deficiency in revenues over expenditures of (\$55 thousand). The City's governmental funds also had other financing sources and uses (mainly transfers and debt proceeds) that netted to create other financing sources of \$12.8 million. When combined with the deficiency mentioned above, the City's governmental funds' fund balances in total finished the year up approximately \$12.8 million, more than where they started.

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The individual net change in fund balances for the year was only significant in the Debt Service Fund CIP – Wastewater Regulatory Fund, Capital Reserve Fund, 2014B G.O. Bond Fund and the 2017 G.O. Bond Fund 2018A G.O. Bond Fund. The Debt Service Fund received approximately \$4.3 million in revenue and paid \$3.4 million for debt service payments in a increased fund balance of \$0.9 million. The CIP – Wastewater Regulatory Fund received dedicated utility revenues that were accumulated to pay for regulatory required wastewater projects. It received approximately \$173,000 in revenues and paid approximately \$1.3 million for projects. This resulted in a decrease of \$1.1 million. In FY17, the City began using the Capital Reserve Fund for business-type and governmental-type projects and is phasing out the use of the CIP-Wastewater Regulatory Fund. The Capital Reserve Fund is a capital improvement fund used to accumulate amounts from the General, Water, Wastewater, and Sanitation Funds that will be used to finance these funds' long-term capital plans. This fund accumulated \$4.2 million in revenue and transfers while spending \$1.2 million which resulted in an increased fund balance of \$3.0 million. The 2014B G.O. Bond Fund spent \$.8 million of prior year bond proceeds, which explains the decrease in fund balance of the same amount. The 2017 G.O. Bond Fund spent \$.8 million of prior year bond proceeds, which explains the decrease in fund balance of the same amount. The 2018A G.O. Bond Fund received \$9.7 million in bond proceeds, with \$0.1 million in professional services expense therefore the increase in fund balance by \$9.6 million.

The general fund reflects an increase in fund balance of \$737,455 which brings it up to \$10.3 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 meets its obligations and reflects a good financial condition of the City as a whole.

General Fund Budgetary 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.

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For the general fund, budget basis revenue was down by \$136,027 over the budget estimates of \$22,202,335. 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 2018 were \$1,290,984 below the final budget of \$23,493,319. These savings were achieved through spending restraints and careful monitoring of budget results.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2018, the City had \$256.7 million invested in capital assets, net of depreciation, including police and fire equipment, buildings, park facilities, streets, and water lines and sewer lines. (See Table 5). This represents a net decrease of approximately \$3.9 million over last year.

TABLE 5
Capital Assets
(In Thousands)
(Net of accumulated depreciation)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 3,354	\$ 3,354	\$ 7,252	\$ 7,512	\$ 10,606	\$ 10,866
Works of art	-	-	46	46	46	46
Buildings	4,092	4,590	97,748	101,658	101,840	106,248
Infrastructure	63,091	60,668	33,783	35,768	96,874	96,436
Machinery, furniture and equipment	4,064	3,206	2,847	3,129	6,911	6,335
Construction in progress	16,184	16,466	24,283	24,228	40,467	40,694
Totals	<u>\$ 90,785</u>	<u>\$ 88,284</u>	<u>\$ 165,959</u>	<u>\$ 172,341</u>	<u>\$ 256,744</u>	<u>\$ 260,625</u>

Perhaps the City's most important long-term capital needs revolve around a long-term sustainable water supply and an expansion of our wastewater treatment capacity. The construction of the Ted Lockin potable water treatment plant was completed in September of 2006, and the City is continuing to make progress on the issue of long-term water supply. However, the City's water needs now largely lie in the hands of the United States Congress where discounted pricing for water rights on Copan Lake must be approved. The City is also examining possibilities for indirect wastewater reuse that will allow the City to utilize effluent from the wastewater plant as a supplementary water supply.

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 the purchase of land as a possible future site for a wastewater treatment plant. It is anticipated that the City will need to construct this new wastewater treatment plant or renovate the existing 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 for this project.

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

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for an additional seven years beginning July 1, 2014. In addition to more “traditional” City projects, 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.

Water and sewer projects are most often funded with loans through the Oklahoma Water Resources Board’s Drinking Water State Revolving Fund or the Clean Water State 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.

See Note 4 to the financial statements for more detail information on the City’s capital assets and changes therein.

Long-Term Debt

As of June 30, 2018 the City of Bartlesville had approximately \$102,021,000, in outstanding debt. Table 6 summarizes the outstanding debt. This increase of approximately \$5,766,000 over last year is due primarily to the net effect of issuance of \$10.25 million in G.O. Bonds and normal debt service payments. The City’s changes in long-term debt by type of debt are as follows:

TABLE 6
Long-Term Debt
(In Thousands)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2017-2018</u>
General obligation bonds	\$ 23,735	\$ 16,515	\$ -	\$ -	\$ 23,735	\$ 16,515	43.7%
Notes payable	-	-	76,753	77,789	76,753	77,789	-1.3%
Workers' compensation claims liability	525	979	-	-	525	979	-46.4%
Accrued compensated absences	842	808	166	164	1,008	972	3.7%
Totals	<u>\$ 25,102</u>	<u>\$ 18,302</u>	<u>\$ 76,919</u>	<u>\$ 77,953</u>	<u>\$ 102,021</u>	<u>\$ 96,255</u>	6.0%

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

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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).

See Note 5 to the financial statements for more detail information on the City's long-term debt and changes therein.

The Economic Outlook

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's Financial Management

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 CFO/City Clerk, Mike Bailey at the City of Bartlesville, 401 S. Johnstone Ave, Bartlesville, OK 74003, by phone at (918) 338-4212 or by email at jsmuninger@cityofbartlesville.org.

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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

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Statement of Net Position– June 30, 2018

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 109,150	\$ 2,768,934	\$ 2,878,084
Investments	44,121,105	5,895,785	50,016,890
Interest receivable	99,348	-	99,348
Restricted cash and cash equivalents, current	59,291	1,389,452	1,448,743
Accounts receivable, net of allowance	1,135,349	2,214,568	3,349,917
Internal balances	1,007,317	(1,007,317)	-
Due from other governmental agencies	3,348,753	-	3,348,753
Inventories	56,477	458,118	514,595
Prepaid expenses	85,816	54,264	140,080
Incentive loans receivable, current	-	183,468	183,468
Restricted cash and cash equivalents, noncurrent	-	204,658	204,658
Mortgage and security agreement	-	526,901	526,901
Incentive loans receivable, noncurrent	-	346,453	346,453
Other assets	-	110,045	110,045
Capital Assets:			
Land and construction in progress	19,538,399	31,581,245	51,119,644
Other capital assets, net of depreciation	71,247,246	134,377,540	205,624,786
Total Assets	<u>140,808,251</u>	<u>179,104,114</u>	<u>319,912,365</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred amounts related to pensions	5,626,876	615,208	6,242,084
Deferred amounts related to OPEB	27,958	15,163	43,121
Total deferred outflow of resources	<u>5,654,834</u>	<u>630,371</u>	<u>6,285,205</u>
LIABILITIES			
Accounts payable and accrued expenses	1,126,751	543,989	\$ 1,670,740
Accrued interest payable	-	699,451	699,451
Due to depositors	-	1,243,819	1,243,819
Restricted cash reserves	-	225,630	225,630
Advanced revenues	85,547	170,261	255,808
Long-term liabilities			
Due within one year:			
Compensated absences	84,160	16,398	100,558
Bonds, capital leases and contracts	3,425,000	3,448,399	6,873,399
Incentives payable	-	323,844	323,844
Claims payable	209,934	-	209,934
Due in more than one year:			
Compensated absences	757,444	150,091	907,535
Bonds, capital leases and contracts	20,310,000	73,304,244	93,614,244
Incentives payable	-	63,914	63,914
Claims payable	314,902	-	314,902
Net OPEB liability	3,731	2,023	5,754
Total OPEB liability	768,096	416,595	1,184,691
Net pension liability	21,003,609	2,807,698	23,811,307
Total liabilities	<u>48,089,174</u>	<u>83,416,356</u>	<u>131,505,530</u>
DEFERRED INFLOW OF RESOURCES			
Deferred amounts related to pensions	1,802,575	401,559	2,204,134
Deferred amounts related to OPEB	30,048	16,296	46,344
Total Deferred inflow of resources	<u>1,832,623</u>	<u>417,855</u>	<u>2,250,478</u>
NET POSITION			
Net investment in capital assets	67,050,645	88,692,828	155,743,473
Restricted by:			
Enabling legislation	19,367,886	-	19,367,886
Statutory requirements	16,941,063	-	16,941,063
External contracts	1,012,728	1,771,559	2,784,287
Unrestricted (deficit)	(7,831,034)	5,435,887	(2,395,147)
Total net position	<u>\$ 96,541,288</u>	<u>\$ 95,900,274</u>	<u>\$ 192,441,562</u>

See accompanying notes to the basic financial statements.

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Statement of Activities –Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 7,392,884	\$ 394,098	\$ 134,533	\$ 11,500	\$ (6,852,753)	\$ -	\$ (6,852,753)
Public Safety	13,571,614	745,694	1,463,654	-	(11,362,266)	-	(11,362,266)
Culture and Recreation	3,159,390	37,694	107,153	-	(3,014,543)	-	(3,014,543)
Public Works	3,803,289	3,047,853	334,470	150,000	(270,966)	-	(270,966)
Interest on Long-term debt	289,177	-	-	-	(289,177)	-	(289,177)
Total governmental activities	28,216,354	4,225,339	2,039,810	161,500	(21,789,705)	-	(21,789,705)
Business-Type Activities:							
Water	8,089,001	9,522,842	-	-	-	1,433,841	1,433,841
Wastewater	4,398,050	4,430,330	-	-	-	32,280	32,280
Sanitation	2,995,460	4,469,674	-	-	-	1,474,214	1,474,214
Community Center	1,670,558	548,869	78,008	59,482	-	(984,199)	(984,199)
Other Business-Type Activities	8,627,449	2,528,605	18,583	-	-	(6,080,261)	(6,080,261)
Total business-type activities	25,780,518	21,500,320	96,591	59,482	-	(4,124,125)	(4,124,125)
Total primary government	\$ 53,996,872	\$ 25,725,659	\$ 2,136,401	\$ 220,982	\$ (21,789,705)	\$ (4,124,125)	\$ (25,913,830)
General revenues:							
Taxes:							
Sales and use taxes					\$ 18,343,576	\$ -	\$ 18,343,576
TIF tax revenue					1,060,254	-	1,060,254
Property taxes					4,075,456	-	4,075,456
Franchise taxes and public service taxes					1,392,024	-	1,392,024
Other taxes					1,067,904	-	1,067,904
Intergovernmental revenue not restricted to specific programs					326,375	-	326,375
Unrestricted investment earnings					535,306	353,322	888,628
Miscellaneous					1,336,755	696,179	2,032,934
Gain (Loss) on sale of assets					6,113	(54,630)	(48,517)
Transfers					2,314,067	(2,314,067)	-
Total general revenues and transfers					30,457,830	(1,319,196)	29,138,634
Change in net position					8,668,125	(5,443,321)	3,224,804
Net position - beginning, restated					87,873,163	101,343,595	189,216,758
Net position - ending					\$ 96,541,288	\$ 95,900,274	\$ 192,441,562

See accompanying notes to the basic financial statements.

**CITY OF BARTLESVILLE, OKLAHOMA
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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

CITY OF BARTLESVILLE, OKLAHOMA
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Governmental Funds Balance Sheet - June 30, 2018

City of Bartlesville
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,250	-	\$ -	\$ 3,250
Investments	6,526,929	3,740,556	33,149,575	43,417,060
Interest receivable	-	-	99,349	99,349
Receivable from other governments	40,728	10,003	705	51,436
Due from other funds	918,501	-	-	918,501
Taxes receivable, net	2,719,965	-	825,774	3,545,739
Other receivables, net of allowance	739,024	-	136,249	875,273
Inventories	56,476	-	-	56,476
Prepaid expenses	85,816	-	-	85,816
Cash - restricted	59,291	-	-	59,291
Total assets	<u>\$ 11,149,980</u>	<u>\$ 3,750,559</u>	<u>\$ 34,211,652</u>	<u>\$ 49,112,191</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 75,508	\$ -	\$ 144,514	\$ 220,022
Accrued payroll payable	628,694	-	35,838	664,532
Advanced revenue	85,407	-	140	85,547
Other payables	67,471	-	168,099	235,570
Total liabilities	<u>857,080</u>	<u>-</u>	<u>348,591</u>	<u>1,205,671</u>
Fund balances:				
Nonspendable	142,293	-	-	142,293
Restricted	-	3,750,559	33,571,118	37,321,677
Committed	5,998,580	-	291,943	6,290,523
Assigned	469,794	-	-	469,794
Unassigned	3,682,233	-	-	3,682,233
Total fund balances	<u>10,292,900</u>	<u>3,750,559</u>	<u>33,863,061</u>	<u>47,906,520</u>
Total liabilities and fund balances	<u>\$ 11,149,980</u>	<u>\$ 3,750,559</u>	<u>\$ 34,211,652</u>	<u>\$ 49,112,191</u>

See accompanying notes to the basic financial statements.

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Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances – Year Ended June 30, 2018

	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Sales and miscellaneous taxes	\$ 15,687,251	\$ -	\$ 6,176,507	\$ 21,863,758
Property taxes	-	4,075,456	-	4,075,456
Intergovernmental	2,267,349	-	383,438	2,650,787
Licenses and permits	254,528	-	-	254,528
Charges for services	406,022	-	3,053,493	3,459,515
Fees and fines	765,824	-	-	765,824
Investment earnings	171,016	21,883	332,831	525,730
Miscellaneous	441,244	171,818	444,383	1,057,445
Contributions and donations	-	-	51,451	51,451
Total revenues	<u>19,993,234</u>	<u>4,269,157</u>	<u>10,442,103</u>	<u>34,704,494</u>
EXPENDITURES				
Current:				
General government	5,656,721	28,011	760,246	6,444,978
Public safety	12,616,457	-	1,138,661	13,755,118
Public works	1,423,173	-	1,162,385	2,585,558
Culture and recreation	2,632,254	-	285,272	2,917,526
Capital outlay	6,549	-	5,731,160	5,737,709
Debt service:				
Principal	-	3,030,000	-	3,030,000
Interest and other charges	-	289,177	-	289,177
Total expenditures	<u>22,335,154</u>	<u>3,347,188</u>	<u>9,077,724</u>	<u>34,760,066</u>
Excess (deficiency) of revenues over expenditures	<u>(2,341,920)</u>	<u>921,969</u>	<u>1,364,379</u>	<u>(55,572)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	-	-	10,250,000	10,250,000
Other source	-	-	1,225	1,225
Transfers in	4,685,693	-	1,755,952	6,441,645
Transfers out	(1,606,318)	-	(2,197,811)	(3,804,129)
Total other financing sources and uses	<u>3,079,375</u>	<u>-</u>	<u>9,809,366</u>	<u>12,888,741</u>
Net change in fund balances	737,455	921,969	11,173,745	12,833,169
Fund balances - beginning	9,555,445	2,828,590	22,689,316	35,073,351
Fund balances - ending	<u>\$ 10,292,900</u>	<u>\$ 3,750,559</u>	<u>\$ 33,863,061</u>	<u>\$ 47,906,520</u>

See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Total fund balance, governmental funds	\$ 47,906,520
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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 current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	90,785,645
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Other long-term assets, deferred outflows and internal service fund activity are either not available to pay for current period expenditures and are deferred in the funds, or are combined with governmental activities at the government-wide financial statements

Pension related deferred outflows	5,626,876
OPEB related deferred outflows	27,958
Internal service funds	290,136
Internal balance related to internal service fund classified as BTA	88,816

Some liabilities and deferred inflows 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.

Bonds payable	(23,735,000)
Net pension liability	(21,003,609)
Accrued compensated absences liability	(841,604)
Net OPEB liability	(3,731)
Total OPEB liability	(768,096)
Pension related deferred inflows	(1,802,575)
OPEB related deferred inflows	(30,048)

Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 96,541,288</u>
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See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Reconciliation of Governmental Funds and Government-Wide Financial Statements:

Net change in fund balances - total governmental funds: \$ 12,833,169

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.

Capital asset purchases capitalized	7,139,204
Depreciation expense	(4,314,073)
Capital assets transferred to business-type activities	(323,449)

In the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as an element of pension expense. The fund financials report pension contributions as expenditures. 548,557

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Principal payments on long-term debt	3,030,000
Proceeds of long-term debt	(10,250,000)

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. 25,390

Internal service fund activity related to Enterprise Funds 13,318

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in compensated absence liability	(33,684)
Change in OPEB liability and related deferrals	(307)

Change in net position of governmental activities	<u>\$ 8,668,125</u>
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See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUNDS

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Proprietary Funds Statement of Net Position - June 30, 2018

	Enterprise Funds							
	BMA	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	Total
								Total Internal Service Funds
ASSETS								
Current assets:								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 620,944	\$ -	\$ 2,147,990	\$ 2,768,934
Restricted cash and cash equivalents	1,163,822	-	-	-	225,630	-	-	1,389,452
Investments	-	-	-	827,024	-	-	5,068,761	5,895,785
Accounts receivable, net	1,287,393	-	-	306,261	78,539	-	-	1,672,193
Cash held by third parties	-	-	-	-	-	-	-	-
Other receivables	107,825	-	5,265	13,464	-	306,829	108,992	542,375
Incentive loans receivable, current	-	-	-	-	183,468	-	-	183,468
Prepaid expenses	-	-	-	-	37,854	-	-	37,854
Inventory	-	60,262	397,856	-	-	-	16,410	474,528
Total current assets	2,559,040	60,262	403,121	1,146,749	1,146,435	306,829	7,342,153	12,964,589
Noncurrent assets:								
Restricted:								
Cash and cash equivalents	181,052	-	-	-	-	23,606	-	204,658
Mortgage and security agreement	-	-	-	-	-	-	526,901	526,901
Incentive loans receivable	-	-	-	-	346,453	-	-	346,453
Other assets	-	-	-	-	110,045	-	-	110,045
Capital assets:								
Land and construction in progress	724,569	32,187	135,877	-	4,773,267	24,283,278	1,632,067	31,581,245
Other capital assets, net of accumulated depreciation	41,270,838	16,090,714	9,770,945	1,285,906	58,418,971	-	7,540,166	134,377,540
Total noncurrent assets	42,176,459	16,122,901	9,906,822	1,285,906	63,648,736	24,306,884	9,699,134	167,146,842
Total assets	44,735,499	16,183,163	10,309,943	2,432,655	64,795,171	24,613,713	17,041,287	180,111,431
DEFERRED OUTFLOW OF RESOURCES								
Deferred amounts related to pensions	-	78,248	269,721	205,386	-	-	61,853	615,208
Deferred amounts related to OPEB	-	2,048	6,590	5,266	-	-	1,259	15,163
Total Deferred Outflow of Resources	-	80,296	276,311	210,652	-	-	63,112	630,371
LIABILITIES								
Current liabilities:								
Accounts payable	-	4,223	54,828	149,278	47,589	-	126,116	382,034
Restricted cash reserves	-	-	-	-	225,630	-	-	225,630
Accrued personnel expenses	-	18,124	70,824	52,130	-	-	12,089	153,167
Incentives payable	-	-	-	-	-	-	323,844	323,844
Accrued interest payable	392,622	-	-	-	-	306,829	2,411	701,862
Due to other funds	644,553	118,159	155,789	-	-	-	-	918,501
Advanced revenue	-	-	-	-	166,489	-	3,772	170,261
Deposit liability	1,163,822	-	-	-	79,997	-	-	1,243,819
Compensated absences	-	1,612	7,705	5,974	-	-	1,107	16,398
Claims and judgments	-	-	-	-	-	-	-	-
Bonds, notes and loans payable	1,699,326	-	-	-	1,627,073	-	128,377	3,454,776
Total current liabilities	3,900,323	142,118	289,146	207,382	2,146,778	306,829	597,716	7,590,292
Noncurrent liabilities:								
Incentives payable	-	-	-	-	-	-	63,914	63,914
Claims and judgments	-	-	-	-	-	-	-	-
Compensated absences	-	12,951	69,917	60,326	-	-	6,897	150,091
Bonds, notes and loans payable	35,495,903	-	-	-	12,453,655	24,950,000	404,686	73,304,244
Net OPEB liability	-	273	879	703	-	-	168	2,023
Total OPEB liability	-	56,268	181,065	144,678	-	-	34,584	416,595
Net pension liability	-	379,228	1,220,313	975,075	-	-	233,082	2,807,698
Total noncurrent liabilities	35,495,903	448,720	1,472,174	1,180,782	12,453,655	24,950,000	743,331	76,744,565
Total liabilities	39,396,226	590,838	1,761,320	1,388,164	14,600,433	25,256,829	1,341,047	84,334,857
DEFERRED INFLOW OF RESOURCES								
Deferred amounts related to pensions	-	44,377	205,934	132,579	-	-	18,669	401,559
Deferred amounts related to OPEB	-	2,201	7,083	5,659	-	-	1,353	16,296
Total Deferred Inflow of Resources	-	46,578	213,017	138,238	-	-	20,022	417,855
NET POSITION								
Net investment in capital assets	4,800,178	16,122,901	9,906,822	1,285,906	48,071,510	(666,722)	9,172,233	88,692,828
Restricted for other purposes	181,052	-	-	-	1,040,000	23,606	526,901	1,771,559
Unrestricted (deficit)	358,043	(496,858)	(1,294,905)	(169,001)	1,083,228	-	6,044,196	5,524,703
Total net position	\$ 5,339,273	\$ 15,626,043	\$ 8,611,917	\$ 1,116,905	\$ 50,194,738	\$ (643,116)	\$ 15,743,330	\$ 95,989,090
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	-	-	-	-	-	-	-	(88,816)
Net Position of Business-type Activities	-	-	-	-	-	-	-	\$ 95,900,274

See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2018

	Enterprise Funds								
	<u>BMA</u>	<u>Wastewater Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Bartlesville Development Authority</u>	<u>Bartlesville Education Authority</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Total Internal Service Funds</u>
REVENUES									
Water	\$ 13,910,602	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,910,602	\$ -
Sanitation	-	-	-	4,469,674	-	-	-	4,469,674	-
Charges for services	-	-	-	-	2,165,630	-	897,844	3,063,474	2,875,701
Lease revenue	-	-	-	-	-	-	23,611	23,611	-
Total operating revenues	<u>13,910,602</u>	<u>-</u>	<u>-</u>	<u>4,469,674</u>	<u>2,165,630</u>	<u>-</u>	<u>921,455</u>	<u>21,467,361</u>	<u>2,875,701</u>
OPERATING EXPENSES									
Personal services	-	627,837	2,071,538	1,535,048	57,673	-	1,039,694	5,331,790	2,275,117
Contractual services	1,976	2,116,194	189,672	918,185	60,448	-	606,213	3,892,688	584,024
Utilities	-	4,195	493,640	5,099	3,547	-	166,234	672,715	12,795
Repairs and maintenance	-	146,436	624,122	195,106	2,241	-	101,875	1,069,780	33,446
Other supplies and expenses	160,108	57,760	725,367	182,695	1,948	1,500	151,676	1,281,054	-
Programs	-	-	-	-	3,430,350	-	778,560	4,208,910	-
Amortization expense	-	-	-	-	2,411	-	-	2,411	-
Depreciation	1,704,946	1,318,914	721,133	297,862	1,964,639	-	691,201	6,698,695	-
Total operating expenses	<u>1,867,030</u>	<u>4,271,336</u>	<u>4,825,472</u>	<u>3,133,995</u>	<u>5,523,257</u>	<u>1,500</u>	<u>3,535,453</u>	<u>23,158,043</u>	<u>2,905,382</u>
Operating income (loss)	<u>12,043,572</u>	<u>(4,271,336)</u>	<u>(4,825,472)</u>	<u>1,335,679</u>	<u>(3,357,627)</u>	<u>(1,500)</u>	<u>(2,613,998)</u>	<u>(1,690,682)</u>	<u>(29,681)</u>
NON-OPERATING REVENUES (EXPENSES)									
Interest and investment revenue	3,652	2	-	11,873	33,780	-	304,015	353,322	9,576
Miscellaneous revenue	42,870	50,201	8,129	-	-	613,938	1,196	716,334	45,495
Gain (loss) on capital asset disposal	-	-	4,270	1,100	(60,000)	-	-	(54,630)	-
Operating grants and contributions	-	-	-	-	-	-	95,395	95,395	-
Interest expense	(1,371,360)	-	-	-	(576,615)	(613,714)	-	(2,561,689)	-
Miscellaneous expenses	-	-	-	-	-	-	(33,468)	(33,468)	-
Total non-operating revenue (expenses)	<u>(1,324,838)</u>	<u>50,203</u>	<u>12,399</u>	<u>12,973</u>	<u>(602,835)</u>	<u>224</u>	<u>367,138</u>	<u>(1,484,736)</u>	<u>55,071</u>
Income (loss) before transfers and capital contributions	<u>10,718,734</u>	<u>(4,221,133)</u>	<u>(4,813,073)</u>	<u>1,348,652</u>	<u>(3,960,462)</u>	<u>(1,276)</u>	<u>(2,246,860)</u>	<u>(3,175,418)</u>	<u>25,390</u>
Capital contributions	-	37,028	12,800	273,621	-	-	59,482	382,931	-
Transfers in	-	4,097,567	6,137,691	-	1,094,168	-	1,264,030	12,593,456	-
Transfers out	<u>(10,235,258)</u>	<u>(1,156,837)</u>	<u>(1,953,030)</u>	<u>(1,885,847)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,230,972)</u>	<u>-</u>
Change in net position	<u>483,476</u>	<u>(1,243,375)</u>	<u>(615,612)</u>	<u>(263,574)</u>	<u>(2,866,294)</u>	<u>(1,276)</u>	<u>(923,348)</u>	<u>(5,430,003)</u>	<u>25,390</u>
Total net position - beginning, restated	<u>4,855,797</u>	<u>16,869,418</u>	<u>9,227,529</u>	<u>1,380,479</u>	<u>53,061,032</u>	<u>(641,840)</u>	<u>16,666,678</u>	<u>101,419,093</u>	<u>264,746</u>
Total net position - ending	<u>\$ 5,339,273</u>	<u>\$ 15,626,043</u>	<u>\$ 8,611,917</u>	<u>\$ 1,116,905</u>	<u>\$ 50,194,738</u>	<u>\$ (643,116)</u>	<u>\$ 15,743,330</u>	<u>\$ 95,989,090</u>	<u>\$ 290,136</u>
Change in Net Position, Enterprise Funds								(5,430,003)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds								(13,318)	
Change in Net Position of Business-type Activities								<u>\$ (5,443,321)</u>	

See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2018

	Enterprise Funds								
	BMA	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES									
Receipts from customers	\$ 13,659,645	\$ 50,201	\$ 3,939	\$ 4,447,748	\$ 2,332,613	\$ 613,994	\$ 1,010,036	\$ 22,118,176	\$ 2,919,331
Payments to suppliers and employees	(162,084)	(2,998,173)	(4,190,140)	(2,800,031)	(4,539,750)	(1,500)	(1,888,838)	(16,580,516)	(3,369,212)
Payments for incentives and operations	-	-	-	-	-	-	(649,190)	(649,190)	-
Receipts of customer meter deposits	214,662	-	-	-	-	-	-	214,662	-
Refunds of customer meter deposits	(199,061)	-	-	-	-	-	-	(199,061)	-
Interfund receipts/payments	(236,432)	7,241	33,849	-	-	-	-	(195,342)	-
Net cash provided by (used in) operating activities	<u>13,276,730</u>	<u>(2,940,731)</u>	<u>(4,152,352)</u>	<u>1,647,717</u>	<u>(2,207,137)</u>	<u>612,494</u>	<u>(1,527,992)</u>	<u>4,708,729</u>	<u>(449,881)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES									
Transfers from other funds	-	4,097,567	6,137,691	-	1,094,168	-	1,264,030	12,593,456	-
Transfers to other funds	(10,235,258)	(1,156,837)	(1,953,030)	(1,885,847)	-	-	-	(15,230,972)	-
Net cash provided by (used in) noncapital financing activities	<u>(10,235,258)</u>	<u>2,940,730</u>	<u>4,184,661</u>	<u>(1,885,847)</u>	<u>1,094,168</u>	<u>-</u>	<u>1,264,030</u>	<u>(2,637,516)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES									
Purchases of capital assets	-	-	(36,579)	-	-	(54,875)	(161,662)	(253,116)	-
Proceeds from sale of capital asset	-	-	4,270	1,100	200,000	-	-	205,370	-
Proceeds from capital grant	-	-	-	-	-	-	59,482	59,482	-
Proceeds from debt	-	-	-	-	2,529,880	-	-	2,529,880	-
Decrease in security interest in property	-	-	-	-	-	-	113,785	113,785	-
Administrative reimbursements	-	-	-	-	-	-	63,914	63,914	-
Principal paid on debt	(1,639,595)	-	-	-	(1,812,461)	-	(114,000)	(3,566,056)	-
Interest and fiscal agent fees paid on debt	(1,387,077)	-	-	-	(577,433)	(613,770)	(525)	(2,578,805)	-
Net cash provided by (used in) capital and related financing activities	<u>(3,026,672)</u>	<u>-</u>	<u>(32,309)</u>	<u>1,100</u>	<u>339,986</u>	<u>(668,645)</u>	<u>(39,006)</u>	<u>(3,425,546)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES									
Sale of investments	1,148,219	-	-	225,157	-	-	35,665	1,409,041	440,305
Purchase of investments	-	-	-	-	-	-	(109,416)	(109,416)	-
Interest and dividends	3,652	1	-	11,873	33,780	-	304,015	353,321	9,576
Net cash provided by investing activities	<u>1,151,871</u>	<u>1</u>	<u>-</u>	<u>237,030</u>	<u>33,780</u>	<u>-</u>	<u>230,264</u>	<u>1,652,946</u>	<u>449,881</u>
Net increase (decrease) in cash and cash equivalents	<u>1,166,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(739,203)</u>	<u>(56,151)</u>	<u>(72,704)</u>	<u>298,613</u>	<u>-</u>
Balances - beginning of year	<u>178,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,585,777</u>	<u>79,757</u>	<u>2,220,694</u>	<u>4,064,431</u>	<u>105,900</u>
Balances - end of year	<u>\$ 1,344,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,574</u>	<u>\$ 23,606</u>	<u>\$ 2,147,990</u>	<u>\$ 4,363,044</u>	<u>\$ 105,900</u>
Reconciliation to Statement of Net Position:									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 620,944	\$ -	\$ 2,147,990	\$ 2,768,934	\$ 45,900
Restricted cash and cash equivalents - current	1,163,822	-	-	-	225,630	-	-	1,389,452	-
Cash held by third parties	-	-	-	-	-	-	-	-	60,000
Restricted cash and cash equivalents - noncurrent	181,052	-	-	-	-	23,606	-	204,658	-
Total cash and cash equivalents, end of year	<u>\$ 1,344,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 846,574</u>	<u>\$ 23,606</u>	<u>\$ 2,147,990</u>	<u>\$ 4,363,044</u>	<u>\$ 105,900</u>

See accompanying notes to the basic financial statements.

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Proprietary Funds Statement of Cash Flows - Year Ended June 30, 2018, (Continued)

	Enterprise Funds								Total Internal Service Funds
	BMA	Wastewater Fund	Water Fund	Solid Waste Fund	Bartlesville Development Authority	Bartlesville Education Authority	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in)									
Operating Activities:									
Operating income (loss)	\$ 12,043,572	\$ (4,271,336)	\$ (4,825,472)	\$ 1,335,679	\$ (3,357,627)	\$ (1,500)	\$ (2,613,998)	\$ (1,690,682)	\$ (29,681)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization expense	1,704,946	1,318,914	721,133	297,862	1,967,050	-	691,201	6,701,106	-
Miscellaneous revenue	42,870	50,201	8,129	-	-	613,938	1,196	716,334	45,495
Miscellaneous expense	-	-	-	-	-	-	(33,468)	(33,468)	-
Operating grants and contributions	-	-	-	-	-	-	95,395	95,395	-
Change in assets and liabilities:									
Due from other funds	(236,432)	7,241	33,849	-	-	-	-	(195,342)	-
Accrued compensated absences	-	(1,554)	577	6,560	-	-	(1,713)	3,870	-
Accounts receivable	(214,210)	-	-	(19,263)	162,869	-	12,398	(58,206)	-
Other receivable	(79,617)	-	(4,190)	(2,663)	-	56	(15,958)	(102,372)	(1,865)
Accounts payable	-	(12,260)	(37,121)	108,317	(983,539)	-	(29,732)	(954,335)	(9,368)
Advanced revenue	-	-	-	-	4,114	-	(4,450)	(336)	-
Accrued salaries payable	-	(1,384)	1,165	1,225	-	-	565	1,571	-
Claims liability	-	-	-	-	-	-	-	-	(454,462)
Net and total OPEB liability and related deferrals	-	(2,239)	(7,202)	(5,753)	-	-	(1,375)	(16,569)	-
Net pension liability and related deferrals	-	(39,789)	(118,678)	(74,247)	-	-	61,478	(171,236)	-
Deposits subject to refund	15,601	-	-	-	(4)	-	(1,624)	13,973	-
Prepaid expenses	-	-	-	-	-	-	(6,751)	(6,751)	-
Inventory	-	11,475	75,458	-	-	-	318,844	405,777	-
Net cash provided by (used in) operating activities	<u>\$ 13,276,730</u>	<u>\$ (2,940,731)</u>	<u>\$ (4,152,352)</u>	<u>\$ 1,647,717</u>	<u>\$ (2,207,137)</u>	<u>\$ 612,494</u>	<u>\$ (1,527,992)</u>	<u>\$ 4,708,729</u>	<u>\$ (449,881)</u>
Noncash activities:									
Contributed capital assets	\$ -	\$ 37,028	\$ 12,800	\$ 273,621	\$ -	\$ -	\$ -	\$ 323,449	\$ -
	<u>\$ -</u>	<u>\$ 37,028</u>	<u>\$ 12,800</u>	<u>\$ 273,621</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 323,449</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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Fiduciary Funds Statement of Net Position - June 30, 2018

	<u>Mausoleum</u> <u>Endowment</u>
ASSETS	
Receivables:	
Other receivables	\$ 107
Total receivables	<u>107</u>
Investments:	
Other investments	<u>8,018</u>
Total investments	<u>8,018</u>
Total assets	<u><u>\$ 8,125</u></u>
LIABILITIES	
Total liabilities	<u>-</u>
NET POSITION	
Held in trust for benefits and other purposes	<u>8,125</u>
Total net position	<u><u>\$ 8,125</u></u>

See accompanying notes to the basic financial statements.

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Fiduciary Funds Statement of Revenues, Expenses, and Changes in Net Position - Year Ended June 30, 2018

	<u>Mausoleum</u> <u>Endowment</u>
ADDITIONS	
Investment earnings:	
Investment earnings	\$ 107
Total net investment earnings	<u>107</u>
Total additions	<u>107</u>
DEDUCTIONS	
Miscellaneous expenses	<u>-</u>
Total deductions	<u>-</u>
Change in net position	<u>107</u>
Total net position - beginning	8,018
Total net position - ending	<u><u>\$ 8,125</u></u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the Basic Financial Statements:

1. Summary of Significant Accounting Policies

A. Introduction

The financial statements of the *City of Bartlesville, Oklahoma* (the City) are prepared in accordance with U.S. Generally Accepted Governmental Accounting Principles 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.

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).

Some of the component units of the City - 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. However, the City currently has no discretely presented component units.

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, solid waste 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

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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
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 Authority (BDA)	Finances certain facilities for the purpose of promoting economic development in the City of Bartlesville, Oklahoma and surrounding areas.	Enterprise Fund
Bartlesville Education Authority (BEA)	Finances certain facilities for the purpose of improving educational buildings in the City of Bartlesville, Oklahoma and surrounding areas.	Enterprise Fund

The City and its component units provide typical municipal services such as public safety, street maintenance, culture, parks and recreation, airport, and certain utility services including water, wastewater, and sanitation.

Each of the above component units are Public Trusts established pursuant to Title 60 of Oklahoma State law. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Council to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. In addition, the City has leased certain existing assets at the creation for the Authorities to the Trustees on a long-term basis. The City, as beneficiary of the Public Trusts, receives title to any residual assets when a Public Trust is dissolved.

C. Basis of Presentation and Accounting

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 of the activity.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

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

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

Governmental Funds:

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. Also reported in the General Fund is the stabilization reserve account which can only be used in certain limited and unusual circumstances.

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.

The City's governmental funds include:

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund	See above for description.
Debt Service 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
Nonmajor:	
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.

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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 Revenues Fund	Accounts for receipts and expenditures of donations and other revenues 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.
Neighborhood Park Fund	Accounts for the receipt and expenditures of development fees that are restricted 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.
Housing TIF Districts Fund	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.
Hotel Motel Tax Fund	Accounts for hotel motel taxes restricted for the community center, economic development, and tourism purposes.
Capital Project Funds:	
Capital Improvement Sales Tax Fund	Accounts for revenues and expenditures related to a sales tax issue restricted for capital improvements
Capital Improvement - Wastewater Fund	Accounts for the revenues and expenditures associated with improving the wastewater system.

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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 - 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.
Capital Reserve Fund	Accounts for proceeds and expenditures associated with the City’s capital reserve ordinance.
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.
2014B G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2014B G.O. Bond.
2015 G.O. Bonds Fund	Accounts for bond proceeds and expenditures associated with the series 2015 G.O. Bond.
2017 G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2017 G.O. Bond.
2018A G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2018A G.O. Bond.
2018B G.O. Bond Fund	Accounts for bond proceeds and expenditures associated with the series 2018B G.O. Bond.

The governmental funds are reported on the modified accrual basis of accounting. On the modified accrual basis of accounting, revenues are recorded when earned and measurable and available to pay current financial obligations, while expenditures are recorded when incurred and payable from current financial resources. The City defines revenue availability as collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the accrual basis of accounting and economic resources measurement focus at the government-wide level.

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The General Fund, Debt Service Fund, and Capital Improvement Sales Tax Fund are considered major funds and therefore are displayed in separate columns. All other governmental funds are considered nonmajor funds and are aggregated under the column titled Other Governmental Funds.

Proprietary Funds:

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 and expenses 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.

The City's proprietary funds include:

<u>Fund</u>	<u>Brief Description</u>
Major:	
Enterprise Funds:	
Bartlesville Municipal Authority	See above for description.
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 Development Authority	See above for description.
Bartlesville Education Authority	See above for description.
Nonmajor:	
Adams Municipal Golf Course	Accounts for revenues and expenses of the municipal golf course.
Sooner Pool	Accounts for revenues and expenses of Sooner Pool.

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Frontier Pool	Accounts for revenues and expenses of Frontier Pool.
Community Center Trust Authority	See above for description.
Adult Center Trust Authority	See above for description.
Bartlesville Redevelopment Trust Authority	See above for description.
Internal Service Funds:	
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.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

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.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "how" 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-type activities are presented using the economic resources measurement focus as defined in item b below.

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In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), 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.

Basis of Accounting

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

In the fund financial statements, governmental funds 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 (within 60 days of period end) 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 fiduciary 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.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand 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 except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market price.

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 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 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 is self-insured for workers' compensation insurance. The claims for workers' compensation injuries are administered by a third-party administrator. The City has placed a deposit with the third-party administrator to allow for the payment of these claims.

Inventory

Inventories for the Enterprise Funds and General Fund are capitalized at cost and charged to expense on the first-in, first-out and average cost basis. Inventories for the general fund and 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, 2018 the City has deferred outflows of resources related to pensions and other post-employment benefits (OPEB).

Deferred Inflows of Resources

Deferred inflows are the acquisition of net position that are applicable to a future reporting period. At June 30, 2018 the City has deferred inflows of resources related to pensions and OPEB.

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, 2018.

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Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oklahoma Firefighters Pension & Retirement System (OFPRS), Oklahoma Police Pension & Retirement System (OPPRS), and the Oklahoma Municipal Retirement System (OkMRF) and additions to/deductions from these pension plans' fiduciary net position have been determined on the same basis as they are reported by each listed pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Oklahoma Municipal Retirement Fund Retiree Medical Plan and additions to/deductions from this OPEB plan's fiduciary net position have been determined on the same basis as they are reported by OPEB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capital Assets

The accounting treatment over property, plant and equipment (capital 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.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1992.

Prior to October 1, 2003, governmental activities' 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 capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Prior to July 1, 2017, a capitalization threshold of \$2,500 was used to report capital assets. Effective July 1, 2017, the City's capitalization threshold is \$10,000. 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	5-40 years
- Vehicles	2-15 years
- Infrastructure	25-50 years

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Fund Financial Statements

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

Restricted Assets

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

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 of notes payable, general obligation bonds, claims payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for the proprietary fund 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.

Equity Classifications

Government-Wide Statements:

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

- a. *Net investment in capital assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

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- 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 and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted."

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is classified as non-spendable, restricted, committed, assigned and unassigned.

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.

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.

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

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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.

Proprietary fund equity is classified the same as in the government-wide statements.

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.

F. Revenues, Expenditures, and Expenses

Sales Tax

The City presently levies a three and four-tenths-cent (\$.034) sales tax on taxable sales within the City. 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. Two and sixty-five hundredths cents of the tax collected is deposited in the General Fund as of January 1, 2016 (prior to that date, two and twenty-five hundredths cents was deposited in the General Fund), twenty-five hundredths cent is deposited in the Economic Development Fund, and five-tenths cent 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".

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, non-capital 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

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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.

Expenditures/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.

G. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans - amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services - sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements - repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers - flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

Government-Wide Financial Statements:

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Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities - amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers - Internal Activities. The effect of interfund services between funds, if any, are not eliminated in the Statement of Activities.

H. 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.

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:

- Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists;
- 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;
- Correcting the results of an inaccurate estimate, accounting error, or budgeting error;
- Expenditures where the proposed use is of a non-operational 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;
- 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.

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

- Expenditures for emergency situations for life, health, or public safety issues for which no existing appropriation exists;
- 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;
- Correcting the results of an inaccurate estimate, accounting error, or budgeting error.

As of June 30, 2018, the City had the following balances committed for stabilization:

	Amount Committed for Stabilization	Original Budgeted Operating Expenses	Stabilization as % of Budgeted Expenses
General	\$ 3,515,370	\$ 20,773,458	16.9%
Wastewater	623,583	3,171,825	19.7%
Water	1,118,946	4,721,358	23.7%
Sanitation	<u>740,681</u>	<u>2,857,072</u>	25.9%
	<u>\$ 5,998,580</u>	<u>\$ 31,523,713</u>	19.0%

I. Use of Estimates

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

J. 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.

K. 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, 2018, the Workers' Compensation internal service fund reported a deficit net position of \$358,331. This was related to an unfunded claims liability. It is anticipated this deficit will be reduced with future charges to other funds.

2. Cash, Cash Equivalents, and Investments

At June 30, 2018, the reporting entity held the following deposits and investments:

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Primary Government:

	Credit Rating	Carrying Value	On Demand	Maturities in Years	
				Less Than One	1-5
Type Deposits:					
Petty Cash	N/A	\$ 3,250	3,250	-	-
Demand Deposits	N/A	21,372,445	21,372,445	-	-
Time Deposits	N/A	5,799,250	-	5,749,629	49,621
Total Deposits		<u>27,174,945</u>			
Investments:					
Corporate Stocks and Bonds					
Community Center	N/A	4,144,603	-	-	-
Library Trust Authority	AAAAA	19,579	-	-	-
Agencies of the U.S. Govt.					
GNMA/FHLB/FNMA/FFCR	AAA	21,634,436		18,899,474	2,734,962
Mutual Funds					
Library Trust Authority	AAA-AAAAA	1,295,877	-	-	-
Total Investments:		<u>27,094,495</u>			
Note Payments held in trust and cash with fiscal agent		286,953	-	-	-
Total:		<u>\$ 54,556,393</u>	<u>21,375,695</u>	<u>24,649,103</u>	<u>2,784,583</u>
Reconciliation to Statement of Net Position:					
Cash and Cash Equivalents:					
Government-wide		\$ 2,878,084			
Mausoleum		8,018			
Investments:					
Government-wide		50,016,890			
Restricted Cash and Cash Equivalents:					
Government-wide, current		1,448,743			
Government-wide, noncurrent		204,658			
Total:		<u>\$ 54,556,393</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2018:

Corporate stocks and bonds of \$4,164,182, U.S. Government and Agency bonds and notes of \$21,634,436, and mutual funds of \$1,295,877 were all valued using quoted market prices in active markets for identical assets which are Level 1 inputs.

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name: or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level to cover the uninsured deposits and accrued interest thereon. At June 30, 2018 the City was not exposed to custodial credit risk.

Investment Interest Rate Risk - the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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Investment Credit Risk - The City has no investment policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Concentration of Investment Credit Risk - the City places no limit on the amount it may invest in any one issuer. Since the City has all investments in certificates of deposit, government securities, or money market accounts, there is no concentration of investment credit risk exposure.

Restricted Cash and Investments – The amounts reported as restricted assets of the proprietary fund statement of net position are comprised of amounts restricted for debt service, debt reserve, or construction purposes. The restricted assets of governmental activities relates to amounts held for court bonds. The restricted assets as of June 30, 2018 are as follows:

	Current	Noncurrent
	Cash and cash equivalents	Cash and cash equivalents
Series 2009 Principal Bond Account	\$ -	\$ 92,899
Series 2009 Interest Bond Account	-	88,153
Utility deposits	1,163,822	-
Bartlesville Development Authority	225,630	-
Bartlesville Educational Authority	-	23,606
Court bonds	59,291	-
Total	<u>\$ 1,448,743</u>	<u>\$ 204,658</u>

3. Accounts and Notes Receivable

- A. Accounts Receivable - Accounts receivable of the business-type activities includes customers utilities services provided, both billed and unbilled, due at year end, reported net of allowance for uncollectible amounts, interest, judgments, amounts due from other governments, and miscellaneous receivables. The governmental activities receivables include fines, taxes, interest, and miscellaneous receivables as follows:

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	Accounts Receivable	Less: Allowance for Uncollectible Accounts	Net Accounts Receivable
Governmental Activities:			
Franchise taxes	\$ 143,446	\$ -	\$ 143,446
Utilities(bug and light)	(102,011)	16,839	(85,172)
Business License	95,198	-	95,198
Court fines	372,096	-	372,096
Fuel Billing	5,771	-	5,771
Abatement	98,803	-	98,803
Demolition	77,632	-	77,632
Lodging tax	54,863	-	54,863
E-911 tax	50,113	-	50,113
Other	53,184	(27,542)	25,642
Interest receivable	296,957	-	296,957
Total Governmental Activities	<u>\$ 1,146,052</u>	<u>\$ (10,703)</u>	<u>\$ 1,135,349</u>
Business-Type Activities:			
Golf Memberships	\$ 14,360	\$ -	\$ 14,360
Utilities(sanitation)	448,483	(142,222)	306,261
Utilities(Waste water)	821,298	(352,272)	469,026
Utilities(Water)	1,350,965	(532,598)	818,367
Judgements(BMA)	107,825	-	107,825
From other Govt's	306,829	-	306,829
Interest receivable	15,328	-	15,328
Other	176,572	-	176,572
Total Business-Type Activities	<u>\$ 3,241,660</u>	<u>\$ (1,027,092)</u>	<u>\$ 2,214,568</u>

B. Incentive Loans Receivable –

BDC, now BDA, Board of Directors on March 1, 2009 approved a loan to Sunway Hotel Group, Inc. to develop, construct, and operate a hotel in downtown Bartlesville. BDA Board of Directors approved the loan to provide development financing assistance and to defray a portion of the costs associated with the design, development and construction of the hotel for the principal amount of \$1,250,000. The maturity date of the loan shall be June 1, 2020. Interest shall not accrue prior to June 1, 2010, but thereafter shall accrue on the principal balance at the rate of Wall Street Journal Prime plus two percent. Principal and interest shall be paid in ten annual payments. The first payment shall be due one year from the date the hotel is operational in the ordinary course of business. The first payment shall be comprised of ten percent of the principal balance together with all accrued and unpaid interest on the unpaid principal balance.

Thereafter, Sunway Hotel Group Inc., beginning one year from the date of the first payment due, and then continuing on the same date of each successive year for nine consecutive annual periods, make payments of principal and accrued interest and unpaid interest. If the hotel has been operational in the ordinary course of business for the twelve months preceding the due date of each annual payment of principal and interest, Sunway Hotel Group Inc. shall be entitled to a credit equal to the principal amount and interest then due for such annual payment. It is the intention of the parties that if the hotel has been operational in the ordinary course of business for a period of ten years from the date of the first day of operations, then the note shall be considered paid in full. During each year for which the payment is credited against the note, the BDA will recognize incentive payment expense. Notes receivable due from the Sunway Hotel Group Inc. for the year ended June 30, 2018 were \$304,921. Incentive expense for the hotel for the year ended June 30, 2018 was \$160,938.

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In the fiscal year of June 30, 2014, an economic development agreement was made between the BDC, now BDA, and Dilbeck Manufacturing Inc. The BDA agreed to a forgivable loan of \$30,000 to Dilbeck, to be repaid in ten years, with the expectation that they would move operations and employ four employees. The BDA would then credit Dilbeck on their notes and interest with \$1,000 for each new job created plus a proportionate share for each employee over four. During the year ended June 30, 2018, the BDA was notified that Dilbeck is in forbearance. It was agreed that Dilbeck would pay the BDA \$1,000 with the remaining \$14,000 written off and expensed to bad debt.

In the fiscal year of June 30, 2014, an economic development agreement was made between the BDC, now BDA, and Husky Portable Containment Company. The BDA agreed to a forgivable loan of \$150,000 to Husky, to be repaid in ten years, with the expectation that they would move operations and employ twenty-two employees. The BDA would then credit Husky on their notes and interest with \$1,000 for each new job created earning a wage of \$31,200 or more, plus a proportionate share for each employee over twenty-two. During the year ended June 30, 2018, Husky employed twenty-five employees. Therefore, incentive expense for Husky was \$3,480. Due to not meeting the employment target, Husky repaid \$11,385 to the BDA with the remaining \$2,535 repaid in July 2018. Notes receivable due from Husky for the year ended June 30, 2018 was \$105,000.

In the fiscal year of June 30, 2014, an economic development agreement was made between the BDC, now BDA, and Superior Companies Inc. The BDA agreed to a forgivable loan of \$200,000 to Superior, to be paid in ten years, with the expectation that they would expand employment in the Bartlesville area by twenty employees over the current seventy. The BDA would then credit Superior on their notes and interest with \$1,000 for each new job created in excess of seventy plus a proportionate share for each employee over twenty. During the year ended June 30, 2018, Superior did not add any employees; therefore, Superior is to repay \$25,487 for fiscal year 2018, which is included in accounts receivable. The total accounts receivable from Superior at June 30, 2018 is \$76,004. Notes receivable due from Superior for the year ended June 30, 2018 was \$120,000. Superior made no repayments during the year ended June 30, 2018. Subsequent to the date of the financial statements, the BDA has been notified that Superior is in forbearance. Management has become doubtful that the remaining balance of the loan will be collectible. Management has elected to not record an allowance for doubtful account due to the nature of the agreement being a forgivable loan and that if the terms of the agreement are met or not, there would be no difference in change in net position or cash flow.

	Balance 7/1/2017	Additions	Forgiven	Payments	Balance 6/30/2018
Business-Type Activities/Bartlesville Development Authority:					
Sunway/Hotel	\$ 445,812	\$ -	\$ (140,891)	\$ -	\$ 304,921
Husky	120,000	-	(3,615)	(11,385)	105,000
Dilbeck	15,000	-	(14,000)	(1,000)	-
Superior	140,000	-	(20,000)	-	120,000
Total Business-Type Activities/Bartlesville Development Authority	<u>\$ 720,812</u>	<u>\$ -</u>	<u>\$ (178,506)</u>	<u>\$ (12,385)</u>	<u>\$ 529,921</u>
Reconciliation to Statement of Net Position:					
Incentive loans receivable, current					183,468
Incentive loans receivable, noncurrent					<u>346,453</u>
Total Incentive Loans Receivable					<u>\$ 529,921</u>

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

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For the year ended June 30, 2018, capital assets balances changed as follows:

	Balance at July 1, 2017	Additions	Disposals	Transfers	CIP	Balance at June 30, 2018
Governmental activities:						
Capital assets not being depreciated:						
Land	\$ 3,353,945	\$ -	\$ -	\$ -	\$ -	\$ 3,353,945
Construction in progress	16,465,989	5,541,207	-	-	(5,822,742)	16,184,454
Total capital assets not being depreciated	19,819,934	5,541,207	-	-	(5,822,742)	19,538,399
Other capital assets:						
Infrastructure and improvements	101,638,232	-	-	-	5,596,743	107,234,975
Buildings	12,414,111	-	-	-	-	12,414,111
Equipment and furniture	13,378,378	1,597,998	36,788	(286,421)	188,971	14,842,138
Total other capital assets at historical cost	127,430,721	1,597,998	36,788	(286,421)	5,785,714	134,491,224
Less accumulated depreciation for:						
Infrastructure and improvements	40,969,732	3,173,642	-	-	-	44,143,374
Buildings	7,824,325	497,862	-	-	-	8,322,187
Equipment and furniture	10,172,636	642,569	36,788	-	-	10,778,417
Total accumulated depreciation	58,966,693	4,314,073	36,788	-	-	63,243,978
Other capital assets, net	68,464,028	(2,716,075)	-	(286,421)	5,785,714	71,247,246
Governmental activities capital assets, net	\$ 88,283,962	\$ 2,825,132	\$ -	\$ (286,421)	\$ (37,028)	\$ 90,785,645
Business-type activities:						
Capital assets not being depreciated:						
Land	\$ 7,511,830	\$ -	\$ 260,000	\$ -	\$ -	\$ 7,251,830
Works of Art	46,137	-	-	-	-	46,137
Construction in progress	24,228,403	54,875	-	-	-	24,283,278
Total capital assets not being depreciated	31,786,370	54,875	260,000	-	-	31,581,245
Other capital assets:						
Infrastructure and improvements	84,453,840	161,661	-	-	-	84,615,501
Buildings	163,210,812	-	-	-	-	163,210,812
Equipment and furniture	14,360,768	36,580	27,145	286,421	37,028	14,693,652
Total other capital assets at historical cost	262,025,420	198,241	27,145	286,421	37,028	262,519,965
Less accumulated depreciation for:						
Infrastructure and improvements	48,685,875	2,146,458	-	-	-	50,832,333
Buildings	61,552,945	3,910,090	-	-	-	65,463,035
Equipment and furniture	11,232,055	642,147	27,145	-	-	11,847,057
Total accumulated depreciation	121,470,875	6,698,695	27,145	-	-	128,142,425
Other capital assets, net	140,554,545	(6,500,454)	-	286,421	37,028	134,377,540
Business-type activities capital assets, net	\$ 172,340,915	\$ (6,445,579)	\$ 260,000	\$ 286,421	\$ 37,028	\$ 165,958,785

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

General government	\$ 955,253
Public safety	448,880
Public works	2,323,123
Culture and recreation	586,817
Depreciation expense	<u>\$ 4,314,073</u>

Business-Type Activities:

Wastewater	\$ 1,361,778
Water	2,383,215
Sanitation	297,862
Golf	95,891
Swimming pools	193,590
Community center	392,991
Other	1,973,368
	<u>\$ 6,698,695</u>

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. During the year ended June 30, 2018, a portion of the land with a cost basis of \$260,000 was sold for \$200,000. As of June 30, 2018, the Council has not requested the return of the land.

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2018, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 16,515,000	\$ 10,250,000	\$ 3,030,000	\$ 23,735,000	\$ 3,425,000
Workers' compensation claims liability	979,298	(214,870)	239,592	524,836	209,934
Accrued compensated absences	807,919	1,502,425	1,468,740	841,604	84,160
Total Governmental Activities	<u>18,302,217</u>	<u>11,537,555</u>	<u>4,738,332</u>	<u>25,101,440</u>	<u>3,719,094</u>
Business-Type Activities:					
Notes Payable	77,788,819	2,529,880	3,566,056	76,752,643	3,448,399
Accrued compensated absences	163,972	365,803	363,286	166,489	16,398
Total Business-Type Activities	<u>77,952,791</u>	<u>2,895,683</u>	<u>3,929,342</u>	<u>76,919,132</u>	<u>3,464,797</u>
Total Long-Term Debt	<u>\$ 96,255,008</u>	<u>\$ 14,433,238</u>	<u>\$ 8,667,674</u>	<u>\$ 102,020,572</u>	<u>\$ 7,183,891</u>

Reconciliation to Statement of Net Position:

Governmental Activities:

Due within one year - bonds, capital leases, contracts	\$ 3,425,000
Due within one year - compensated absences	84,160
Due within one year - claims payable	209,934
Due in more than one year - bonds, capital leases, contracts	20,310,000
Due in more than one year - compensated absences	757,444
Due in more than one year - claims payable	314,902
Total Governmental Activities Long-term Debt	<u>\$ 25,101,440</u>

Business-Type Activities:

Due within one year - bonds, capital leases, contracts	\$ 3,448,399
Due within one year - compensated absences	16,398
Due in more than one year - bonds, capital leases, contracts	73,304,244
Due in more than one year - compensated absences	150,091
Total Business-Type Activities Long-term Debt	<u>\$ 76,919,132</u>

Governmental accrued compensated absences will be liquidated by the general fund.

Governmental activities long-term debt:

Governmental activities long-term debt payables from net revenues include the following:

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.

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General obligation bonds payable at June 30, 2018, are comprised of the following issues:

On June 1, 2018 \$525,000 General Obligation Bonds, Series 2018B, serial bonds due in one annual installment of \$525,000 through June 1, 2020; semi-annual interest at rate of 3.00%. Proceeds used for storm drainage facilities.	Current	\$ -
	Long-term	<u>525,000</u>
	Total	<u>525,000</u>
On June 1, 2018 \$9,725,000 General Obligation Bonds, Series 2018A, serial bonds due in annual installments of \$1,140,000 through June 1, 2028; semi-annual interest at rates varying from 2.75% to 3.00%. Proceeds used for equipment, parks and recreational facilities, and streets, roads and bridges	Current	\$ -
	Long-term	<u>9,725,000</u>
	Total	<u>9,725,000</u>
On June 28, 2017, \$3,300,000 General Obligation Bonds, Series 2017, serial bonds due in annual installments of \$825,000 through June 1, 2022; semi-annual interest at rates varying from 1.25% to 1.8%. Proceeds used for public safety equipment, parks, recreational and cultural projects, and streets, roads and bridges.	Current	\$ 825,000
	Long-term	<u>2,475,000</u>
	Total	<u>3,300,000</u>
On December 1, 2015, \$2,000,000 General Obligation Bonds, Series 2015, serial bonds due in annual installments of \$220,000, except for a final installment of \$240,000 through December 1, 2025; semi-annual interest at rates varying from 1.5% to 2.1%.	Current	220,000
	Long-term	<u>1,560,000</u>
	Total	<u>1,780,000</u>
On December 1, 2014, \$5,200,000 General Obligation Bonds, Series 2014B, serial bonds due in annual installments of \$575,000, except for a final installment of \$600,000 through December 1, 2024; semi-annual interest at rates varying from 1.1% to 2.1%.	Current	575,000
	Long-term	<u>3,475,000</u>
	Total	<u>4,050,000</u>
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	165,000
	Long-term	<u>840,000</u>
	Total	<u>1,005,000</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>1,350,000</u>
	Total	<u>1,680,000</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	740,000
	Long-term	-
	Total	<u>740,000</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>360,000</u>
	Total	<u>690,000</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	240,000
	Long-term	-
	Total	<u>240,000</u>
Total current portion		3,425,000
Total long-term portion		<u>20,310,000</u>
Total general obligation bonds		<u>\$ 23,735,000</u>

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Business-type activities long-term debt payable from net revenues generated by and taxes pledged to the City's business-type activities include the following:

Notes Payable:

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		114,399
Total		<u>152,532</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	181,502
Total	<u>217,802</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	138,124
Total	<u>165,749</u>

Note payable by the BMA to Arvest Bank proceeds of \$3,355,000 were used to refinance Oklahoma Water Resources Board Note 2009 to a fixed interest rate of 2.2% per annum on May 24, 2016. Principal and interest are due semiannually starting on September 1, 2016. Principal payments range from \$85,000 to \$135,000. This note matures September 1, 2030.

Current	210,000
Long-term	2,770,000
Total	<u>2,980,000</u>

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

Current	1,180,000
Long-term	30,065,000
Total	<u>31,245,000</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	207,268
Long-term	2,226,878
Total	<u>2,434,146</u>

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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	24,950,000
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	122,000
Long-term	404,686
Total	<u>526,686</u>

The Note Payable bears a fixed interest rate of 4.25%. BDA has no liability in the event of default. BDA did not guarantee payment of the \$935,000 loan, it merely assigned the lease. American Heritage Bank holds the mortgage on the building and could foreclose in the event Springs Global defaulted, but BDA would not be liable for any deficiency. The lease serves as collateral for this obligation

Current	152,408
Long-term	491,885
Total	<u>644,293</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 (4.5% at June 30, 2018). The note will mature on March 15, 2023.

Current	1,355,821
Long-term	9,731,425
Total	<u>11,087,246</u>

Note Payable to BancFirst of \$2,529,880 dated January 11, 2018, to fund an incentive payment to GBT Realty Corp. upon completion of Silver Lake Village, Phase I. Tax increment financing (TIF) revenues will service the loan for a term of 15 years.

Current	118,844
Long-term	2,230,345
Total	<u>2,349,189</u>

Total current portion	3,448,399
Total long-term portion	<u>73,304,244</u>
Total notes payable	<u>\$ 76,752,643</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, 2018, the City fully complied with the requirement.

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, 2018, the City's workers' compensation claims liability was \$524,836 based upon the estimated claims payable reported as reserves in the third party administrator's monthly and quarterly reports to the City. The claims liability is reported in the Workers' Comp internal service fund. All court-ordered judgments are levied in accordance with State law over three years. The following schedule shows the changes in the claims liability for the past three years:

Claims liability, June 30, 2015	\$ 1,083,097
Claims and changes in estimates	198,356
Claims payments	<u>(330,475)</u>
Claims liability, June 30, 2016	950,978
Claims and changes in estimates	300,116
Claims payments	<u>(271,796)</u>
Claims liability, June 30, 2017	979,298
Claims and changes in estimates	(214,870)
Claims payments	<u>(239,592)</u>
Claims liability, June 30, 2018	<u>\$ 524,836</u>

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Debt Service Requirements to Maturity:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>General</u>	
	<u>Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	3,425,000	580,665
2020	3,605,000	461,496
2021	3,255,000	389,725
2022	3,255,000	321,501
2023	2,460,000	250,800
2024-2028	7,735,000	552,274
Totals	<u>\$ 23,735,000</u>	<u>\$ 2,556,461</u>

<u>Year Ending June 30,</u>	<u>Business Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2019	3,448,399	2,922,225
2020	19,749,269	2,535,796
2021	12,862,069	2,013,273
2022	4,045,755	1,680,394
2023	3,875,325	1,451,796
2024-2028	14,857,044	4,663,642
2029-2033	10,179,782	2,574,611
2034-2038	7,735,000	616,705
Totals	<u>\$ 76,752,643</u>	<u>\$ 18,458,442</u>

6. Net Position and Fund Balances

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet:

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	General Fund	Debt Service Fund	Capital Improvement Sales Tax Fund	Other Governmental Funds	Total
Fund balances:					
Non-spendable					
Inventory	\$ 56,477	\$ -	\$ -	\$ -	\$ 56,477
Prepaid items	85,816	-	-	-	85,816
Sub-total Non-spendable	<u>142,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,293</u>
Restricted for:					
Debt service	-	3,750,559	-	-	3,750,559
CIP Sales tax	-	-	3,409,775	-	3,409,775
History museum	-	-	-	124,955	124,955
E-911	-	-	-	96,690	96,690
Special library	-	-	-	303,976	303,976
Special museum	-	-	-	109,033	109,033
Economic development	-	-	-	1,498,130	1,498,130
Library	-	-	-	1,449,752	1,449,752
Restricted revenues	-	-	-	241,154	241,154
Harshfield library donation	-	-	-	771,574	771,574
Justice assistance	-	-	-	41,489	41,489
Neighborhood parks	-	-	-	8,375	8,375
Cemetery	-	-	-	3,414	3,414
Housing TIF Districts	-	-	-	1,232	1,232
Hotel Motel Tax Fund	-	-	-	8,726	8,726
CIP Wastewater	-	-	-	226,632	226,632
CIP Wastewater Regulatory	-	-	-	1,561,189	1,561,189
CIP City Hall	-	-	-	29,461	29,461
CIP Storm Sewer	-	-	-	136,259	136,259
Community Develop Grant	-	-	-	144,068	144,068
Capital reserve	-	-	-	7,995,211	7,995,211
2008B G.O. bonds	-	-	-	89	89
2009 G.O. bonds	-	-	-	7,014	7,014
2010 G.O. bonds	-	-	-	415	415
2012 G.O. bonds	-	-	-	129,957	129,957
2014 G.O. bonds	-	-	-	627,083	627,083
2014B G.O. bonds	-	-	-	124,202	124,202
2015 G.O. bonds	-	-	-	1,893,352	1,893,352
2017 G.O. bonds	-	-	-	2,522,073	2,522,073
2018A GO bonds	-	-	-	9,625,207	9,625,207
2018B GO bonds	-	-	-	480,631	480,631
Sub-total Restricted	<u>-</u>	<u>3,750,559</u>	<u>3,409,775</u>	<u>30,161,343</u>	<u>37,321,677</u>
Committed to:					
Stabilization reserve	5,998,580	-	-	-	5,998,580
Municipal airport	-	-	-	270,500	270,500
Golf course	-	-	-	19,157	19,157
Memorial stadium	-	-	-	2,286	2,286
Sub-total Committed	<u>5,998,580</u>	<u>-</u>	<u>-</u>	<u>291,943</u>	<u>6,290,523</u>
Assigned to:					
Next year's budget	469,794	-	-	-	469,794
Unassigned:	<u>3,682,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,682,233</u>
 Total fund balances	 <u>\$ 10,292,900</u>	 <u>\$ 3,750,559</u>	 <u>\$ 3,409,775</u>	 <u>\$ 30,453,286</u>	 <u>\$ 47,906,520</u>

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The restrictions of net position are as follows:

	<u>Enabling Legislation</u>	<u>Statutory Requirement</u>	<u>External Contracts</u>	<u>Total</u>
Restricted Net Position - Governmental Activities:				
Economic Development	\$ -	\$ 1,498,130	\$ -	\$ 1,498,130
E-911	-	96,690	-	96,690
Special Library	-	303,976	-	303,976
Special Museum	-	109,033	-	109,033
Bartlesville History Museum Trust Authority	-	124,955	-	124,955
Bartlesville Library Trust Authority	-	1,449,752	-	1,449,752
Restricted Revenues	-	-	241,154	241,154
Harshfield Library Donation	-	-	771,574	771,574
Justice Assistance Grant	41,489	-	-	41,489
Neighborhood Park	8,375	-	-	8,375
Cemetery Perpetual Care	3,414	-	-	3,414
Housing TIF Districts	1,232	-	-	1,232
Hotel Motel Tax Fund	8,726	-	-	8,726
Debt Service	3,750,559	-	-	3,750,559
Capital Improvement Funds:				
Sales Tax Capital Improvement Fund	-	3,409,775	-	3,409,775
Wastewater Fund	-	226,632	-	226,632
Wastewater Regulatory Fund	-	1,561,189	-	1,561,189
Storm Sewer Fund	-	136,259	-	136,259
CDBG Fund	144,068	-	-	144,068
City Hall	-	29,461	-	29,461
Capital Reserve Fund	-	7,995,211	-	7,995,211
General Obligation Bond Funds:				
2008B G.O. Bond Fund	89	-	-	89
2009 G.O. Bond Fund	7,014	-	-	7,014
2010 G.O. Bond Fund	415	-	-	415
2012 G.O. Bond Fund	129,957	-	-	129,957
2014 G.O. Bond Fund	627,083	-	-	627,083
2014B G.O. Bond Fund	124,202	-	-	124,202
2015 G.O. Bond Fund	1,893,352	-	-	1,893,352
2017 G.O. Bond Fund	2,522,073	-	-	2,522,073
2018A G.O. Bond Fund	9,625,207	-	-	9,625,207
2018B G.O. Bond Fund	480,631	-	-	480,631
Total restricted net position	<u>\$ 19,367,886</u>	<u>\$ 16,941,063</u>	<u>\$ 1,012,728</u>	<u>\$ 37,321,677</u>
Restricted Net Position - Business-type Activities:				
Bartlesville Municipal Authority	\$ -	\$ -	\$ 181,052	\$ 181,052
Bartlesville Development Authority	-	-	1,040,000	1,040,000
Bartlesville Education Authority	-	-	23,606	23,606
Bartlesville Redevelopment Trust Authority	-	-	526,901	526,901
Total restricted net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,771,559</u>	<u>\$ 1,771,559</u>

Prior Period Adjustment

	<u>Wastewater Fund</u>	<u>Water Fund</u>	<u>Solid Waste Fund</u>	<u>Adams Golf Course</u>	<u>Government-Wide</u>	
					<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning fund balance/net position, as previously reported	\$ 16,907,087	\$ 9,345,204	\$ 1,469,918	\$ 1,509,496	\$ 88,293,823	\$ 101,618,096
Net OPEB liability	(58,780)	(189,146)	(151,134)	(36,127)	(802,373)	(435,186)
Net OPEB Obligation	19,004	64,691	56,277	5,114	352,950	145,086
OPEB Deferred outflow-contributions subsequent	2,107	6,780	5,418	1,295	28,763	15,600
Beginning fund balance/net position, restated	<u>\$ 16,869,418</u>	<u>\$ 9,227,529</u>	<u>\$ 1,380,479</u>	<u>\$ 1,479,778</u>	<u>\$ 87,873,163</u>	<u>\$ 101,343,596</u>

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7. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Balances:

Due From	Due To	Amount	Nature of Balance
Wastewater Fund	General Fund	\$ 118,159	To cover negative pooled cash
Water Fund	General Fund	155,789	To cover negative pooled cash
BMA Wastewater	General Fund	421,752	To cover negative pooled cash
BMA Water	General Fund	222,801	To cover negative pooled cash
Total		<u>\$ 918,501</u>	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net
Governmental Funds	\$ 918,501	\$ -	\$ 918,501
Proprietary Funds	-	(918,501)	(918,501)
Total	<u>918,501</u>	<u>(918,501)</u>	<u>-</u>

Reconciliation to Government-Wide Statements:

Net Interfund Balances	918,501	(918,501)
Consolidation of internal service funds activities related to enterprise funds	88,816	(88,816)
Total Internal Balances	<u>\$ 1,007,317</u>	<u>\$ (1,007,317)</u>

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2018 were as follows:

Transfer From	Transfer To	Amount	Purpose of Transfer
Bartlesville Library Trust Authority	Special Library Fund	\$ 70,265	To subsidize the operations of the fund
BMA - Wastewater	Wastewater Fund	4,097,567	To subsidize the operations of the fund
BMA - Water	Water Fund	6,137,691	To subsidize the operations of the fund
General Fund	Adams Municipal Golf Course Fund	147,484	To subsidize the operations of the fund
General Fund	Bartlesville History Museum Trust Authority	5,500	To subsidize the operations of the fund
General Fund	Capital Reserve Fund	446,500	Capital reserve fund established by Ordinance
General Fund	E-911 Fund	473,187	To subsidize the operations of the fund
General Fund	Frontier Pool Fund	58,446	To subsidize the operations of the fund
General Fund	Sooner Pool Fund	44,393	To subsidize the operations of the fund
Memorial Stadium Operating Fund	General Fund	14,171	To subsidize the operations of the fund
Hotel Motel Tax Fund	Bartlesville Community Center Trust Authority	311,360	To subsidize the operations of the fund
BRTA Pass-through	Bartlesville Redevelopment Trust Authority	702,347	Transfer TIF, sales tax, and hotel/motel tax
Economic Development Fund	Bartlesville Development Authority	1,094,168	To subsidize the operations of the fund
Solid Waste Fund	Capital Reserve Fund	750,000	Capital reserve fund established by Ordinance
Solid Waste Fund	General Fund	1,055,339	To subsidize the operations of the fund
Wastewater Fund	General Fund	1,072,034	To subsidize the operations of the fund
Water Fund	Capital Reserve Fund	16,000	Capital reserve fund established by Ordinance
Water Fund	General Fund	1,809,027	To subsidize the operations of the fund
General Fund	General Fund-Stabilization Fund	436,308	Stabilization reserve fund established by Ordinance
Solid Waste Fund	General Fund-Stabilization Fund	80,508	Stabilization reserve fund established by Ordinance
Wastewater Fund	General Fund-Stabilization Fund	84,803	Stabilization reserve fund established by Ordinance
Water Fund	General Fund-Stabilization Fund	128,003	Stabilization reserve fund established by Ordinance
Total		<u>\$ 19,035,101</u>	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Government-Wide Capital Asset Transfers	Statement of Activities Net Transfers
Governmental Funds	\$ 6,441,645	\$ (3,804,129)	\$ (323,449)	\$ 2,314,067
Proprietary Funds	12,593,456	(15,230,972)	323,449	(2,314,067)
	<u>\$ 19,035,101</u>	<u>\$ (19,035,101)</u>	<u>\$ -</u>	<u>\$ -</u>

8. Pledged Future Revenues

Utility Net Revenues Pledge – The City has pledged the net water and sewer utility revenues to repay the following notes payable: \$552,498 of 2004C SRF, \$3,810,000 of 2012 SRF, \$40,445,000 of 2008 SRF, \$743,591 of 2002A SRF, and \$726,006 of 2004A SRF Oklahoma Water Resources Board Notes Payable as well as \$3,355,000 utility system revenue note 2016 with Arvest Bank. Proceeds from the bonds provided for the purchase or construction of water and utility systems. The bonds are payable from pledged net water and sewer utility revenues through 2037. The total principal and interest payable for the remainder of the life of these bonds is \$50,910,028. Pledged net water and sewer utility revenues in the current fiscal year were \$3,783,258. Debt service payments of \$3,026,606 for the current fiscal year were 80% of total pledged revenues for these notes.

9. 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; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool (1)
- Physical Property – Purchased insurance with \$2,500 deductible
- Workers' Compensation – Self-insured with third-party administration of the claims process (2)
- Employee's Group Medical – Self-insured with City paying a portion of health care and life and disability premiums (3)

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the state tort claims law and federal civil rights laws. All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The titles to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Workers' Compensation

The Workers' Compensation Insurance Fund is used to account for activities with participating funds charged through an estimated annual claim cost for each fund. Judgments are levied on property taxes. The claims process is administered by Consolidated Benefits Resource. The entire risk of loss is retained by the City.

(3) Health and Life Insurance:

Health insurance is administered by Blue Cross Blue Shield of Oklahoma. Life and disability insurance is purchased through Allstate. The City retains no risk associated with life and disability. Health claims are reinsured with a self-insured retention level of \$100,000 individual and \$3,120,843 aggregate.

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.

10. Commitments and Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

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.

Construction Commitments:

At June 30, 2018, the City had awarded construction contracts totaling \$6,369,669 for various City projects and of this amount \$624,376 was outstanding and payable from various funds.

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Operating Leases:

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

BRTA Series 2009B Note:

In accordance with the Downtown Bartlesville Hotel Project Master Development Agreement, on May 15, 2009, BRTA executed a development and financing assistance agreement, coined the "Series 2009B Note". The agreement, structured similar to a note obligation, requires BRTA to pay the principal amount of \$1,250,000 to Bartlesville Hotel, LLC, with interest accruing at 7.00% per annum. The Series 2009B Note shall be a special, limited obligation of BRTA payable solely from Allocable Increment Revenues received by BRTA. Allocable Increment Revenues shall mean in any given loan year: a) two-thirds of those incremental occupancy tax revenues generated from the operations of the Project Facilities (Hilton Garden Inn Hotel) between September 1, 2010 and August 31, 2018 and, b) those incremental sales tax revenues generated from the operation of the Project Facilities between September 1, 2010 and August 31, 2020, and collected with the boundaries of the "Downtown Bartlesville Hotel Increment District," less certain direct administrative costs and professional service costs. Interest shall not begin to accrue on the outstanding principal balance until November 1, 2010. Thereafter, interest accrued at 7.00% shall be due and payable on November 1, 2011, and on each November 1st thereafter, until this note has been paid in full. All accrued and unpaid interest shall be due and payable at the time the unpaid principal balance becomes due and payable in full. Principal on this Series 2009B Note shall be due in a single installment on November 1, 2020, in the full amount of the then outstanding balance of the principal of the note. All payments of principal and interest made by BRTA shall be applied, first to interest accrued and unpaid on this note and, second, to the payment of principal. Unique to this obligation, all principal and interest payments are payable solely from the Allocable Increment Revenues as defined above, such that if amounts are insufficient to satisfy this obligation, no other amounts are due or payable to Bartlesville Hotel LLC. Considering this, only amounts receivable for allocable revenues are reflected as payable under this obligation. The outstanding balance of this incentive obligation as of June 30, 2018 is \$317,342.

Subsequent Events:

Subsequent to June 30, 2018, the City issued G.O. Bonds 2018C in the amount of \$2.5 million for capital improvements.

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11. Pension Plan Participation

The City of Bartlesville participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan.
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan.
- Defined Contribution Plan
- Employee Retirement System Defined Benefit Plan

The aggregate total for all pension related items for three defined benefit plans are as follows:

	Governmental Activities	Business-type Activities	Plan Totals
Pension Expense:			
Employee Retirement System	\$ 316,372	\$ 171,592	\$ 487,964
Police	432,873	-	432,873
Firefighters	1,815,607	-	1,815,607
	<u>\$ 2,564,852</u>	<u>\$ 171,592</u>	<u>\$ 2,736,444</u>
Net Pension Liability:			
Employee Retirement System	\$ 5,176,692	\$ 2,807,698	\$ 7,984,390
Police	72,459	-	72,459
Firefighters	15,754,458	-	15,754,458
	<u>\$ 21,003,609</u>	<u>\$ 2,807,698</u>	<u>\$ 23,811,307</u>
Deferred Outflow:			
Employee Retirement System	\$ 1,186,169	\$ 615,208	\$ 1,801,377
Police	942,542	-	942,542
Firefighters	3,498,165	-	3,498,165
	<u>\$ 5,626,876</u>	<u>\$ 615,208</u>	<u>\$ 6,242,084</u>
Deferred Inflow:			
Employee Retirement System	\$ 413,869	\$ 401,559	\$ 815,428
Police	479,164	-	479,164
Firefighters	909,542	-	909,542
	<u>\$ 1,802,575</u>	<u>\$ 401,559</u>	<u>\$ 2,204,134</u>

Firefighters' Plan:

Plan description - The City of Bartlesville, as the employer, participates in the Firefighters Pension & retirement—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs

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Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more of service

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more of service

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per year of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$525,422. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of \$1,242,376 (modified-accrual); these on-behalf payments did not meet the criteria of a special funding situation. For full-accrual reporting, the amount of on-behalf payments made were \$1,103,977.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$15,754,458 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 1.2526% percent.

For the year ended June 30, 2018, the City recognized pension expense of \$1,815,607. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,104,524	\$ -
Net difference between projected and actual earnings on pension plan investments	-	439,023
Changes in proportion related to city contributions during the measurement period	-	13,836
Changes in proportion and differences between City contributions and proportionate share of contributions	868,219	456,683
City contributions subsequent to the measurement date	525,422	-
Total	<u>\$ 3,498,165</u>	<u>\$ 909,542</u>

The \$525,422 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 197,137
2020	684,605
2021	530,766
2022	84,262
2023	457,213
2024	109,218
Total	<u>\$ 2,063,201</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.38%
Domestic equity	47%	7.72%
International equity	15%	9.70%
Real estate	10%	6.96%
Other assets	8%	5.75%

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' Net Pension Liability	\$ 20,667,551	\$ 15,754,458	\$ 11,590,736

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

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Police Plan:

Plan description-The City of Bartlesville, as the employer, participates in the Oklahoma Police Pension and Retirement Plan—a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided-OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered.

Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions -The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$380,885. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of \$374,928 during the fiscal year and this is reported as both expense and revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of \$322,949. These on-behalf payments did not meet the criteria of a special funding situation.

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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions -At June 30, 2018, the City reported a liability of \$72,459 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2017. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2017. Based upon this information, the City's proportion was 0.9420 percent.

For the year ended June 30, 2018, the City recognized pension expense of \$432,873. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,639	\$ 438,070
Net difference between projected and actual earnings on pension plan investments	539,697	-
Changes in proportion	16,357	39,135
Difference between City contributions and proportionate share of contributions during measurement period	1,964	1,959
City contributions subsequent to the measurement date	380,885	-
Total	<u>\$ 942,542</u>	<u>\$ 479,164</u>

The \$380,885 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (27,005)
2020	256,705
2021	116,275
2022	(216,050)
2023	(47,432)
Total	<u>\$ 82,493</u>

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

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Cost-of-living adjustment: Police officers eligible to receive increased benefits according to repealed Section 50-120 of Title 11 of the Oklahoma Statutes pursuant to a court order receive an adjustment of $\frac{1}{3}$ to $\frac{1}{2}$ of the increase or decrease of any adjustment to the base salary of a regular police officer, based on an increase in base salary

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.

Active employees (post-retirement) and non-disabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	4.51%
Domestic equity	6.62%
International equity	9.70%
Real estate	6.96%
Private Equity	9.86%
Commodities	5.18%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate-The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually

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required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate-The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	\$ 2,448,934	\$ 72,459	\$ (1,934,832)

Pension plan fiduciary net position-Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Defined Benefit Plan:

A. Plan Description

The City contributes to the OkMRF for all eligible employees except for those covered by the Police and Firefighter Pension Systems. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council in accordance with O.S. Title 11, Section 48-101-102.

B. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

C. Eligibility Factors and Benefit Provisions

Provision

a. Eligible to participate

As of 07/01/18

OkMRF Plan

Full-time employees except police, firefighters and other employees who are covered under an approved system, who joined the plan prior to 1/1/2010.

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b. Period Required to Vest	7 years of credited service
c. Eligibility for Distribution	-Normal retirement at age 65 with 7 years of service -Early retirement at age 55 with 7 years of Service, or meeting the Rule of 80 -Disability retirement upon disability with 7 years of service -Death benefit with 7 years of service
d. Benefit Determination Base	Final average salary - the average of the five highest consecutive annual salaries out of the last 10 calendar years of service
e. Benefit Determination Methods:	
Normal Retirement	-2.50% of final average salary multiplied by credited years of service
Early Retirement	-Actuarially reduced benefit based upon age, final average salary, and years of service at termination, unless Rule of 80 is met, then full benefit
Disability Retirement	-Same as normal retirement
Death Benefit	-50% of employees accrued benefit, but terminates upon spouse re-marriage. For unmarried participants, 50% of employees accrued benefit for 120 months paid to beneficiary
Prior to 7 Years of Service	-No benefits
f. Benefit Authorization	-Benefits are established and amended by City Council adoption of an ordinance in accordance with O.S. Title, 11, Section 48-101-102
g. Form of Benefit Payments	Normal form is a 60 months certain and life thereafter basis. Employee may elect, with City consent, option form based on actuarial equivalent.

D. Employees Covered by Benefit Terms

Active Employees	103
Active Employees – opted out 1/1/2010	26
Deferred Vested Former Employees	35
Retirees or Retiree Beneficiaries	<u>108</u>
Total	<u>272</u>

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E. Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan in accordance with O.S. Title 11, Section 48-102. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 20.17% of covered payroll as of July 1, 2017. For the year ended June 30, 2018, the City recognized \$1,154,659 of employer contributions to the plan which exceeds the actuarially determined amount based on covered payroll of \$5,253,692. Employees contribute 6% to the plan in accordance with the plan provisions adopted by the City Council.

F. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2017
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.5% based on age
d. Post Retirement Cost-of-Living Increase	Benefits (attributable to service prior to 1/1/2010) in payment status are adjusted each July 1 st based on the percentage change in the CPI. The maximum increase or decrease in any year is 2.75%.
e. Inflation Rate	2.75%
f. Mortality Table	UP 1994, with projected mortality improvement
g. Percent of married employees	100%
h. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

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- G. *Discount Rate* – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of pension plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of July 1, 2017 are summarized in the following table:

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	64.00%
Long/short equity MSCI ACWI	10%	5.00%	50.00%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
 TOTAL	 <u>100%</u>		
 Average Real Return			4.75%
Inflation			<u>2.75%</u>
Long-term expected return			<u>7.50%</u>

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H. *Changes in Net Pension Liability* – The total pension liability was determined based on an actuarial valuation performed as of July 1, 2017 which is also the measurement date. There were some changes in assumptions for: reduce discount rate from 7.75% to 7.50%; change in turnover rates; and change in pay increase assumptions. There have not been changes in benefit terms that affected measurement of the total pension liability. There were also no changes between the measurement date of July 1, 2017 and the City's report ending date of June 30, 2018, that would have had a significant impact on the net pension liability. The following table reports the components of changes in net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances Beginning of Year	<u>\$ 24,985,576</u>	<u>\$ 15,298,668</u>	<u>\$ 9,686,908</u>
Changes for the Year:			
Service cost	314,106	-	314,106
Interest expense	1,897,724	-	1,897,724
Experience losses (gains) - (amortized over avg remain svc period of actives & inactive)	(879,788)		(879,788)
Changes of assumptions	283,261		283,261
Contributions--City	-	1,118,024	(1,118,024)
Contributions--members	-	317,015	(317,015)
Net investment income	-	1,916,169	(1,916,169)
Benefits paid	(1,016,605)	(1,016,605)	-
Plan administrative expenses	-	(33,387)	33,387
Net Changes	<u>598,698</u>	<u>2,301,216</u>	<u>(1,702,518)</u>
Balances End of Year	<u>\$ 25,584,274</u>	<u>\$ 17,599,884</u>	<u>\$ 7,984,390</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 10,926,004	\$ 7,984,390	\$ 5,483,577

The City reported \$487,964 in pension expense for the year ended June 30, 2018. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 73,374	\$ 622,828
Changes of assumptions	197,424	-
Net difference between projected and actual earnings on pension plan investments	154,050	-
Changes in proportion and differences between City contributions and proportionate share of contributions.	221,870	192,600
City contributions subsequent to the measurement date	1,154,659	-
Total	<u>\$ 1,801,377</u>	<u>\$ 815,428</u>

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The \$1,154,659 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019.

Amortization of Pension Deferrals: Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	(95,569)
2020		70,474
2021		(440)
2022		<u>(143,175)</u>
	\$	<u><u>(168,710)</u></u>

Defined Contribution Plan:

On January 1, 2010, the City 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's defined contribution plan. Employees began participation upon employment.

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

Employee contributions are 3% mandatory pre-tax contributions called Government Pick-Up, up to an additional 3% after-tax contributions which are eligible for employer match (called Mandatory Contributions) and voluntary after-tax 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 the vested account balance with a minimum of \$1,000.

For the fiscal year ended June 30, 2018, the City contributed \$104,125 to the plan.

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Other Post-Employment Benefits

The City of Bartlesville has two other post-employment benefit plans:

- Oklahoma Municipal Retirement Fund (OkMRF) Retiree Medical Plan – an agent, multi-employer defined benefit plan.
- Implicit Rate Substantive Plan – a single-employer defined benefit plan.

The aggregate total for all OPEB related items for two defined benefit plans are as follows:

	Governmental Activities	Business-type Activities	Plan Totals
OPEB Expense:			
OkMRF Retiree Medical	\$ 5,695	\$ 3,087	\$ 8,782
Unfunded implicit rate	53,808	29,182	82,990
	<u>\$ 59,503</u>	<u>\$ 32,269</u>	<u>\$ 91,772</u>
Net OPEB Liability:			
OkMRF Retiree Medical	\$ 3,731	\$ 2,023	\$ 5,754
	<u>\$ 3,731</u>	<u>\$ 2,023</u>	<u>\$ 5,754</u>
Total OPEB Liability:			
Unfunded implicit rate	\$ 768,096	\$ 416,595	\$ 1,184,691
	<u>\$ 768,096</u>	<u>\$ 416,595</u>	<u>\$ 1,184,691</u>
Deferred Outflow:			
OkMRF Retiree Medical	27,958	15,163	43,121
	<u>\$ 27,958</u>	<u>\$ 15,163</u>	<u>\$ 43,121</u>
Deferred Inflow:			
OkMRF Retiree Medical	\$ 13,274	\$ 7,199	\$ 20,473
Unfunded implicit rate	16,774	9,097	25,871
	<u>\$ 30,048</u>	<u>\$ 16,296</u>	<u>\$ 46,344</u>

Oklahoma Municipal Retirement Fund (OkMRF) Retiree Medical Plan

Plan Description

The City contributes to the OkMRF retiree medical plan for all eligible employees. The plan is an agent multiple employer - defined benefit plan administered by OkMRF. The OkMRF plan issues a separate financial report and can be obtained from OkMRF or from their website: www.okmrf.org/reports.html. Benefits are established or amended by the City Council.

A. Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by OkMRF. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value based on published market prices. Detailed information about the OkMRF plans' fiduciary net position is available in the separately issued OkMRF financial report.

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B. Eligibility Factors and Benefit Provisions

<u>Provision</u>	<u>As of 07/01/17</u> <u>OkMRF Plan</u>
a. Eligible to participate	Any participant in the retirement plan who terminates employment on or after August 1, 2006, and has completed at least 20 continuous years of credited service.
b. Eligibility for Distribution	20 years of continuous credited service
c. Medical benefits:	Provided under the State and Education Employees Group Insurance Act.
d. Medical benefits under the retirement Plan:	The plan will pay the retiree's medical (including dental and vision) premiums in the amount in effect 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. If the premium amounts under the State and Education Employees Group Insurance increase or decrease, the premiums payments by the OPEB plan will be automatically adjusted (but in no event will they exceed the specified maximum).
e. Termination of Medical Benefits:	Retiree – the earlier of the date of the retiree's death or the 65 th birthday of the retiree. Spouse/dependent – the 65 th birthday of the retiree or if retiree dies before age 65, the date on which the retiree would have attained age 65.

C. Employees Covered by Benefit Terms

Active Employees	123
Nonactive Employees	<u>17</u>
Total	<u><u>140</u></u>

D. Contribution Requirements

The City Council has the authority to set and amend contribution rates by ordinance for the OkMRF defined benefit plan. The contribution rates for the current fiscal year have been made in accordance with an actuarially determined rate. The actuarially determined rate is 0.82% of covered payroll as of July 1, 2017. For the year ended June 30, 2018, the City recognized \$43,121 of employer contributions to the plan which equals the actuarially determined amount based on covered payroll of \$5,258,659. Employees do not contribute in accordance with the plan provisions adopted by the City Council.

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E. Actuarial Assumptions

Date of Last Actuarial Valuation	July 1, 2017
a. Actuarial cost method	Entry age normal
b. Rate of Return on Investments and Discount Rate	7.50%
c. Projected Salary Increase	Varies between 7.50% and 4.5% based on age
d. Inflation Rate	2.75%
e. Mortality Table	UP 1994, with projected mortality improvement
f. Percent of married employees	100%
g. Spouse age difference	3 years (female spouses younger)
i. Turnover	Select and ultimate rates Ultimate rates are age-related as shown Additional rates per thousand are added during the first 5 years: Year 1: 225 Year 2: 140 Year 3: 100 Year 4: 70 Year 5: 40
j. Date of last experience study	September 2012 for fiscal years 2007 thru 2011

- F. Discount Rate* – The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50% since the plan’s net fiduciary position is projected to be sufficient to make projected benefit payments.

The City has adopted a funding method that is designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, the sufficiency of OPEB plan assets was made without a separate projection of cash flows.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the OPEB’s plan’s target asset allocation as of July 1, 2017 are summarized in the following table:

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	Target Allocation	Real Return	Weighted Return
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	0.64%
Long/short equity MSCI ACWI	10%	5.00%	0.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	0.69%
Real estate NCREIF	5%	4.60%	0.23%
Cash equivalents 3 month Treasury	0%	0.00%	0.00%
	<u>100%</u>		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long-term expected return	<u>7.50%</u>

- G. *Changes in Net OPEB Liability* – The net OPEB liability was determined based on an actuarial valuation performed as of July 1, 2017 which is also the measurement date. There have not been changes in benefit terms that affected measurement of the total OPEB liability. There were also no changes between the measurement date of July 1, 2017 and the City's report ending date of June 30, 2018, that would have had a significant impact on the net OPEB liability. The following table reports the components of changes in net OPEB liability:

	<u>June 30, 2018</u>
Net OPEB Liability:	
Total OPEB Liability (TOL)	\$ 510,962
Plan's Fiduciary Net Position	<u>505,208</u>
Net OPEB Liability	<u>\$ 5,754</u>
Plan's fiduciary net position as a % of TOL	98.87%

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	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Beginning Balances	\$ 526,643	\$ 464,835	\$ 61,808
Changes for the Year:			
Service cost	5,710	-	5,710
Interest	37,749	-	37,749
Differences between expected and actual experience	-	-	-
Assumption changes	-	-	-
Contributions - employers	-	44,363	(44,363)
Net investment income	-	56,138	(56,138)
Benefit payments, including refunds	(59,140)	(59,140)	-
Administrative expense		(988)	988
Net changes	<u>(15,681)</u>	<u>40,373</u>	<u>(56,054)</u>
Ending Balances	<u>\$ 510,962</u>	<u>\$ 505,208</u>	<u>\$ 5,754</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 7.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net OPEB liability (asset)	<u>\$ 35,810</u>	<u>\$ 5,754</u>	<u>\$ (13,839)</u>

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate. Because benefits provided under the plan are fixed dollar amounts that are not subject to inflationary increases, the net OPEB liability is not affected by assumed or actual healthcare trends. Thus, no explicit healthcare cost trend rates have been assumed in the valuation of the OPEB liability. The following table reflects this.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 5,754</u>	<u>\$ 5,754</u>	<u>\$ 5,754</u>

The City reported \$8,783 in OPEB expense for the year ended June 30, 2018. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	20,473
Contributions subsequent to the measurement date	43,121	-
Total	<u>\$ 43,121</u>	<u>\$ 20,473</u>

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\$43,121 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019.

Amortization of Pension Deferrals: Amounts reported as deferred outflows of resources (excluding deferred outflows of resources related to contributions made subsequent to the measurement date) and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$	(5,119)
2020		(5,118)
2021		(5,118)
2022		(5,118)
	\$	<u>(20,473)</u>

Health Insurance Implicit Rate Substantive Plan

Plan description – The City’s implicit subsidy, defined benefit OPEB plan, provides OPEB to eligible retirees and their dependents. The plan is a substantive plan in that the plan terms are understood by the City and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs. The City Council has the authority to establish and amend benefit provisions. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided – The City provides medical, prescription drug, and dental benefits to eligible retirees and their dependents. Employees retiring before January 1, 2014, pay 115% of the average employee cost. All other retirees pay 125% of the average employee premium to continue coverage in retirement. An additional contribution is required for spouse’s coverage. Coverage stops at age 65 for the retiree and spouse. Certain grandfathered retirees and spouses have lifetime benefits. The retirees and dependents pay 110% of the active employee coverage rates; this results in the retirees and beneficiaries receiving an implicit rate subsidy. Retirees and dependents coverage ceases at age 65 and are no longer eligible for the City’s OPEB plan.

Employees covered by benefit terms - At June 30, 2018 the following employees were covered by the benefit terms:

Active Employees	260
Inactives or beneficiaries currently receiving benefit payments	<u>24</u>
Total	<u>284</u>

Total OPEB Liability – The City’s total OPEB liability of \$1,184,691 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability was determined based on an actuarial valuation prepared as of June 30, 2018 using the following actuarial assumptions:

- Actuarial Cost Method - Entry Age Normal
- Discount Rate – 3.87%, based on June 30, 2018 published Bond Buyer GO 20 Index
- Termination – Civilian employees are based on the actual experience of the Oklahoma Municipal Retirement Fund (OkMRF) cities. Termination rates for police and firefighters are based on rates for these groups in Oklahoma.

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- Retirement Age: Rates for civilians based on actual experience of the OkMRF employees with unsubsidized retirement benefits. Rates for police based on assumptions in statewide police retirement system actuarial report. The following tables show these rates.

Age	Civilian Retirement Rate
55 - 61	7%
62	30%
63 - 64	17.5%
65 - 69	30%
70	100%

Years of Service	Retirement Rate Police
20	20%
21 - 23	6%
24	10%
25	20%
26 - 28	10%
29	15%
30 - 35	100%

- Participation – 50% of general employees are assumed to elect retiree medical coverage if they meet eligibility requirements (and 50% for police and firefighters). The acceptance rate for spouses of covered retirees is assumed to be 25%. Spouses are assumed to pay the COBRA rate. Retirees are assumed to take all coverages, if any (i.e. medical, GAP, dental and vision).
- Healthcare cost trend rates - Plan year dependent rates graded from 6.05% in 2018 to 4.87% in 2060.
- Mortality Rates - The RP2000 Mortality (combined healthy male and female tables) with full cohort mortality projection using SOA scale AA.

Changes in Total OPEB Liability – The following table reports the components of changes in total OPEB liability:

	Total OPEB Liability
Beginning balances	<u>\$ 1,175,752</u>
Changes for the Year:	
Service cost	46,222
Interest	41,236
Change in assumptions	(30,339)
Differences between expected and actual experience	-
Benefit payments, net of retiree contributions	(48,180)
Net change in total OPEB liability	<u>8,939</u>
Ending Balances	<u><u>\$ 1,184,691</u></u>

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Sensitivity of the Total OPEB Liability (Asset) to Changes in the Discount Rate-The following presents the total OPEB liability of the employer calculated using the discount rate of 3.88%, as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 1,375,700	\$ 1,184,691	\$ 1,034,405

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate-The following presents the total OPEB liability of the employer calculated using the healthcare cost trend rate of 5.65% grading to 4.87%, as well as what the Plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (4.65% grading to 3.87%) or 1-percentage-point higher (6.65% grading to 5.87%) than the current rate:

	1% decrease 4.65% grading to 3.87%	Healthcare Cost Trend Rates 5.65% Grading to 4.87%	1% increase 6.65% grading to 5.87%
Total OPEB liability	\$ 1,040,493	\$ 1,184,691	\$ 1,363,465

The City reported \$82,990 in OPEB expense for the year ended June 30, 2018. At June 30, 2018, the City reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	25,871
Total	\$ -	\$ 25,871

Amortization of OPEB Deferrals: Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (4,468)
2020	(4,468)
2021	(4,468)
2022	(4,468)
2023	(4,468)
Thereafter	(3,531)
	<u>\$ (25,871)</u>

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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. Upon combination of BDC and BDA, the plan carried over to the employees who operate under the BDA. BDA 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 year ending June 30, 2018, BDA paid a total of \$13,321 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, 2018, the employer contributed \$17,663 to the plan.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule – General Fund (Budgetary Basis) – Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 15,702,496	\$ 15,786,583	\$ 15,591,310	\$ (195,273)
Licenses and permits	212,400	212,400	254,528	42,128
Intergovernmental	651,700	651,700	661,375	9,675
Charges for services	619,000	658,704	630,968	(27,736)
Fees and fines	708,900	708,900	659,030	(49,870)
Investment earnings	40,000	40,000	121,567	81,567
Miscellaneous	4,500	207,648	191,476	(16,172)
Total revenues	<u>17,938,996</u>	<u>18,265,935</u>	<u>18,110,254</u>	<u>(155,681)</u>
EXPENDITURES				
Departmental:				
City council	24,250	24,250	18,448	5,802
Administration	810,892	758,309	669,793	88,516
Accounting and finance	1,541,717	1,573,186	1,572,806	380
Legal	182,318	183,966	180,346	3,620
Building & neighborhood service	655,080	660,546	634,062	26,484
Building maintenance	450,135	454,064	452,918	1,146
General services	655,428	655,428	639,630	15,798
Cemetery	17,560	17,560	17,476	84
Community development	374,627	377,573	373,629	3,944
Technical services	440,646	444,416	419,119	25,297
Engineering	281,299	316,558	315,910	648
Fleet maintenance	347,714	351,167	349,243	1,924
Fire	5,579,052	5,640,780	5,563,047	77,733
Police	5,314,038	5,372,087	5,364,680	7,407
Street	1,448,310	1,465,321	1,429,652	35,669
Library	1,271,961	1,294,603	1,293,774	829
History museum	172,545	175,016	164,016	11,000
Park and recreation	1,205,886	1,223,195	1,195,240	27,955
Total Expenditures	<u>20,773,458</u>	<u>20,988,025</u>	<u>20,653,789</u>	<u>334,236</u>
Excess (deficiency) of revenues over expenditures	<u>(2,834,462)</u>	<u>(2,722,090)</u>	<u>(2,543,535)</u>	<u>178,555</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,929,639	3,936,400	3,956,071	19,671
Transfers out	(1,514,738)	(1,645,300)	(1,645,300)	-
Total other financing sources and uses	<u>2,414,901</u>	<u>2,291,100</u>	<u>2,310,771</u>	<u>19,671</u>
Net change in fund balances	(419,561)	(430,990)	(232,764)	198,226
Fund balances - beginning	1,279,555	1,279,555	1,436,720	157,165
Fund balances - ending	<u>\$ 859,994</u>	<u>\$ 848,565</u>	<u>\$ 1,203,956</u>	<u>\$ 355,391</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedule is reported on a non-GAAP budgetary basis that report revenues and expenditures on a modified cash basis. For budgetary purposes expenditures are recorded in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require the approval of the City Council. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund
Total revenue and transfers- budgetary basis	\$ 22,066,325
Total expenditures and transfers - budgetary basis	<u>(22,299,089)</u>
Change in fund balance - budgetary basis	(232,764)
Revenue accruals	1,882,952
Expenditure accruals	(1,748,397)
Encumbrances	67,032
Transfer accrual	38,982
Changes in Fund Balance - Stabilization Fund	729,622
Changes in Fund Balance - Court Bond Fund	<u>28</u>
Change in fund balance - GAAP basis	<u><u>\$ 737,455</u></u>

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF BARTLESVILLE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability	1.2526174%	1.1782271%	1.238168%	1.209825%
City's proportionate share of the net pension liability	\$ 15,754,458	\$ 14,394,559	\$ 13,142,017	\$ 12,441,208
City's covered-employee payroll	\$ 3,560,398	\$ 3,295,740	\$ 3,272,207	\$ 3,356,189
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	442%	437%	402%	371%
Plan fiduciary net position as a percentage of the total pension liability	66.61%	64.87%	68.27%	68.12%

*The amounts presented for each fiscal year were determined as of 6/30

Notes to Schedule:

Only four fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 525,422	\$ 498,456	\$ 461,404	\$ 458,109
Contributions in relation to the statutorially required contribution	<u>525,422</u>	<u>498,456</u>	<u>461,404</u>	<u>458,109</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$3,753,018	\$3,560,398	\$ 3,295,740	\$3,272,207
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	14.00%

Notes to Schedule:

*Only four fiscal years are presented because 10-year data is not yet available.

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Schedules of Required Supplementary Information

**SCHEDULE OF THE CITY OF BARTLESVILLE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.9420%	0.8547%	0.8863%	0.9499%
City's proportionate share of the net pension liability (asset)	\$ 72,459	\$ 1,308,962	\$ 36,138	\$ (319,824)
City's covered-employee payroll	\$ 2,809,097	\$ 2,521,335	\$ 2,510,992	\$ 2,561,631
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.58%	51.92%	1.44%	(12.49%)
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.68%	93.50%	99.82%	101.53%

The amounts presented for each fiscal year were determined as of 6/30

Notes to Schedule:

*Only four fiscal years are presented because 10-year data is not yet available.

SCHEDULE OF CITY CONTRIBUTIONS

OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorially required contribution	\$ 380,885	\$ 365,183	\$ 327,774	\$ 326,429
Contributions in relation to the statutorially required contribution	<u>380,885</u>	<u>365,183</u>	<u>327,774</u>	<u>326,429</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,929,884	\$ 2,809,097	\$ 2,521,335	\$ 2,510,992
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

Notes to Schedule:

*Only four fiscal years are presented because 10-year data is not yet available.

CITY OF BARTLESVILLE, OKLAHOMA
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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Changes in Net Pension Liability and Related Ratios

Last Four Fiscal Years

	2018	2017	2016	2015
Total pension liability				
Service cost	\$ 314,106	\$ 306,603	\$ 343,430	\$ 318,728
Interest	1,897,724	1,801,722	1,749,983	1,689,642
Differences between expected and actual experience	(879,788)	159,192	(422,875)	-
Changes of assumptions	283,261	-	-	-
Benefit payments, including refunds of member contributions	(1,016,605)	(1,040,526)	(966,693)	(857,478)
Net change in total pension liability	598,698	1,226,991	703,845	1,150,892
Total pension liability - beginning	24,985,576	23,758,585	23,054,740	21,903,848
Total pension liability - ending (a)	\$ 25,584,274	\$ 24,985,576	\$ 23,758,585	\$ 23,054,740
Plan fiduciary net position				
Contributions - employer	\$ 1,118,024	\$ 1,098,186	\$ 1,145,860	\$ 1,230,392
Contributions - member	317,015	311,247	327,700	344,472
Net investment income	1,916,169	142,576	399,025	1,903,979
Benefit payments, including refunds of member contributions	(1,016,605)	(1,040,526)	(966,693)	(857,478)
Administrative expense	(33,387)	(29,565)	(29,336)	(28,636)
Net change in plan fiduciary net position	2,301,216	481,918	876,556	2,592,729
Plan fiduciary net position - beginning	15,298,668	14,816,750	13,940,194	11,347,465
Plan fiduciary net position - ending (b)	\$ 17,599,884	\$ 15,298,668	\$ 14,816,750	\$ 13,940,194
Net pension liability - ending (a) - (b)	\$ 7,984,390	\$ 9,686,908	\$ 8,941,835	\$ 9,114,546
Plan fiduciary net position as a percentage of the total pension liability	68.79%	61.23%	62.36%	60.47%
Covered employee payroll	\$ 5,019,586	\$ 4,987,399	\$ 5,312,233	\$ 5,583,554
Net pension liability as a percentage of covered-employee payroll	159.06%	194.23%	168.33%	163.24%

Notes to Schedule:

Only four fiscal years are presented because 10-year data is not yet available.

CITY OF BARTLESVILLE, OKLAHOMA
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Required Supplementary Information
Oklahoma Municipal Retirement Fund

Schedule of Employer Contributions

Last Four Fiscal Years

	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,099,597	\$ 1,025,382	\$ 1,034,378	\$ 1,073,765
Contributions in relation to the actuarially determined contribution	1,154,659	1,126,060	1,149,535	1,230,391
Contribution deficiency (excess)	\$ (55,062)	\$ (100,678)	\$ (115,157)	\$ (156,626)
Covered employee payroll	\$ 5,451,648	\$ 5,083,698	\$ 5,187,454	\$ 5,312,233
Contributions as a percentage of covered-employee payroll	21.18%	22.15%	22.16%	23.16%

Notes to Schedule:

1. Only four fiscal years are presented because 10-year data is not yet available.
2. Latest Valuation Date: July 1, 2017
3. Actuarially determined contribution rate is calculated as of July 1, 2017
July 2017 through June 18 contributions were at a rate of 20.17%
4. Methods and assumptions used to determine contribution rates:
 - Actuarial cost method - Unit Credit
 - Amortization method - Level dollar amount
 - Remaining amortization period - 23 years
 - Asset valuation method - Actuarial
 - Smoothing period - 4 years
 - Recognition method - Non-asymptotic
 - Corridor - 70% - 130%
 - Salary increases - 4.00% to 7.42% (varies by attained age)
 - Investment rate of return - 7.50%

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Required Supplementary Information – OPEB

The funded status and funding progress of the City's defined benefit OPEB plan for the most recent actuarial valuations is as follows:

Schedule of Changes in Total OPEB Liability and Related Ratios City of Bartlesville Health Insurance Implicit Rate Plan	Last 10 Fiscal Years
	<u>2018</u>
Total OPEB liability	
Service cost	\$ 46,222
Interest	41,236
Change in assumptions	(30,339)
Differences between expected and actual experience	-
Benefit payments, net of retiree contributions	<u>(48,180)</u>
Net change in total OPEB liability	8,939
 Total OPEB liability - beginning	 <u>1,175,752</u>
Total OPEB liability - ending	<u><u>\$ 1,184,691</u></u>
 Covered employee payroll	 \$ 11,600,000
 Total OPEB liability as a percentage of covered- employee payroll	 10.21%

Notes to Schedule:

Only the current year is presented because 10-year data is not yet available.

The discount rate used for 2018 is 3.87%.

Healthcare cost trend rates graded from 6.05% in 2018 to 4.87% in 2060.

CITY OF BARTLESVILLE, OKLAHOMA
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SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

Oklahoma Municipal Retirement Fund Retiree Medical Plan

Last Ten Fiscal Years*

	2018
Total OPEB liability	
Service cost	\$ 5,710
Interest	37,749
Changes of assumptions	-
Experience Gain/(Loss)	-
Benefit payments, including refunds of member contributions	(59,140)
Net change in total OPEB liability	(15,681)
 Total OPEB liability - beginning	 526,643
Total OPEB liability - ending	<u>\$ 510,962</u>
 Plan fiduciary net position	
Contributions - employer	\$ 44,363
Net investment income	56,138
Benefit payments	(59,140)
Administrative expense	(988)
Net change in plan fiduciary net position	40,373
 Plan fiduciary net position - beginning	 464,835
Plan fiduciary net position - ending (b)	<u>\$ 505,208</u>
 Net OPEB liability - ending (a) - (b)	 <u>\$ 5,754</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 98.87%
 Covered employee payroll	 \$ 5,410,122
 Net OPEB liability as a percentage of covered- employee payroll	 0.11%

Notes to Schedule:

*Only the current fiscal year is presented because 10-year data is not yet available.

CITY OF BARTLESVILLE, OKLAHOMA
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SCHEDULE OF EMPLOYER CONTRIBUTIONS

Oklahoma Municipal Retirement Fund Retiree Medical Plan

Last Ten Fiscal Years*

	<u>2018</u>
Actuarially determined contribution	\$ 43,121
Contributions in relation to the actuarially determined contribution	43,121
Contribution deficiency (excess)	<u>\$ -</u>
Covered employee payroll	\$ 5,258,659
Contributions as a percentage of covered-employee payroll	0.82%

Notes to Schedule:

1. *Only the current fiscal year is presented because 10-year data is not yet available.
2. Valuation Date: June 30 , 2018
3. Methods and assumptions used to determine contribution rates:
 - Mortality: UP 1994 2016 with projected mortality improvement after retirement
 - Interest Rate: 7.5% per annum.
 - Inflation: 2.75% per annum.
 - Marriage Assumptions: Females are assumed to be three years younger than their male spouses.
 - Pay increases: Range from 7.42% to 4.00%
 - Aggregate cost method

CITY OF BARTLESVILLE, OKLAHOMA
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OTHER SUPPLEMENTARY INFORMATION

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018

	<u>Bartlesville History Museum Trust Authority</u>	<u>E-911 Fund</u>	<u>Special Library Fund</u>	<u>Special Museum Fund</u>	<u>Economic Development Fund</u>	<u>Bartlesville Library Trust Authority</u>	<u>Restricted Revenues Fund</u>
ASSETS							
Investments	\$ 123,250	\$ 80,393	\$ 304,638	\$ 108,826	\$ 1,224,422	\$ 1,447,979	\$ 242,724
Interest receivable	-	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	-	-	-
Taxes receivable, net	-	50,113	-	-	262,102	-	-
Other receivables, net of allowance	1,705	805	4,050	1,659	11,746	1,773	-
Total assets	<u>\$ 124,955</u>	<u>\$ 131,311</u>	<u>\$ 308,688</u>	<u>\$ 110,485</u>	<u>\$ 1,498,270</u>	<u>\$ 1,449,752</u>	<u>\$ 242,724</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 1,426	\$ 3,521	\$ -	\$ -	\$ -	\$ 1,570
Advanced revenue	-	-	-	-	140	-	-
Accrued payroll payable	-	33,195	1,191	1,452	-	-	-
Other payables	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>34,621</u>	<u>4,712</u>	<u>1,452</u>	<u>140</u>	<u>-</u>	<u>1,570</u>
Fund balances:							
Restricted	124,955	96,690	303,976	109,033	1,498,130	1,449,752	241,154
Committed	-	-	-	-	-	-	-
Total fund balances	<u>124,955</u>	<u>96,690</u>	<u>303,976</u>	<u>109,033</u>	<u>1,498,130</u>	<u>1,449,752</u>	<u>241,154</u>
Total liabilities and fund balances	<u>\$ 124,955</u>	<u>\$ 131,311</u>	<u>\$ 308,688</u>	<u>\$ 110,485</u>	<u>\$ 1,498,270</u>	<u>\$ 1,449,752</u>	<u>\$ 242,724</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018, (Continued)

	<u>Municipal Airport Fund</u>	<u>Harshfield Library Donation</u>	<u>Golf Course Memorial Fund</u>	<u>Justice Assistance Grant Fund</u>	<u>Neighborhood Park Fund</u>	<u>Cemetery Perpetual Fund</u>
ASSETS						
Investments	\$ 291,704	\$ 761,021	\$ 18,898	\$ 40,254	\$ 8,264	\$ 3,400
Interest receivable	-	-	-	-	-	-
Receivable from other governments	-	-	-	697	-	-
Taxes receivable, net	-	-	-	-	-	-
Other receivables, net of allowance	3,926	10,573	259	538	111	14
Total assets	<u>\$ 295,630</u>	<u>\$ 771,594</u>	<u>\$ 19,157</u>	<u>\$ 41,489</u>	<u>\$ 8,375</u>	<u>\$ 3,414</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 25,130	\$ 20	\$ -	\$ -	\$ -	\$ -
Advanced revenue	-	-	-	-	-	-
Accrued payroll payable	-	-	-	-	-	-
Other payables	-	-	-	-	-	-
Total liabilities	<u>25,130</u>	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted	-	771,574	-	41,489	8,375	3,414
Committed	270,500	-	19,157	-	-	-
Total fund balances	<u>270,500</u>	<u>771,574</u>	<u>19,157</u>	<u>41,489</u>	<u>8,375</u>	<u>3,414</u>
Total liabilities and fund balances	<u>\$ 295,630</u>	<u>\$ 771,594</u>	<u>\$ 19,157</u>	<u>\$ 41,489</u>	<u>\$ 8,375</u>	<u>\$ 3,414</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018, (Continued)

	<u>Memorial Stadium Operating Fund</u>	<u>Housing TIF Districts</u>	<u>BRTA Pass Through</u>	<u>Hotel Motel Tax Fund</u>	<u>Capital Improvement Sales Tax Fund</u>	<u>CIP- Wastewater Fund</u>	<u>CIP-Wastewater Regulatory Fund</u>	<u>CIP-City Hall Fund</u>
ASSETS								
Investments	\$ 2,113	\$ 6,158	\$ 20,118	\$ 41,551	\$ 3,035,798	\$ 223,715	\$ 1,528,463	\$ 48,172
Interest receivable	-	-	-	-	-	-	-	-
Receivable from other governments	-	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	32,918	480,641	-	-	-
Other receivables, net of allowance	173	74	-	-	38,975	2,917	32,726	1,435
Total assets	<u>\$ 2,286</u>	<u>\$ 6,232</u>	<u>\$ 20,118</u>	<u>\$ 74,469</u>	<u>\$ 3,555,414</u>	<u>\$ 226,632</u>	<u>\$ 1,561,189</u>	<u>\$ 49,607</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ 20,118	\$ 65,743	\$ 7,811	\$ -	\$ -	\$ 455
Advanced revenue	-	-	-	-	-	-	-	-
Accrued payroll payable	-	-	-	-	-	-	-	-
Other payables	-	5,000	-	-	137,828	-	-	19,691
Total liabilities	<u>-</u>	<u>5,000</u>	<u>20,118</u>	<u>65,743</u>	<u>145,639</u>	<u>-</u>	<u>-</u>	<u>20,146</u>
Fund balances:								
Restricted	-	1,232	-	8,726	3,409,775	226,632	1,561,189	29,461
Committed	2,286	-	-	-	-	-	-	-
Total fund balances	<u>2,286</u>	<u>1,232</u>	<u>-</u>	<u>8,726</u>	<u>3,409,775</u>	<u>226,632</u>	<u>1,561,189</u>	<u>29,461</u>
Total liabilities and fund balances	<u>\$ 2,286</u>	<u>\$ 6,232</u>	<u>\$ 20,118</u>	<u>\$ 74,469</u>	<u>\$ 3,555,414</u>	<u>\$ 226,632</u>	<u>\$ 1,561,189</u>	<u>\$ 49,607</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018, (Continued)

	<u>CIP-Storm Sewer</u>		<u>Capital Reserve</u>	<u>2008B GO Bond</u>	<u>2009 GO Bond</u>	<u>2010 GO Bond</u>	<u>2012 GO Bond</u>
	<u>Fund</u>	<u>CDBG Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
ASSETS							
Investments	\$ 134,908	\$ 144,060	\$ 8,014,091	\$ 88	\$ 6,808	\$ 410	\$ 128,562
Interest receivable	-	-	-	-	-	-	-
Receivable from other governments	-	8	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-	-	-
Other receivables, net of allowance	1,351	-	-	1	206	5	1,395
Total assets	<u>\$ 136,259</u>	<u>\$ 144,068</u>	<u>\$ 8,014,091</u>	<u>\$ 89</u>	<u>\$ 7,014</u>	<u>\$ 415</u>	<u>\$ 129,957</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 13,300	\$ -	\$ -	\$ -	\$ -
Advanced revenue	-	-	-	-	-	-	-
Accrued payroll payable	-	-	-	-	-	-	-
Other payables	-	-	5,580	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>18,880</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:							
Restricted	136,259	144,068	7,995,211	89	7,014	415	129,957
Committed	-	-	-	-	-	-	-
Total fund balances	<u>136,259</u>	<u>144,068</u>	<u>7,995,211</u>	<u>89</u>	<u>7,014</u>	<u>415</u>	<u>129,957</u>
Total liabilities and fund balances	<u>\$ 136,259</u>	<u>\$ 144,068</u>	<u>\$ 8,014,091</u>	<u>\$ 89</u>	<u>\$ 7,014</u>	<u>\$ 415</u>	<u>\$ 129,957</u>

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Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2018, (Continued)

	<u>2014 GO Bond</u>	<u>2014B GO Bond</u>	<u>2015 GO Bond</u>	<u>2017 GO Bond</u>	<u>2018A GO Bond</u>	<u>2018B GO Bond</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>
							<u>Funds</u>
ASSETS							
Investments	\$ 610,207	\$ 121,246	\$ 1,873,025	\$ 2,480,902	\$ 9,594,318	\$ 479,089	\$ 33,149,575
Interest receivable	-	-	25,603	41,315	30,889	1,542	99,349
Receivable from other governments	-	-	-	-	-	-	705
Taxes receivable, net	-	-	-	-	-	-	825,774
Other receivables, net of allowance	16,876	2,956	-	-	-	-	136,249
Total assets	<u>\$ 627,083</u>	<u>\$ 124,202</u>	<u>\$ 1,898,628</u>	<u>\$ 2,522,217</u>	<u>\$ 9,625,207</u>	<u>\$ 480,631</u>	<u>\$ 34,211,652</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 5,276	\$ 144	\$ -	\$ -	\$ 144,514
Advanced revenue	-	-	-	-	-	-	140
Accrued payroll payable	-	-	-	-	-	-	35,838
Other payables	-	-	-	-	-	-	168,099
Total liabilities	<u>-</u>	<u>-</u>	<u>5,276</u>	<u>144</u>	<u>-</u>	<u>-</u>	<u>348,591</u>
Fund balances:							
Restricted	627,083	124,202	1,893,352	2,522,073	9,625,207	480,631	33,571,118
Committed	-	-	-	-	-	-	291,943
Total fund balances	<u>627,083</u>	<u>124,202</u>	<u>1,893,352</u>	<u>2,522,073</u>	<u>9,625,207</u>	<u>480,631</u>	<u>33,863,061</u>
Total liabilities and fund balances	<u>\$ 627,083</u>	<u>\$ 124,202</u>	<u>\$ 1,898,628</u>	<u>\$ 2,522,217</u>	<u>\$ 9,625,207</u>	<u>\$ 480,631</u>	<u>\$ 34,211,652</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2018

	<u>Bartlesville History Museum Trust Authority</u>	<u>E-911 Fund</u>	<u>Special Library Fund</u>	<u>Special Museum Fund</u>	<u>Economic Development Fund</u>	<u>Bartlesville Library Trust Authority</u>	<u>Restricted Revenues Fund</u>
REVENUES							
Taxes	\$ -	\$ 556,159	\$ -	\$ -	\$ 1,542,909	\$ -	\$ -
Intergovernmental	-	-	67,980	3,567	-	-	384
Charges for services	-	2,400	36	143	-	-	-
Investment earnings	1,668	923	4,209	1,552	13,492	109,936	-
Miscellaneous	-	-	2,491	-	-	-	52,758
Contributions and donations	-	-	19,763	775	-	-	15,845
Total revenues	<u>1,668</u>	<u>559,482</u>	<u>94,479</u>	<u>6,037</u>	<u>1,556,401</u>	<u>109,936</u>	<u>68,987</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	2,000	-	26,948
Public Safety	-	1,000,636	-	-	-	-	115,407
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	164,710	33,892	-	-	607
Capital Outlay	-	-	-	-	-	-	7,838
Total Expenditures	<u>-</u>	<u>1,000,636</u>	<u>164,710</u>	<u>33,892</u>	<u>2,000</u>	<u>-</u>	<u>150,800</u>
Excess (deficiency) of revenues over expenditures	<u>1,668</u>	<u>(441,154)</u>	<u>(70,231)</u>	<u>(27,855)</u>	<u>1,554,401</u>	<u>109,936</u>	<u>(81,813)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-
Transfers in	-	473,187	70,265	-	-	-	-
Transfers out	(5,500)	-	-	-	(1,094,168)	(70,265)	-
Total other financing sources and uses	<u>(5,500)</u>	<u>473,187</u>	<u>70,265</u>	<u>-</u>	<u>(1,094,168)</u>	<u>(70,265)</u>	<u>-</u>
Net change in fund balances	(3,832)	32,033	34	(27,855)	460,233	39,671	(81,813)
Fund balances - beginning	128,787	64,657	303,942	136,888	1,037,897	1,410,081	322,967
Fund balances - ending	<u>\$ 124,955</u>	<u>\$ 96,690</u>	<u>\$ 303,976</u>	<u>\$ 109,033</u>	<u>\$ 1,498,130</u>	<u>\$ 1,449,752</u>	<u>\$ 241,154</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2018, (Continued)

	<u>Municipal</u> <u>Airport Fund</u>	<u>Harshfield</u> <u>Library</u> <u>Donation</u>	<u>Golf Course</u> <u>Memorial Fund</u>	<u>Justice</u> <u>Assistance</u> <u>Grant Fund</u>	<u>Neighborhood</u> <u>Park Fund</u>	<u>Cemetery</u> <u>Perpetual Fund</u>	<u>Memorial</u> <u>Stadium</u> <u>Operating Fund</u>
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,800	-	-	6,647	-	-	-
Charges for services	-	-	-	-	-	3,061	-
Investment earnings	3,977	10,300	167	536	110	30	92
Miscellaneous	-	-	-	-	-	-	-
Contributions and donations	-	-	15,068	-	-	-	-
Total revenues	<u>14,777</u>	<u>10,300</u>	<u>15,235</u>	<u>7,183</u>	<u>110</u>	<u>3,091</u>	<u>92</u>
EXPENDITURES							
Current:							
General government	34,130	-	-	-	-	-	-
Public Safety	-	-	-	5,950	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	38,329	14,871	-	-	-	-
Capital Outlay	4,213	-	5,637	-	-	-	-
Total Expenditures	<u>38,343</u>	<u>38,329</u>	<u>20,508</u>	<u>5,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(23,566)</u>	<u>(28,029)</u>	<u>(5,273)</u>	<u>1,233</u>	<u>110</u>	<u>3,091</u>	<u>92</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	1,225	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(14,171)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,171)</u>
Net change in fund balances	(23,566)	(28,029)	(4,048)	1,233	110	3,091	(14,079)
Fund balances - beginning	294,066	799,603	23,205	40,256	8,265	323	16,365
Fund balances - ending	<u>\$ 270,500</u>	<u>\$ 771,574</u>	<u>\$ 19,157</u>	<u>\$ 41,489</u>	<u>\$ 8,375</u>	<u>\$ 3,414</u>	<u>\$ 2,286</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2018, (Continued)

	<u>Housing TIF</u>	<u>BRTA Pass</u>	<u>Hotel Motel</u>	<u>Capital</u>	<u>CIP-Wastewater</u>	<u>CIP-</u> <u>Wastewater</u>	<u>CIP-City Hall</u>
	<u>Districts</u>	<u>Through</u>	<u>Tax Fund</u>	<u>Improvement</u>	<u>Fund</u>	<u>Regulatory</u>	<u>Fund</u>
				<u>Sales Tax Fund</u>		<u>Fund</u>	
REVENUES							
Taxes	\$ 357,907	\$ 702,347	\$ 319,467	\$ 2,697,718	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	150,000	-
Charges for services	-	-	-	-	42,800	-	-
Investment earnings	1,752	-	-	38,667	3,088	23,327	871
Miscellaneous	-	-	-	368,398	-	-	20,736
Contributions and donations	-	-	-	-	-	-	-
Total revenues	<u>359,659</u>	<u>702,347</u>	<u>319,467</u>	<u>3,104,783</u>	<u>45,888</u>	<u>173,327</u>	<u>21,607</u>
EXPENDITURES							
Current:							
General government	358,747	-	-	11,605	-	-	26,090
Public Safety	-	-	-	6,356	-	-	-
Public works	-	-	-	86,255	35,584	453,007	-
Culture and recreation	-	-	-	29,825	-	-	-
Capital Outlay	-	-	-	2,476,914	-	838,710	81,868
Total Expenditures	<u>358,747</u>	<u>-</u>	<u>-</u>	<u>2,610,955</u>	<u>35,584</u>	<u>1,291,717</u>	<u>107,958</u>
Excess (deficiency) of revenues over expenditures	<u>912</u>	<u>702,347</u>	<u>319,467</u>	<u>493,828</u>	<u>10,304</u>	<u>(1,118,390)</u>	<u>(86,351)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(702,347)	(311,360)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(702,347)</u>	<u>(311,360)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	912	-	8,107	493,828	10,304	(1,118,390)	(86,351)
Fund balances - beginning	320	-	619	2,915,947	216,328	2,679,579	115,812
Fund balances - ending	<u>\$ 1,232</u>	<u>\$ -</u>	<u>\$ 8,726</u>	<u>\$ 3,409,775</u>	<u>\$ 226,632</u>	<u>\$ 1,561,189</u>	<u>\$ 29,461</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2018, (Continued)

	<u>CIP-Storm Sewer Fund</u>	<u>CDBG Fund</u>	<u>Capital Reserve Fund</u>	<u>2008B GO Bond Fund</u>	<u>2009 GO Bond Fund</u>	<u>2010 GO Bond Fund</u>	<u>2012 GO Bond Fund</u>
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	144,060	-	-	-	-	-
Charges for services	48,479	-	2,956,574	-	-	-	-
Investment earnings	1,639	-	-	1	169	5	1,723
Miscellaneous	-	-	-	-	-	-	-
Contributions and donations	-	-	-	-	-	-	-
Total revenues	<u>50,118</u>	<u>144,060</u>	<u>2,956,574</u>	<u>1</u>	<u>169</u>	<u>5</u>	<u>1,723</u>
EXPENDITURES							
Current:							
General government	-	-	120,599	-	-	-	-
Public Safety	-	-	2,399	-	-	-	7,913
Public works	2,798	-	491,768	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital Outlay	1,312	-	557,417	-	11,320	-	-
Total Expenditures	<u>4,110</u>	<u>-</u>	<u>1,172,183</u>	<u>-</u>	<u>11,320</u>	<u>-</u>	<u>7,913</u>
Excess (deficiency) of revenues over expenditures	<u>46,008</u>	<u>144,060</u>	<u>1,784,391</u>	<u>1</u>	<u>(11,151)</u>	<u>5</u>	<u>(6,190)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	-	-	-	-
Transfers in	-	-	1,212,500	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>1,212,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	46,008	144,060	2,996,891	1	(11,151)	5	(6,190)
Fund balances - beginning	90,251	8	4,998,320	88	18,165	410	136,147
Fund balances - ending	<u>\$ 136,259</u>	<u>\$ 144,068</u>	<u>\$ 7,995,211</u>	<u>\$ 89</u>	<u>\$ 7,014</u>	<u>\$ 415</u>	<u>\$ 129,957</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds – For the Year Ended June 30, 2018, (Continued)

	<u>2014 GO Bond</u>	<u>2014B GO Bond</u>	<u>2015 GO Bond</u>	<u>2017 GO Bond</u>	<u>2018A GO Bond</u>	<u>2018B GO Bond</u>	<u>Total-Other</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Governmental</u>
							<u>Funds</u>
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,176,507
Intergovernmental	-	-	-	-	-	-	383,438
Charges for services	-	-	-	-	-	-	3,053,493
Investment earnings	10,637	2,480	25,410	40,105	34,254	1,711	332,831
Miscellaneous	-	-	-	-	-	-	444,383
Contributions and donations	-	-	-	-	-	-	51,451
Total revenues	<u>10,637</u>	<u>2,480</u>	<u>25,410</u>	<u>40,105</u>	<u>34,254</u>	<u>1,711</u>	<u>10,442,103</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	134,047	46,080	760,246
Public Safety	-	-	-	-	-	-	1,138,661
Public works	18,765	-	53,910	20,298	-	-	1,162,385
Culture and recreation	97	-	-	2,941	-	-	285,272
Capital Outlay	833,015	130,899	5,462	776,555	-	-	5,731,160
Total Expenditures	<u>851,877</u>	<u>130,899</u>	<u>59,372</u>	<u>799,794</u>	<u>134,047</u>	<u>46,080</u>	<u>9,077,724</u>
Excess (deficiency) of revenues over expenditures	<u>(841,240)</u>	<u>(128,419)</u>	<u>(33,962)</u>	<u>(759,689)</u>	<u>(99,793)</u>	<u>(44,369)</u>	<u>1,364,379</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from long-term debt	-	-	-	-	9,725,000	525,000	10,250,000
Proceeds from sale of fixed assets	-	-	-	-	-	-	1,225
Transfers in	-	-	-	-	-	-	1,755,952
Transfers out	-	-	-	-	-	-	(2,197,811)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,725,000</u>	<u>525,000</u>	<u>9,809,366</u>
Net change in fund balances	(841,240)	(128,419)	(33,962)	(759,689)	9,625,207	480,631	11,173,745
Fund balances - beginning	1,468,323	252,621	1,927,314	3,281,762	-	-	22,689,316
Fund balances - ending	<u>\$ 627,083</u>	<u>\$ 124,202</u>	<u>\$ 1,893,352</u>	<u>\$ 2,522,073</u>	<u>\$ 9,625,207</u>	<u>\$ 480,631</u>	<u>\$ 33,863,061</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Statement of Net Position – Nonmajor Enterprise Funds – June 30, 2018

	<u>Adams Municipal Golf Course</u>	<u>Sooner Pool</u>	<u>Frontier Pool</u>	<u>Community Center Trust Authority</u>	<u>Adult Center Trust Authority</u>	<u>Bartlesville Redevelopment Trust Authority</u>	<u>Total</u>
ASSETS							
Current assets:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 264,169	\$ 26,613	\$ 1,857,208	\$ 2,147,990
Investments	56,414	35,695	49,154	4,856,703	70,795	-	5,068,761
Other receivables	15,128	961	615	70,126	-	22,162	108,992
Prepaid Expenses	-	-	-	16,410	-	-	16,410
Total current assets	<u>71,542</u>	<u>36,656</u>	<u>49,769</u>	<u>5,207,408</u>	<u>97,408</u>	<u>1,879,370</u>	<u>7,342,153</u>
Noncurrent assets:							
Mortgage and security agreement	-	-	-	-	-	526,901	526,901
Capital assets:							
Land and construction in progress	498,500	-	-	1,035,952	97,615	-	1,632,067
Other capital assets, net of accumulated depreciation	1,023,941	233,360	1,301,432	4,839,246	142,187	-	7,540,166
Total noncurrent assets	<u>1,522,441</u>	<u>233,360</u>	<u>1,301,432</u>	<u>5,875,198</u>	<u>239,802</u>	<u>526,901</u>	<u>9,699,134</u>
Total assets	<u>1,593,983</u>	<u>270,016</u>	<u>1,351,201</u>	<u>11,082,606</u>	<u>337,210</u>	<u>2,406,271</u>	<u>17,041,287</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred amounts related to pensions	61,853	-	-	-	-	-	61,853
Deferred amounts related to OPEB	1,259	-	-	-	-	-	1,259
	<u>63,112</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,112</u>
LIABILITIES							
Current liabilities:							
Accounts payable	13,430	3,331	5,037	95,162	-	9,156	126,116
Accrued personnel expenses	7,437	-	-	4,652	-	-	12,089
Accrued interest payable	-	-	-	-	-	2,411	2,411
Advanced revenue	3,772	-	-	-	-	-	3,772
Notes payable	-	-	-	6,377	-	122,000	128,377
Compensated absences	1,107	-	-	-	-	-	1,107
Incentives payable	-	-	-	-	-	323,844	323,844
Total current liabilities	<u>25,746</u>	<u>3,331</u>	<u>5,037</u>	<u>106,191</u>	<u>-</u>	<u>457,411</u>	<u>597,716</u>
Noncurrent liabilities:							
Incentives payable	-	-	-	-	-	63,914	63,914
Net pension liability	233,082	-	-	-	-	-	233,082
Net OPEB liability	168	-	-	-	-	-	168
Total OPEB liability	34,584	-	-	-	-	-	34,584
Bonds, notes and loans payable	-	-	-	-	-	404,686	404,686
Compensated absences	6,897	-	-	-	-	-	6,897
Total noncurrent liabilities	<u>274,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>468,600</u>	<u>743,331</u>
Total liabilities	<u>300,477</u>	<u>3,331</u>	<u>5,037</u>	<u>106,191</u>	<u>-</u>	<u>926,011</u>	<u>1,341,047</u>
DEFERRED INFLOW OF RESOURCES							
Deferred amounts related to pensions	18,669	-	-	-	-	-	18,669
Deferred amounts related to OPEB	1,353	-	-	-	-	-	1,353
Total Deferred Inflow of Resources	<u>20,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,022</u>
NET POSITION							
Net investment in capital assets	1,522,441	233,360	1,301,432	5,875,198	239,802	-	9,172,233
Restricted for other purposes	-	-	-	-	-	526,901	526,901
Unrestricted (deficit)	(185,845)	33,325	44,732	5,101,217	97,408	953,359	6,044,196
Total net position	<u>\$ 1,336,596</u>	<u>\$ 266,685</u>	<u>\$ 1,346,164</u>	<u>\$ 10,976,415</u>	<u>\$ 337,210</u>	<u>\$ 1,480,260</u>	<u>\$ 15,743,330</u>

CITY OF BARTLESVILLE, OKLAHOMA
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Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds – Year Ended June 30, 2018

	<u>Adams Municipal Golf Course</u>	<u>Sooner Pool</u>	<u>Frontier Pool</u>	<u>Community Center Trust Authority</u>	<u>Adult Center Trust Authority</u>	<u>Bartlesville Redevelopment Trust Authority</u>	<u>Total</u>
REVENUES							
Charges for services	\$ 314,736	\$ 130	\$ -	\$ 548,869	\$ 34,109	\$ -	\$ 897,844
Lease revenue	-	-	-	23,611	-	-	23,611
Total operating revenues	<u>314,736</u>	<u>130</u>	<u>-</u>	<u>572,480</u>	<u>34,109</u>	<u>-</u>	<u>921,455</u>
OPERATING EXPENSES							
Personal services	282,177	-	-	636,649	21,320	99,548	1,039,694
Contractual services	117,565	16,279	18,822	411,108	-	42,439	606,213
Utilities	18,510	2,727	11,397	124,831	6,578	2,191	166,234
Repairs and maintenance	37,856	6,698	2,670	33,854	20,797	-	101,875
Other supplies and expenses	55,306	5,969	4,482	71,125	7,668	7,126	151,676
Programs	-	-	-	-	-	778,560	778,560
Depreciation	95,891	21,151	172,439	392,991	8,729	-	691,201
Total operating expenses	<u>607,305</u>	<u>52,824</u>	<u>209,810</u>	<u>1,670,558</u>	<u>65,092</u>	<u>929,864</u>	<u>3,535,453</u>
Operating income (loss)	<u>(292,569)</u>	<u>(52,694)</u>	<u>(209,810)</u>	<u>(1,098,078)</u>	<u>(30,983)</u>	<u>(929,864)</u>	<u>(2,613,998)</u>
NON-OPERATING REVENUES (EXPENSES)							
Interest and investment revenue	707	389	462	292,483	31	9,943	304,015
Miscellaneous revenue	1,196	-	-	-	-	-	1,196
Operating grants and contributions	-	-	-	78,008	17,387	-	95,395
Miscellaneous expenses	-	-	-	-	-	(33,468)	(33,468)
Total non-operating revenue (expenses)	<u>1,903</u>	<u>389</u>	<u>462</u>	<u>370,491</u>	<u>17,418</u>	<u>(23,525)</u>	<u>367,138</u>
Income (loss) before transfers	<u>(290,666)</u>	<u>(52,305)</u>	<u>(209,348)</u>	<u>(727,587)</u>	<u>(13,565)</u>	<u>(953,389)</u>	<u>(2,246,860)</u>
Capital contributions	-	-	-	59,482	-	-	59,482
Transfers in	<u>147,484</u>	<u>44,393</u>	<u>58,446</u>	<u>311,360</u>	<u>-</u>	<u>702,347</u>	<u>1,264,030</u>
Change in net position	<u>(143,182)</u>	<u>(7,912)</u>	<u>(150,902)</u>	<u>(356,745)</u>	<u>(13,565)</u>	<u>(251,042)</u>	<u>(923,348)</u>
Total net position - beginning, restated	<u>1,479,778</u>	<u>274,597</u>	<u>1,497,066</u>	<u>11,333,160</u>	<u>350,775</u>	<u>1,731,302</u>	<u>16,666,678</u>
Total net position - ending	<u>\$ 1,336,596</u>	<u>\$ 266,685</u>	<u>\$ 1,346,164</u>	<u>\$ 10,976,415</u>	<u>\$ 337,210</u>	<u>\$ 1,480,260</u>	<u>\$ 15,743,330</u>

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Cash Flow Statement – Nonmajor Enterprise Funds – Year Ended June 30, 2018

	<u>Adams Municipal Golf Course</u>	<u>Sooner Pool</u>	<u>Frontier Pool</u>	<u>Community Center Trust Authority</u>	<u>Adult Center Trust Authority</u>	<u>Bartlesville Redevelopment Trust Authority</u>	<u>Total Other Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 305,614	\$ (115)	\$ (158)	\$ 662,886	\$ 51,496	\$ (9,687)	\$ 1,010,036
Payments to suppliers and employees	(458,014)	(44,674)	(54,115)	(1,275,672)	(56,363)	-	(1,888,838)
Payments for incentives and operations	-	-	-	-	-	(649,190)	(649,190)
Net cash provided by (used in) operating activities	<u>(152,400)</u>	<u>(44,789)</u>	<u>(54,273)</u>	<u>(612,786)</u>	<u>(4,867)</u>	<u>(658,877)</u>	<u>(1,527,992)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	147,484	44,393	58,446	311,360	-	702,347	1,264,030
Net cash provided by noncapital financing activities	<u>147,484</u>	<u>44,393</u>	<u>58,446</u>	<u>311,360</u>	<u>-</u>	<u>702,347</u>	<u>1,264,030</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	-	-	-	(161,662)	-	-	(161,662)
Decrease in security interest in property	-	-	-	-	-	113,785	113,785
Payment on incentives payable	-	-	-	-	-	63,914	63,914
Proceeds from capital grant	-	-	-	59,482	-	-	59,482
Principal paid on debt	-	-	-	-	-	(114,000)	(114,000)
Interest and fiscal agent fees paid on debt	-	-	-	-	-	(525)	(525)
Net cash provided by (used in) capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,180)</u>	<u>-</u>	<u>63,174</u>	<u>(39,006)</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Sale of investments	4,209	7	-	-	31,449	-	35,665
Purchase of investments	-	-	(4,635)	(104,781)	-	-	(109,416)
Interest and dividends	707	389	462	292,483	31	9,943	304,015
Net cash provided by (used in) investing activities	<u>4,916</u>	<u>396</u>	<u>(4,173)</u>	<u>187,702</u>	<u>31,480</u>	<u>9,943</u>	<u>230,264</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>-</u>	<u>(215,904)</u>	<u>26,613</u>	<u>116,587</u>	<u>(72,704)</u>
Balances - beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>480,073</u>	<u>-</u>	<u>1,740,621</u>	<u>2,220,694</u>
Balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,169</u>	<u>\$ 26,613</u>	<u>\$ 1,857,208</u>	<u>\$ 2,147,990</u>
Reconciliation to Statement of Net Position:							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 264,169	\$ 26,613	\$ 1,857,208	\$ 2,147,990
Restricted cash and cash equivalents - current	-	-	-	-	-	-	-
Restricted cash and cash equivalents - noncurrent	-	-	-	-	-	-	-
Total cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 264,169</u>	<u>\$ 26,613</u>	<u>\$ 1,857,208</u>	<u>\$ 2,147,990</u>
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:							
Operating income (loss)	\$ (292,569)	\$ (52,694)	\$ (209,810)	\$ (1,098,078)	\$ (30,983)	\$ (929,864)	\$ (2,613,998)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	95,891	21,151	172,439	392,991	8,729	-	691,201
Miscellaneous revenue	1,196	-	-	-	-	-	1,196
Miscellaneous expense	-	-	-	-	-	(33,468)	(33,468)
Operating grants and contribution	-	-	-	78,008	17,387	-	95,395
Change in assets and liabilities:							
Accounts receivable	-	-	-	12,398	-	-	12,398
Other receivable	(5,868)	(245)	(158)	-	-	(9,687)	(15,958)
Accounts payable	(4,992)	(13,001)	(16,744)	9,707	-	(4,702)	(29,732)
Deferred revenue	(4,450)	-	-	-	-	-	(4,450)
Accrued salaries payable	2	-	-	563	-	-	565
OPEB liability	(1,375)	-	-	-	-	-	(1,375)
Pension liability	61,478	-	-	-	-	-	61,478
Deposits subject to refund	-	-	-	(1,624)	-	-	(1,624)
Prepaid expenses	-	-	-	(6,751)	-	-	(6,751)
Compensated absence liability	(1,713)	-	-	0	-	-	(1,713)
Change in incentives payable	-	-	-	-	-	318,844	318,844
Net cash provided by (used in) operating activities	<u>\$ (152,400)</u>	<u>\$ (44,789)</u>	<u>\$ (54,273)</u>	<u>\$ (612,786)</u>	<u>\$ (4,867)</u>	<u>\$ (658,877)</u>	<u>\$ (1,527,992)</u>

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Statement of Net Position – Internal Service Funds – June 30, 2018

	Internal Service Funds			
	<u>Workers'</u>	<u>Health</u>	<u>Auto Collision</u>	
	<u>Compensation</u>	<u>Insurance</u>	<u>Insurance Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 45,900	\$ -	\$ 45,900
Investments	104,286	412,885	186,874	704,045
Cash held by third parties	60,000	-	-	60,000
Other receivables	2,219	9,435	-	11,654
Total current assets	<u>166,505</u>	<u>468,220</u>	<u>186,874</u>	<u>821,599</u>
Non-current assets:				
Total non-current assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>166,505</u>	<u>468,220</u>	<u>186,874</u>	<u>821,599</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	3,565	3,062	6,627
Claims and judgments	209,934	-	-	209,934
Total current liabilities	<u>209,934</u>	<u>3,565</u>	<u>3,062</u>	<u>216,561</u>
Noncurrent liabilities:				
Claims and judgments	314,902	-	-	314,902
Total noncurrent liabilities	<u>314,902</u>	<u>-</u>	<u>-</u>	<u>314,902</u>
Total liabilities	<u>524,836</u>	<u>3,565</u>	<u>3,062</u>	<u>531,463</u>
NET POSITION				
Unrestricted (deficit)	(358,331)	464,655	183,812	290,136
Total net position	<u>\$ (358,331)</u>	<u>\$ 464,655</u>	<u>\$ 183,812</u>	<u>\$ 290,136</u>

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds
– Year Ended June 30, 2018

	Internal Service Funds			
	<u>Workers'</u>	<u>Health</u>	<u>Auto Collision</u>	
	<u>Compensation</u>	<u>Insurance</u>	<u>Insurance Fund</u>	<u>Total</u>
REVENUES				
Charges for services	\$ 169,167	\$ 2,667,155	\$ 39,379	\$ 2,875,701
Total operating revenues	<u>169,167</u>	<u>2,667,155</u>	<u>39,379</u>	<u>2,875,701</u>
OPERATING EXPENSES				
Personal services	(214,870)	2,489,987	-	2,275,117
Contractual services	-	584,024	-	584,024
Utilities	-	-	12,795	12,795
Repairs and maintenance	-	-	33,446	33,446
Total Operating Expenses	<u>(214,870)</u>	<u>3,074,011</u>	<u>46,241</u>	<u>2,905,382</u>
Operating income (loss)	<u>384,037</u>	<u>(406,856)</u>	<u>(6,862)</u>	<u>(29,681)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	1,894	7,682	-	9,576
Miscellaneous revenue	-	44,962	533	45,495
Total non-operating revenue (expenses)	<u>1,894</u>	<u>52,644</u>	<u>533</u>	<u>55,071</u>
Change in net position	385,931	(354,212)	(6,329)	25,390
Total net position - beginning	<u>(744,262)</u>	<u>818,867</u>	<u>190,141</u>	<u>264,746</u>
Total net position - ending	<u>\$ (358,331)</u>	<u>\$ 464,655</u>	<u>\$ 183,812</u>	<u>\$ 290,136</u>

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

Combining Cash Flow Statement – Internal Service Funds – Year Ended June 30, 2018

	Internal Service Funds			
	<u>Workers'</u>	<u>Health</u>	<u>Auto Collision</u>	
	<u>Compensation</u>	<u>Insurance</u>	<u>Insurance Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 168,831	\$ 2,710,588	\$ 39,912	\$ 2,919,331
Payments to suppliers and employees	(250,018)	(3,076,015)	(43,179)	(3,369,212)
Net cash provided by (used in) operating activities	(81,187)	(365,427)	(3,267)	(449,881)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	79,293	357,745	3,267	440,305
Interest and dividends	1,894	7,682	-	9,576
Net cash provided by investing activities	81,187	365,427	3,267	449,881
Net increase in cash and cash equivalents	-	-	-	-
Balances - beginning of year	60,000	45,900	-	105,900
Balances - end of year	\$ 60,000	\$ 45,900	\$ -	\$ 105,900
Reconciliation to Statement of Net Assets:				
Cash and cash equivalents	\$ -	\$ 45,900	\$ -	\$ 45,900
Cash held by third parties	60,000	-	-	60,000
Total cash and cash equivalents, end of year	\$ 60,000	\$ 45,900	\$ -	\$ 105,900
Reconciliation of operating income (loss) to net cash provided by (used in) Operating Activities:				
Operating income (loss)	\$ 384,037	\$ (406,856)	\$ (6,862)	\$ (29,681)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Miscellaneous revenue	-	44,962	533	45,495
Change in assets and liabilities:				
Other receivable	(336)	(1,529)	-	(1,865)
Accounts payable	(10,426)	(2,004)	3,062	(9,368)
Claims liability	(454,462)	-	-	(454,462)
Prepaid expense	-	-	-	-
Net cash provided by (used in) operating activities	\$ (81,187)	\$ (365,427)	\$ (3,267)	\$ (449,881)

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

INTERNAL CONTROL AND COMPLIANCE INFORMATION

CITY OF BARTLESVILLE, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2018

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**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***

To the 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, each major fund, and the aggregate remaining fund information of the City of Bartlesville, Oklahoma, (the "City"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 22, 2019. Our report includes a reference to other auditors who audited the financial statements of the Community Center Trust Authority, Bartlesville Development Authority, and the Bartlesville Redevelopment Trust Authority, as described in our report on the City's financial statements as well as the adoption of GASB No. 75. 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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. *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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Arledge & Associates, P.C." in a cursive script.

August 22, 2019