

# **TOWN OF CALERA, OKLAHOMA**

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Financial Statements and Independent Auditor's Report  
For Year Ended June 30, 2012

TOWN OF CALERA, OKLAHOMA  
JUNE 30, 2012

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**TOWN OF CALERA, OKLAHOMA**  
**JUNE 30, 2012**

Our discussion and analysis of the Town of Calera's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2012. Please read this in conjunction with the Town's financial statements, which follow.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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This annual report consists of the following four parts:

- I. Management's discussion and analysis – this section
- II. Basic financial statements – consisting of:
  - A) Government-wide financial statements
  - B) Fund financial statements
  - C) Notes to the financial statements
- III. Required supplementary information – consisting of:
  - A) Budgetary comparison schedules
  - B) Defined benefit retirement plan information
- IV. Other supplementary information – consisting of:
  - A) Combining schedules
  - B) Other information

The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

- The *governmental funds* statements tell how *general government* services such as public safety were financed in the *short term* as well as what remains for future spending.
- *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
- *Fiduciary funds* statements provide information about the financial relationships in which the Town acts solely as a *trustee or agent* for the benefit of those outside of the government.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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### Government-wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the Town's *net assets* and how they have changed. Net assets – the difference between the Town's assets and liabilities – is one way to measure the Town's financial health or *position*.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, you need to consider additional nonfinancial factors such as changes in the Town's sales tax base and the condition of the Town's infrastructure networks.

In the government-wide financial statements, the Town's activities are divided into two categories:

- *Governmental activities* – Most of the Town's basic services are included here, such as the police, fire, streets, parks, and general administration. Sales taxes, fines and grants finance most of these activities.
- *Business-type activities* – The Town charges fees to customers to help cover the costs of certain services it provides. The Town's water and sewer system and sanitation services are included here.

### Fund Financial Statements

The fund financial statements provide more detailed information about the Town's *funds*, focusing on its most significant or "major" funds – not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law (such as the Cemetery Care Fund).
- Other funds are established by the Town to control and manage money for specific purposes (such as the Police Special Fund) or to show that certain taxes are being used properly (such as the Street & Alley Fund).

The Town has three kinds of funds:

- *Governmental funds* – Most of the Town's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. In fact, the Town's enterprise fund is the Calera Public Works Authority and is its only proprietary fund and business-type activity.
- *Fiduciary funds* – The Town acts as an agent, or fiduciary, for bonds posted on pending police citations that have not had a court hearing. The Town is responsible for ensuring that these bond amounts are either refunded or converted to fine revenue, depending on the results from court. The activities and assets of this fund are excluded from the Town's government-wide financial statements because these assets cannot be used to finance operations of the Town.

## FINANCIAL HIGHLIGHTS

- The Town's total net assets increased from \$4,236,224 to \$4,402,620. The increase of \$166,396 was comprised of the following:

Governmental activities	increased 11.7%	\$ 288,833
Business-type activities	decreased 6.9%	<u>(122,437)</u>
		<u>\$ 166,396</u>

- During the year, the Town's program related expenses were \$360,550 more than revenues, and the Town received general, non-program revenues of \$526,946, resulting in the above increase in net assets.
- The Town's financial statements now reflect capital assets for governmental activities (\$1,570,087) as well as for business-type activities (\$4,816,517).
- General Fund revenues were \$46,612 more than budgeted and expenditures were \$120,245 less than budgeted
- Public Works Authority operating revenues were \$36,150 more than budgeted and operating expenses were \$38,739 less than budgeted.

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

### Condensed government-wide statement of net assets – June 30, 2012 and 2011:

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 1,346,430	1,243,720	342,526	378,731	\$ 1,688,956	1,622,451
Restricted assets	-	-	152,201	146,263	152,201	146,263
Capital assets	1,570,087	1,433,413	4,816,517	4,962,221	6,386,604	6,395,634
Other assets	-	-	<u>141,511</u>	<u>144,164</u>	<u>141,511</u>	<u>144,164</u>
Total assets	<u>2,916,517</u>	<u>2,677,133</u>	<u>5,452,755</u>	<u>5,631,379</u>	<u>8,369,272</u>	<u>8,308,512</u>
Current liabilities	62,582	84,044	154,060	142,778	216,642	226,822
Long-term debt	55,242	85,874	3,542,218	3,620,635	3,597,460	3,706,509
Other liabilities	<u>51,802</u>	<u>49,156</u>	<u>100,749</u>	<u>89,801</u>	<u>152,551</u>	<u>138,957</u>
Total liabilities	<u>169,626</u>	<u>219,074</u>	<u>3,797,027</u>	<u>3,853,214</u>	<u>3,966,653</u>	<u>4,072,288</u>
Net assets						
Invested in capital assets						
net of related debt	1,484,213	1,300,620	1,145,430	1,213,725	2,629,643	2,514,345
Restricted	322,032	481,380	91,590	92,037	413,622	573,417
Unrestricted	<u>940,646</u>	<u>676,059</u>	<u>418,708</u>	<u>472,403</u>	<u>1,359,354</u>	<u>1,148,462</u>
Total net assets	<u>\$2,746,891</u>	<u>2,458,059</u>	<u>1,655,728</u>	<u>1,778,165</u>	<u>\$ 4,402,619</u>	<u>4,236,224</u>

The unrestricted net asset positions of both the governmental activities and the business-type activities should provide the Town with adequate resources for future period expenditures in the event future period revenues are not sufficient or fall short of expectations. Also, such net asset position will allow the Town to make some long-term improvements to infrastructure without hindering current period operating activities.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

Condensed government-wide statement of activities for the year ended June 30, 2012:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 566,615	644,904	954,168	910,338	\$ 1,520,783	1,555,242
Grants and awards	175,212	157,995	-	-	175,212	157,995
General revenues						
Sales taxes	412,277	441,294	-	-	412,277	441,294
Other taxes	90,089	84,106	-	-	90,089	84,106
Interest earnings	2,538	12,524	1,596	12,146	4,134	24,670
Other revenues	964	9,377	19,482	20,124	20,446	29,501
Total revenues	<u>1,247,695</u>	<u>1,350,200</u>	<u>975,246</u>	<u>942,608</u>	<u>2,222,941</u>	<u>2,292,808</u>
<b>Expenses</b>						
General government	109,040	113,040	-	-	109,040	113,040
Law enforcement	683,743	697,240	-	-	683,743	697,240
Fire protection	104,026	133,400	-	-	104,026	133,400
Street maintenance	72,520	89,912	-	-	72,520	89,912
Community services	27,175	55,467	-	-	27,175	55,467
Cemetery	2,394	3,385	-	-	2,394	3,385
Water utility services	-	-	204,541	201,166	204,541	201,166
Sewer utility services	-	-	615,047	602,425	615,047	602,425
Sanitation services	-	-	238,059	222,282	238,059	222,282
Total expenses	<u>998,898</u>	<u>1,092,444</u>	<u>1,057,647</u>	<u>1,025,873</u>	<u>2,056,545</u>	<u>2,118,317</u>
Revenues over (under) expenses	248,797	257,756	(82,401)	(83,265)	166,396	174,491
Operating transfers	40,036	-	(40,036)	-	-	-
Capital transfers	-	-	-	-	-	-
Increase (decrease) in net assets	\$ <u>288,833</u>	<u>257,756</u>	<u>(122,437)</u>	<u>(83,265)</u>	\$ <u>166,396</u>	<u>174,491</u>

The composition of total revenues, program and general, was as follows:

	2012		2011	
	Amount	Percent of Total	Amount	Percent of Total
Sales taxes	\$ 412,277	19%	\$ 441,294	19%
Franchise taxes	52,735	2%	50,796	2%
Other taxes	37,354	2%	33,310	1%
Law enforcement revenues	520,441	23%	603,373	27%
Charges for utility service	954,168	43%	910,338	40%
Charges for other services	46,174	2%	41,531	2%
Grants	175,212	8%	157,995	7%
Investment earnings	4,134	-%	24,670	1%
Other revenues	20,446	1%	29,501	1%
	<u>\$ 2,222,941</u>	<u>100%</u>	<u>\$ 2,292,808</u>	<u>100%</u>

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

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The composition of total functional expenses was as follows:

	2012		2011	
	Amount	Percent of Total	Amount	Percent of Total
General government	\$ 109,040	5%	\$ 113,040	5%
Law enforcement	683,743	33%	697,240	33%
Fire protection	104,026	5%	133,400	6%
Street maintenance	72,520	4%	89,912	4%
Community services	27,175	1%	55,467	3%
Cemetery	2,394	-%	3,385	- %
Public utilities	<u>1,057,647</u>	<u>52%</u>	<u>1,025,873</u>	<u>49%</u>
	<u>\$ 2,056,545</u>	<u>100%</u>	<u>\$ 2,118,317</u>	<u>100%</u>

**Governmental activities**

In total, non-grant related revenues and expenses for governmental activities were in line with budget amounts and expectations. However, the Town experienced an unexpected slight decrease in sales tax revenue and law enforcement related revenues decreased moderately as a result of the installation of increased traffic law compliance attributed to the installation of signal lights two years ago. The most significant capital expenditures during the year were equipment purchases and a street repaving project. Further, operating expenses were generally consistent with prior years.

**Business-type activities**

These consist entirely of the Town's public works authority which operates the water, sewer and sanitation systems. Revenues from utility charges were increased slightly over last year and were in line with the projected revenue budget for the year. Operating expenses of the public works authority (excluding interest and depreciation charges) were in line with prior years and were in line with the budget.

**FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS**

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The financial highlights of the Town's General Fund and Public Works Fund were discussed above as the primary components of the governmental and business-type activities, respectively. Other individual fund information is noted below:

- Street and Alley Fund increased fund balance by \$39,850, primarily as a result of not completing as many street paving projects as planned.
- Police Special Fund received 10% of all municipal fine revenue for a total of \$39,602 and received property forfeitures of \$2,222. The fund purchased \$29,977 in new equipment, including purchases through capital lease agreements.
- Volunteer Fire Department Fund now receives a ½-cent sales tax designated for truck and equipment purchases for a total of \$51,535. The fund purchased \$62,405 in new equipment, including purchases through capital lease agreements.
- All funds ended the year with positive fund balances.

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)**

Condensed financial summary of individual funds:

	General Fund	Street & Alley	Volunteer Fire Dept.	Police Reserves	Police Special	Cemetery Revenue	Cemetery Care	Public Works	Municipal Court
Current assets	\$ 801,912	\$ 306,772	\$ 70,093	\$ 4,859	\$ 94,071	\$ 45,756	\$ 22,967	\$ 342,526	\$ 1,717
Restricted assets	-	-	-	-	-	-	-	152,201	-
Capital assets	594,087	418,715	415,188	-	76,003	50,094	16,000	4,816,517	-
Other assets	-	-	-	-	-	-	-	141,511	-
Total assets	<u>1,395,999</u>	<u>725,487</u>	<u>485,281</u>	<u>4,859</u>	<u>170,074</u>	<u>95,850</u>	<u>38,967</u>	<u>5,452,755</u>	<u>1,717</u>
Current liabilities	24,087	7,707	30,744	-	-	44	-	154,060	-
Long-term liabilities	51,802	-	55,242	-	-	-	-	3,642,967	-
Total liabilities	<u>75,889</u>	<u>7,707</u>	<u>85,986</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>-</u>	<u>3,797,027</u>	<u>-</u>
Net assets	\$ <u>1,320,110</u>	\$ <u>717,780</u>	\$ <u>399,295</u>	\$ <u>4,859</u>	\$ <u>170,074</u>	\$ <u>95,806</u>	\$ <u>38,967</u>	\$ <u>1,655,728</u>	\$ <u>1,717</u>
Revenues	\$ 937,123	\$ 174,009	\$ 84,580	\$ 317	\$ 41,824	\$ 7,350	\$ 2,492	\$ 975,246	\$ 8,544
Expenditures	(813,781)	(72,520)	(67,400)	(5,095)	(37,708)	(2,394)	-	(1,057,647)	(8,864)
Transfers, net	<u>75,000</u>	<u>(34,964)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,036)</u>	<u>-</u>
Net change	198,342	66,525	17,180	(4,778)	4,116	4,956	2,492	(122,437)	(320)
Net assets, beginning	<u>1,121,768</u>	<u>651,255</u>	<u>382,115</u>	<u>9,637</u>	<u>165,958</u>	<u>90,850</u>	<u>36,475</u>	<u>1,778,165</u>	<u>2,037</u>
Net assets, ending	\$ <u>1,320,110</u>	\$ <u>717,780</u>	\$ <u>399,295</u>	\$ <u>4,859</u>	\$ <u>170,074</u>	\$ <u>95,806</u>	\$ <u>38,967</u>	\$ <u>1,655,728</u>	\$ <u>1,717</u>

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget prior to the July 1<sup>st</sup> start of each fiscal year. This original budget is prepared under a modified accrual basis, wherein capital asset acquisitions are recorded as expenditures and depreciation expense is not recorded. Available resources are based on the projected current year ending fund balance and an estimate of the next year's revenues. Expenditure appropriations are then established for each department. During the year, the Town Council can amend the budget as necessary. Generally, such amendments fall into three categories:

- Adjustments for corrections to the carryover fund balance or to the estimated revenues.
- Additional appropriations for new revenue sources not included in the original budget.
- Reclassifications between departments or expenditure accounts to prevent budget overspending.

General Fund budget summary for the year ended June 30, 2012:

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues	\$ <u>707,400</u>	\$ <u>183,111</u>	\$ <u>890,511</u>	\$ <u>937,123</u>	\$ <u>46,612</u>
Expenditures by department					
General government	105,894	173,101	278,995	263,390	15,605
Law enforcement	649,253	85,010	734,263	638,001	96,262
Fire protection	56,500	-	56,500	50,600	5,900
Community services	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>7,522</u>	<u>2,478</u>
Total expenditures	<u>821,647</u>	<u>258,111</u>	<u>1,079,758</u>	<u>959,513</u>	<u>120,245</u>
Revenues over (under) expenditures	(114,247)	(75,000)	(189,247)	(22,390)	166,857
Transfers in	-	75,000	75,000	75,000	-
Transfers out	-	-	-	-	-
Beginning fund balance	<u>725,215</u>	<u>-</u>	<u>725,215</u>	<u>725,215</u>	<u>-</u>
Ending fund balance	\$ <u>610,968</u>	\$ <u>-</u>	\$ <u>610,968</u>	\$ <u>777,825</u>	\$ <u>166,857</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2012, the Town had invested \$6,386,604 (net of depreciation) in a broad range of capital assets, including land, buildings, equipment, roads and water and sewer systems. For the year ended June 30, 2012, the Town spent \$281,034 on capitalized assets.

#### Summary of capital assets at June 30, 2012:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2012	2011	2012	2011	2012	2011
Land	\$ 46,167	46,167	\$ 46,807	46,807	\$ 92,974	92,974
Buildings and improvements	354,308	354,308	35,084	26,984	389,392	381,292
Equipment	1,475,015	1,228,790	345,628	342,172	1,820,643	1,570,962
Infrastructure network	514,222	496,069	5,596,764	5,596,765	6,110,986	6,092,834
Accumulated depreciation	<u>(819,625)</u>	<u>(691,921)</u>	<u>(1,207,766)</u>	<u>1,050,507)</u>	<u>(2,027,391)</u>	<u>(1,742,428)</u>
Total	\$ <u>1,570,087</u>	<u>1,433,413</u>	\$ <u>4,816,517</u>	\$ <u>4,962,221</u>	\$ <u>6,386,604</u>	<u>6,395,634</u>

This year's major capital asset additions included:

- 2012 Chevrolet Tahoe at \$25,000 purchased by the General Fund,
- 2011 McNeilus sanitation truck at \$158,101 purchased by the General Fund,
- Lighting equipment at \$28,459 purchased by the Street and Alley Fund,
- Street paving project at \$13,252 paid by the Street and Alley Fund,
- Equipment storage building at \$4,900 purchased by the Street and Alley Fund,
- Law enforcement equipment at \$11,342 purchased by the Police Special Fund,
- Firefighting equipment at \$28,423 purchased by the Volunteer Fire Department Fund,
- Water pump at \$3,455 purchased by the Public Works Authority,
- Building improvements at \$8,100 purchased by the Public Works Authority.

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

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**Debt Administration**

At June 30, 2012, the Town had \$4,906,874 in outstanding notes payable and capital lease obligations, which is a decrease from the June 30, 2011, balance of \$5,075,793.

Summary of outstanding long-term debt:				
	<u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2012</u>
<u>Police Special Fund</u>				
Ford Motor Credit Police vehicles	\$ 10,098	-	(10,098)	\$ -
First United Bank Police vehicle	7,663	-	(7,663)	-
<u>Vol. Fire Dept. Fund</u>				
Kansas St. Bank Fire truck	102,582	-	(23,392)	79,190
First United Bank Poly water tanks	12,450	-	(5,766)	6,684
<u>Public Works Authority</u>				
2007 Bond/OWRB loan Sewer treatment plant	<u>4,943,000</u>	<u>-</u>	<u>(122,000)</u>	<u>4,821,000</u>
Totals	\$ <u>5,075,793</u>	<u>-</u>	<u>(168,919)</u>	\$ <u>4,906,874</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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Several economic factors will influence the Town's operations and financial decisions in the next year and in years to come. Some of the most significant factors include:

- Continued population growth and business development in the Calera and surrounding areas;
- Construction and opening of new business establishments in Calera;
- Continuing improvements and additions to the Town's infrastructure systems for water, sewer and transportation services;
- Increasing costs and debt service obligations of the Public Works Authority;
- Receipt of additional grant awards to fund special projects.

These factors were all considered in the preparation and adoption of the Town's 2012-2013 budget.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)**

Summary of 2012-2013 budget:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Public Works</u>	<u>Total</u>
<b>Resources</b>				
Fund Balance	\$ 764,322	555,155	278,270	\$ 1,597,747
Revenues	768,550	309,240	949,000	2,026,790
Grant Proceeds	87,706	-	-	87,706
Transfers	-	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
<b>Total Resources</b>	<u>1,620,578</u>	<u>864,395</u>	<u>1,262,270</u>	<u>3,747,243</u>
<b>Appropriations</b>				
General Government	190,443	-	-	190,443
Law Enforcement	702,498	91,860	-	794,358
Fire & Emergency Management	55,500	150,478	-	205,978
Street	-	443,924	-	443,924
Community Services	33,000	-	-	33,000
Cemetery	-	70,559	-	70,559
Utility Operations	-	-	516,552	516,552
Water	-	-	80,000	80,000
Sewer	-	-	100,000	100,000
Sanitation	-	-	91,500	91,500
Debt Service	-	-	259,188	259,188
Transfers	-	<u>35,000</u>	<u>-</u>	<u>35,000</u>
<b>Total Appropriations</b>	<u>981,441</u>	<u>791,821</u>	<u>1,047,240</u>	<u>2,820,502</u>
<b>Ending Fund Balance</b>	<u>\$ 639,137</u>	<u>72,574</u>	<u>215,030</u>	<u>\$ 926,741</u>

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's business office at 110 W. Main, Calera, Oklahoma 74730.

**Town of Calera, Oklahoma**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities (Sch. 1)	Business-type Activities (Exh. E)	Total Primary Government
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 705,675	159,963	865,638
Certificates of deposit	83,487	110,981	194,468
Receivables (net)	<u>557,268</u>	<u>71,582</u>	<u>628,850</u>
 Total current assets	 <u>1,346,430</u>	 <u>342,526</u>	 <u>1,688,956</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	152,201	152,201
Land	46,167	46,807	92,974
Capital assets, net of depreciation	1,523,920	4,769,710	6,293,630
Prepaid expenses	-	19,000	19,000
Unamortized loan issue costs	<u>-</u>	<u>122,511</u>	<u>122,511</u>
 Total noncurrent assets	 <u>1,570,087</u>	 <u>5,110,229</u>	 <u>6,680,316</u>
 Total assets	 <u>2,916,517</u>	 <u>5,452,755</u>	 <u>8,369,272</u>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	31,950	25,191	57,141
Accrued interest payable	-	50,452	50,452
Notes payable, current portion	30,632	124,000	154,632
Less deferred charge	<u>-</u>	<u>(45,583)</u>	<u>(45,583)</u>
 Total current liabilities	 <u>62,582</u>	 <u>154,060</u>	 <u>216,642</u>
Noncurrent liabilities			
Notes payable, less current portion	55,242	4,697,000	4,752,242
Less deferred charge	-	(1,154,782)	(1,154,782)
Customer deposits payable	-	59,527	59,527
Compensated absences	<u>51,802</u>	<u>41,222</u>	<u>93,024</u>
 Total noncurrent liabilities	 <u>107,044</u>	 <u>3,642,967</u>	 <u>3,750,011</u>
 Total liabilities	 <u>169,626</u>	 <u>3,797,027</u>	 <u>3,966,653</u>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	1,484,213	1,145,430	2,629,643
Restricted for:			
Debt service	-	91,590	91,590
Other purposes	322,032	-	322,032
Unrestricted	<u>940,646</u>	<u>418,708</u>	<u>1,359,354</u>
 Total net assets	 <u>\$ 2,746,891</u>	 <u>1,655,728</u>	 <u>4,402,619</u>

See accompanying notes to the financial statements.

**Exhibit B**

**Town of Calera, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2012**

Functions / Programs Primary government:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses (Sch. 6 & 7)	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities	\$ 109,040	7,741	-	-	(101,299)	-	(101,299)
General government	683,743	520,441	87,698	-	(75,604)	-	(75,604)
Law enforcement	104,026	28,633	4,413	-	(70,980)	-	(70,980)
Fire protection	72,520	-	-	-	(72,520)	-	(72,520)
Street maintenance	-	-	-	83,101	83,101	-	83,101
Public health & welfare	27,175	-	-	-	(27,175)	-	(27,175)
Community services	2,394	9,800	-	-	7,406	-	7,406
Cemetery	998,898	566,615	92,111	83,101	(257,071)	-	(257,071)
Total governmental activities							
Business-type activities	204,541	234,842	-	-	-	30,301	30,301
Water	615,047	412,741	-	-	-	(202,306)	(202,306)
Sewer	238,059	306,585	-	-	-	68,526	68,526
Sanitation	1,057,647	954,168	-	-	-	(103,479)	(103,479)
Total business-type activities							
Total primary government	\$ 2,056,545	1,520,783	92,111	83,101	(257,071)	(103,479)	(360,550)

General Revenues:

Taxes:		
Sales taxes	412,277	-
Franchise taxes	52,735	-
Alcoholic beverage tax	13,278	-
Commercial vehicle tax	14,709	-
Gasoline excise tax	4,011	-
Cigarette tax	5,356	-
Interest earnings	2,538	1,596
Miscellaneous income	964	19,482
Transfers	40,036	(40,036)
Total general revenues	545,904	(18,958)
Change in net assets	288,833	(122,437)
Contributed capital	-	-
Net assets - beginning	2,458,058	1,778,165
Net assets - ending	\$ 2,746,891	1,655,728

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

		<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Vol. Fire Dept. Fund</u>	<u>Police Special Fund</u>	<u>Other Governmental Funds (Sch. 2)</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>							
Cash and cash equivalents	\$	237,610	286,998	64,075	43,410	73,581	705,674
Certificates of deposit		83,487	-	-	-	-	83,487
Receivables, net		480,815	19,774	6,018	50,661	-	557,268
Due from other funds		-	-	-	-	-	-
		<u>801,912</u>	<u>306,772</u>	<u>70,093</u>	<u>94,071</u>	<u>73,581</u>	<u>1,346,429</u>
<b><u>Liabilities and Fund Balances</u></b>							
<b>Liabilities:</b>							
Accounts payable		24,087	7,707	113	-	44	31,951
Due to other funds		-	-	-	-	-	-
		<u>24,087</u>	<u>7,707</u>	<u>113</u>	<u>-</u>	<u>44</u>	<u>31,951</u>
<b>Fund balances:</b>							
Nonspendable		-	-	-	-	-	-
Restricted		-	299,065	-	-	22,966	322,031
Committed		-	-	69,980	94,071	-	164,051
Assigned		-	-	-	-	50,571	50,571
Unassigned		777,825	-	-	-	-	777,825
		<u>777,825</u>	<u>299,065</u>	<u>69,980</u>	<u>94,071</u>	<u>73,537</u>	<u>1,314,478</u>
<b>Total liabilities and fund balances</b>	<b>\$</b>	<b><u>801,912</u></b>	<b><u>306,772</u></b>	<b><u>70,093</u></b>	<b><u>94,071</u></b>	<b><u>73,581</u></b>	

Amounts reported for governmental activities in the statement of net assets on page 11 are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet amounts above.	1,570,087
Long-term note payable obligations on capital assets are not reported in the fund amounts above.	(85,874)
The liability for compensated absences payable is not due and payable in the current period and therefore is not reported in the fund amounts above.	(51,802)
Whole dollar rounding adjustment	<u>2</u>
<b>Net assets of governmental activities</b>	<b>\$ <u>2,746,891</u></b>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2012**

	General Fund	Street and Alley Fund	Vol. Fire Dept. Fund	Police Special Fund	Other Governmental Funds (Sch. 3)	Total Governmental Funds
<b>Revenues</b>						
Sales taxes	\$ 206,139	154,604	51,535	-	-	412,278
Franchise taxes	52,735	-	-	-	-	52,735
Other taxes	18,634	18,720	-	-	-	37,354
Fines and forfeitures	426,186	-	-	41,824	-	468,010
Court pass-through fees	52,114	-	-	-	-	52,114
Charges for services	7,741	-	28,633	-	10,117	46,491
Intergovernmental grants	170,799	-	4,413	-	-	175,212
Investment earnings	2,496	-	-	-	42	2,538
Miscellaneous	279	685	-	-	-	964
<b>Total revenues</b>	<b>937,123</b>	<b>174,009</b>	<b>84,581</b>	<b>41,824</b>	<b>10,159</b>	<b>1,247,696</b>
<b>Expenditures</b>						
General government	105,289	-	-	-	-	105,289
Law enforcement	638,001	-	-	2,341	5,096	645,438
Fire protection	25,600	-	21,232	-	-	46,832
Street maintenance	-	52,583	-	-	-	52,583
Community services	7,522	-	-	-	-	7,522
Cemetery	-	-	-	-	90	90
Capital outlay	183,101	46,612	62,405	29,977	-	322,095
<b>Total expenditures</b>	<b>959,513</b>	<b>99,195</b>	<b>83,637</b>	<b>32,318</b>	<b>5,186</b>	<b>1,179,849</b>
Revenues over (under) expenditures	(22,390)	74,814	944	9,506	4,973	67,847
<b>Other financing sources (uses)</b>						
Transfers in	75,000	-	-	-	-	75,000
Transfers out	-	(34,964)	-	-	-	(34,964)
<b>Net change in fund balance</b>	<b>52,610</b>	<b>39,850</b>	<b>944</b>	<b>9,506</b>	<b>4,973</b>	<b>107,883</b>
Fund balances - beginning	725,215	259,215	69,036	84,565	68,564	1,206,595
Prior period adjustments	-	-	-	-	-	-
<b>Fund balances - ending</b>	<b>\$ 777,825</b>	<b>299,065</b>	<b>69,980</b>	<b>94,071</b>	<b>73,537</b>	<b>1,314,478</b>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the year ended June 30, 2012:

Net change in fund balances - total governmental funds above	\$ 107,883
Purchases of capital assets are recorded as expenditures in the fund financial statement amounts above, but are recorded as additions to assets in the government-wide financial statements.	322,095
Interest expense on fixed asset note obligations is charged as a function expense in the government-wide financial statements, but is included in capital expenditures in the fund financial statement amounts above.	(5,698)
Depreciation is charged as a function expense in the government-wide financial statements, but is not recorded as an expenditure in the fund financial statement amounts above.	(132,802)
The net change in accrued employee compensated absence liability is recorded as a function expense in the government-wide financial statements, but is not recorded as an expenditure in the fund financial statement amounts above.	(2,647)
Whole dollar rounding adjustment	2
<b>Change in net assets per government-wide statement of activities</b>	<b>\$ 288,833</b>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2012**

**Calera**  
**Public Works**  
**Authority**

<b><u>Assets</u></b>	
Current assets	
Cash and cash equivalents	\$ 159,963
Certificates of Deposit	110,981
Receivables, net	<u>71,582</u>
Total current assets	<u>342,526</u>
Noncurrent assets	
Restricted cash - customer deposits	60,611
Restricted cash - debt service	91,590
Land	46,807
Equipment	345,628
Buildings	35,084
Water and sewer systems	5,596,764
Less accumulated depreciation	(1,207,766)
Prepaid sludge removal fees	19,000
Unamortized loan issue costs	<u>122,511</u>
Total noncurrent assets	<u>5,110,229</u>
Total assets	<u>5,452,755</u>
<b><u>Liabilities</u></b>	
Current liabilities	
Accounts payable	25,191
Accrued interest payable	50,452
Notes payable, current portion (OWRB)	124,000
Less deferred charge on debt refunding	<u>(45,583)</u>
Total current liabilities	<u>154,060</u>
Noncurrent liabilities	
Compensated absences	41,222
Customer utility deposits	59,527
Notes payable, less current portion (OWRB)	4,697,000
Less deferred charge on debt refunding	<u>(1,154,782)</u>
Total noncurrent liabilities	<u>3,642,967</u>
Total liabilities	<u>3,797,027</u>
<b><u>Net Assets</u></b>	
Invested in capital assets net of related debt	1,145,430
Restricted for debt service	91,590
Unrestricted	<u>418,708</u>
Total net assets	<u>\$ 1,655,728</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund  
For the Year Ended June 30, 2012

	<u>Calera Public Work Authority</u>
<b>Operating Revenues</b>	
Water sales, charges and fees	\$ 234,842
Sewer charges and fees	412,741
Sanitation charges	306,585
Miscellaneous	<u>19,482</u>
Total operating revenues	<u>973,650</u>
<b>Operating Expenses</b>	
Personal services - before function allocation	426,570
Combined maintenance & operations	58,695
Water Dept. - maintenance & operations	52,665
Sewer Dept. - maintenance & operations	90,086
Sanitation Dept. - maintenance & operations	80,714
Bad debts	<u>4,954</u>
Total operating expenses	<u>713,684</u>
Operating income (loss)	<u>259,966</u>
<b>Nonoperating Revenues (Expenses)</b>	
Depreciation expense	(157,258)
Interest earnings	1,596
Interest expense	(182,052)
Amortized debt issue costs	(4,653)
Transfer from other funds	34,964
Transfer to other funds	<u>(75,000)</u>
Total nonoperating revenues (expenses)	<u>(382,403)</u>
Change in net assets before capital contributions	(122,437)
Total net assets - beginning	<u>1,778,165</u>
Total net assets - ending	\$ <u><u>1,655,728</u></u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2012

<b><u>Cash Flows from Operating Activities</u></b>	
Received from utility customers	\$ 940,429
Received from other operating revenues	2,484
Received from customers for utility deposits	18,400
Refunded or applied for utility deposits	(1,033)
Payments to / for employees	(404,751)
Payments to suppliers and vendors	<u>(277,408)</u>
Net cash provided by operating activities	<u>278,121</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>	
Acquisition of capital assets	(11,555)
Capital asset acquisition with accounts payable	3,455
Principal paid on OWRB loan	(122,000)
Interest paid on OWRB loan	<u>(137,461)</u>
Net cash (used) by capital and related financing activities	<u>(267,561)</u>
<b><u>Cash Flows from Investing Activities</u></b>	
Interest and investment earnings	1,596
Transfers to General Fund	(75,000)
Transfers from Street & Alley Fund	<u>34,964</u>
Net cash provided (used) by investing activities	<u>(38,440)</u>
Net increase (decrease) in cash and cash equivalents	(27,880)
Cash and cash equivalents - beginning of the year	<u>451,025</u>
Cash and cash equivalents - end of the year	<u>423,145</u>
<b><u>Reconciliation of operating income (loss) to net cash provided by operating activities</u></b>	
Operating income	259,966
Adjustments for non-cash and non-operating items:	
Decrease (increase) in net receivables	2,387
Decrease (increase) in prepaid expenses	(2,000)
Increase (decrease) in accounts payable	10,274
Accounts payable for capital asset purchase	(3,455)
Increase (decrease) in compensated absences payable	4,563
Increase (decrease) in customer utility deposits payable	6,385
Whole dollar rounding adjustment	<u>1</u>
Net cash provided by operating activities	<u>278,121</u>
<b><u>Schedule of cash and cash equivalents</u></b>	
Petty cash	400
Cash in bank - operating checking account	86,526
Cash in bank - customer utility deposits	60,611
Cash in bank - debt service account	91,590
Cash in trust - OMAG escrow account	41,620
Cash in bank - savings account	31,417
Cash in bank - certificate of deposit	<u>110,981</u>
Total cash and cash equivalents - end of the year	<u>\$ 423,145</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Fiduciary Net Assets  
Fiduciary Fund  
June 30, 2012

**Municipal  
Court  
Bond Fund**

Assets

Cash and cash equivalents	\$ 1,717
NSF returned checks receivable	<u>-</u>
Total assets	<u>1,717</u>

Liabilities

Accounts payable	<u>-</u>
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Net Assets

Restricted for pending court cases	1,600
Unrestricted	<u>117</u>
Total net assets	\$ <u>1,717</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Year Ended June 30, 2012

**Municipal  
Court  
Bond Fund**

<b>Additions</b>	
Bonds posted for citations issued	\$ <u>8,544</u>
<b>Deductions</b>	
Bond refunds	3,245
Bond forfeitures	5,619
Miscellaneous	<u>-</u>
Total deductions	<u>8,864</u>
Change in net assets	(320)
Net assets - beginning	<u>2,037</u>
Net assets - ending	\$ <u>1,717</u>

See accompanying notes to the financial statements

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Calera, Oklahoma operates under a statutory Town board of trustees form of government and provides the following services: law enforcement, volunteer fire, highways and streets, parks and cemeteries, public improvements, planning and zoning and general administrative services.

1A. REPORTING ENTITY

The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town (as distinct from legal relationships).

The Town's reporting entity comprises the following:

Primary Government	Town of Calera
Blended Component Unit	Calera Public Works Authority

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. These component units' funds are blended into those of the Town's by appropriate activity type to compose the primary government presentation.

The Calera Public Works Authority was created September 17, 1970, and is a beneficial public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1961, Sections 176 to 180 inclusive, as amended and to the Oklahoma Trust Act. The Town of Calera is the beneficiary of the Trust and the Town Council members are the Trustees of the Authority. The Public Works has been operated as a separate entity since January 1, 1983. On December 20, 1982, the Town of Calera leased to the Calera Public Works Authority its water, sanitary sewer, and solid waste management systems. The Authority assumed operation of the Town's water, sanitary sewer and solid waste management systems on January 1, 1983.

1B. BASIS OF PRESENTATION

*Government-wide Financial Statements:*

The government-wide financial statements include the statement of net assets and the statement of activities. The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that 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 Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Major individual funds are reported in separate columns with composite columns for non-major funds.

The individual funds of the reporting entity are described below. Those funds which are considered major funds are noted with (\*):

Governmental Funds

General Fund (\*) – The General Fund is the principle fund of the Town which accounts for all financial transactions not properly accounted for in another fund.

Special Revenue Funds – Used to account for the transactions arising from, or designated to, a specific purpose or activity. The Town maintains the following special revenue funds:

Street and Alley Fund (\*) – This fund is used to account for revenues derived from specific taxes or other earmarked sources for street and alley maintenance.

Police Reserve Fund – This fund is used to account for money raised by the Police Department and their Police Reserve Unit.

Police Special Fund (\*) – This fund is used to account for special donations and a portion of all citation fines which are designated for use only by the Police Department.

Volunteer Fire Department Fund (\*) – This fund is used to account for revenues derived from specific taxes and for money raised by the volunteer fire department and used for equipment purchases and operating expenditures. The firemen's pension fund is maintained by the Oklahoma Firefighters Pension and Retirement Fund and is not included in the Town's financial statements.

Cemetery Revenue Fund – This fund receives 75% of the revenue from the sale of cemetery lots which is used for maintenance of the cemetery.

Cemetery Care Fund – This fund receives 25% of the revenue from the sale of cemetery lots which is set aside to be expended only for additional land or for making capital improvements.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund – Calera Public Works Authority (\*) – Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund

Municipal Court Bond Fund – (Not included in government-wide statements)

Fiduciary funds, and specifically, agency funds, are used to account for assets held on behalf of outside individuals or parties. Typically, the Town holds assets on behalf of others as their agent, pending some future event. As such, agency funds do not involve the measurement of results of operations. The Town maintains its Municipal Court Bond Fund as an agency fund, wherein individuals have posted monetary bonds pending the outcome of traffic citations. If the citation is dismissed, the bond amount is refunded to the individual. If the citation is enforced, the bond amount is forfeited and transferred to the General Fund and Police Special Fund where it is then recorded as revenue.

1C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

Measurement focus is a term used to describe “which” transactions are recorded within the financial statements. Basis of accounting refers to “when” transactions are recorded within the financial statements.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives of the economic resources measurement focus are determination of financial position and changes in net assets. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred or economic asset is used, regardless of the timing of related cash flows.

In the fund financial statements, the measurement focus and basis of accounting is determined by the various types of funds as follows:

a. Governmental funds –

All governmental funds utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. 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. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Proprietary Fund –

The proprietary fund (Calera Public Works Authority) utilizes the economic resources measurement focus and accrual basis of accounting as discussed above for the government-wide financial statements. All assets and liabilities associated with the Authority's activities are reported and fund equity is classified as net assets. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

c. Fiduciary Fund –

Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable.

1D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

**Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit, including restricted assets.

Oklahoma Statutes authorize the Town to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposits of financial institutions located in the state of Oklahoma or fully-insured certificates of deposits of financial institutions located outside the state; savings accounts, and county, municipal or school district general obligation debt. The Town's only investments consist of short-term certificates of deposit.

The Town does not have a specific policy limiting the concentration amount that may be invested with one issuer. The Town has no formal policy on managing credit risk.

Public trusts created under Oklahoma Statutes Title 60 are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture.

**Inventories**

Consumable supplies are the only inventoriable item of the Public Works Authority. The value of supplies on hand at year-end or at any time during the year is not significant and is therefore not included as an asset in the financial statements. Purchases of such supplies are recorded as an expense at the time of purchase.

**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, and police fines. Business-type activities report utilities charges as their major receivables.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Interfund Receivables and Payables**

During the course of operations, various transactions may occur between individual funds that result in amounts owed between funds. Those transactions are classified as “due to or from other funds” in the fund financial statements. Such amounts are eliminated from presentation in the government-wide financial statements.

**Capital Assets and Depreciation**

The accounting treatment for 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 at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of infrastructure assets and improvements thereto, such as streets and bridges, prior to July 1, 2003, has not been capitalized. The Town generally capitalizes assets with cost of \$5,000 or more as purchase or construction outlays occur. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful life are not capitalized. 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 Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. (When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.) The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	15-40 years
Infrastructure	25-40 years
Water & sewer systems	10-40 years
Equipment	7-15 years

*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 accounts 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 debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and utility customer deposits.

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 principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Assets and Fund Equity**

*Government-wide Statements*

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

*Fund Statements*

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. The Town uses the following guidelines to determine its fund balance classifications.

*Non-Spendable* – includes amounts that cannot be spent because they are either not in spendable form, or they are legally and contractually required to be maintained intact.

*Restricted* – includes amounts that are restricted for specific purposes by constraints placed on the use of these resources which are either a.) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or b.) imposed by law through constitutional provisions or enabling legislation.

*Committed* – consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. The Town of Calera’s highest level of decision-making authority is an ordinance approved by the Board of Trustees, also referred to as the Town Council. The approval of an ordinance is the action required to establish, modify or rescind a fund balance commitment.

*Assigned* – includes amounts that are constrained by the government’s *intent* to be used for specific purposes, but not meeting the requirements to be restricted or committed. The authority for making an assignment can be a lesser authority than the government’s highest level of decision making. The Town of Calera treats fund balance as assigned if some formal action of the council has been taken, either in the form of a resolution or motion; or if accepted practice is and has been to constrain resources for a specific purpose.

*Unassigned* – fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to a specific purpose. Unassigned is the residual classification for the general fund.

The Town’s policy is to generally consider amounts with the highest level of constraint as spent first, when an expenditure is incurred. Thus, for purposes for which both restricted and unrestricted fund balance is available, restricted amounts are considered spent first. When amounts in any of the unrestricted classifications of committed, assigned or unassigned could be used for a particular expenditure, it is the Town’s policy to allocate expenditures from committed amounts first, then assigned and, last, unassigned fund balance.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1E. REVENUES, EXPENDITURES AND EXPENSES

**Sales and Use Tax**

Effective April 1, 2008, the Town levies a four-cent sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. By ordinance, this sales tax revenue is deposited and recorded one-half (2 cents) to the General Fund, three-eighths (1-1/2 cent) to the Street and Alley Fund and one-eighth (1/2 cent) to the Volunteer Fire Department Fund. Amounts collected by the State prior to June 30 and received by the Town in July are included as "receivables" in the Statement of Net Assets.

The Town also levies a four-cent use tax on personal property purchased outside the city limits but stored, used or consumed within the Town. The recording of such use tax revenues is the same as sales tax discussed above.

**Operating Revenues and Expenses**

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

**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:
  - a) Current (further classified by function)
  - b) Debt Service
  - c) Capital Outlay
- Proprietary Fund – By Operating and Non-operating

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

**Interfund Transfers**

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds, if any, would be eliminated. Note 8 discusses such transfers for the year ended June 30, 2012.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1F. ESTIMATES

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

The significant estimates used in these financial statements include the following:

- a. Useful lives of capital assets
- b. Allowances for uncollectible receivables
- c. Allocations of certain expenses to functions

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

2A. FUND ACCOUNTING REQUIREMENTS

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

<u>Fund</u>	<u>Required By</u>
General Fund	State law
Public Works Authority	Trust indenture
Street & Alley Fund	State law and local ordinance
Cemetery Care Fund	State law
Police Special Fund	Local ordinance

In addition, the Town has established other operating funds for accounting and administrative purposes.

2B. DEFICIT FUND NET ASSETS

During the year ended June 30, 2012, the Town had no funds operating with a deficit of net assets (i.e., a negative fund balance).

2C. DEPOSITORY ACCOUNTS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2012, all deposits were fully insured or collateralized.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2D. REVENUE RESTRICTIONS

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Restriction</u>
Sales Tax (3/8)	Street & Alley Fund
Sales Tax (1/8)	Volunteer Fire Department Fund
Gasoline Excise Tax	Street & Alley Fund
Motor Vehicle Tax	Street & Alley Fund
Cemetery Revenue (12.5%)	Cemetery Care Fund
Police Fines (10%)	Police Special Fund
Water, Sewer & Sanitation Charges	Debt Service & Utility Operations

For the year ended June 30, 2012, the Town complied, in all material respects, with these revenue restrictions.

2E. RISK MANAGEMENT

Significant losses are covered by commercial insurance for all Town programs and activities through Oklahoma Municipal Assurance Group.

2F. INCOME TAXES

The Town and the Public Works authority, as governmental units, are exempt from income taxes.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2G. DEBT RESTRICTIONS AND COVENANTS

**General Obligation Debt**

Article 10, Sections 26 and 27, of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2012, the Town had no outstanding general obligation debt.

**Other Long-term Debt**

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2012, the Town incurred no such indebtedness.

**Notes Payable**

The various loan agreements relating to the Calera Public Works Authority note payable on the OWRB 2010 Clean Water SRF note contain some restrictions or covenants that are financial related. The following schedule presents a brief summary of the most significant requirement and the Authority's level of compliance thereon as of June 30, 2012.

Requirement	Level of Compliance
a. Note Payable Coverage:	For the year ended June 30, 2012, net operating revenues were \$294,930; the average annual debt service is \$259,461. Actual coverage ratio is 1.14 times .
1. Net operating revenues (excluding transfers, interest and depreciation) of the Authority must equal 1.25 times the average annual debt service.	

Net operating revenues of \$294,930 includes \$34,964 transferred from the Town of Calera Street and Alley Fund. Such transfers were made to provide resources for personal service costs incurred by Public Works Authority employees working on street-related activities.

On July 10, 2012, the Authority's Board voted to increase the base utility rate by \$2.00 per customer per month. This increase is projected to increase total operating revenues by approximately \$21,000 per year. This additional revenue and planned personnel cost reductions should allow the Authority to meet the above debt coverage ratio.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2H. BUDGETARY INFORMATION

**Budget Policy and Practice**

The Town prepares an annual budget in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Town Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Council adopts the annual fiscal year budgets for the Town's operating funds. Once approved, the Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Similarly, the Public Works Authority also prepares an annual budget for submission to the governing body.

**Basis of Budgeting**

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personal services, maintenance and operations, capital outlay, transfers, and debt service. This constitutes the legal level of control. Expenditures may not exceed appropriations at the departmental total level. Budget revisions at this level are subject to final review by the Town Council. Revisions to the budget were made throughout the year.

The budgets for the operating funds and proprietary fund are prepared on the same basis of accounting used in the individual fund financial statements (modified accrual basis). Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation, is not employed by the Town. Any outstanding claims for goods or services not received by June 30 are canceled and such expenditures are recorded against the following year's budget appropriations.

2I. PENSION PLAN

As of January 1, 1998, the Town and the Authority began participation in a defined benefit retirement plan for full-time employees which is administered by the Oklahoma Municipal Retirement Fund. The plan provisions call for employee contributions of 3.0% of gross wages each year. The Town and the Authority then make additional 6.98% contributions on behalf of the employee for an amount equal to 9.98% of the employee's gross wages. For the year ending June 30, 2012, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 8,732	8,656	\$ 17,388
Employer Contributions	<u>19,442</u>	<u>19,274</u>	<u>38,716</u>
Total Contributions	\$ <u>28,174</u>	<u>27,930</u>	\$ <u>56,104</u>

Exhibit O on page 47 provides additional information on the provisions of the plan and the plan's funding status at June 30, 2012.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 3. CASH AND INVESTMENTS

Oklahoma Statutes require municipalities to adequately insure or collateralize cash deposits and investment accounts. Such insurance and/or collateral is carried on the basis of separate legal entities within the Town's organizational structure and is subject to changes in the FDIC insurance rules. Further, the comparison of insurance and collateral amounts is made against the actual bank account balances at any given time, which may vary from the carrying book balances because of outstanding or transit items. The Town's depository funds are categorized to give an indication of the level of custody credit risk assumed by the Town as follows:

Category 1 – Insured by FDIC or collateralized with securities held by the Town (or public trust) or by its agent in its name

Category 2 – Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized with no written or approved collateral agreement

At June 30, 2012, the Town's deposits, categorized by level of risk, were as follows:

	Category <u>(1)</u>	Category <u>(2)</u>	Category <u>(3)</u>	Total Carrying <u>Amount</u>
Town – Governmental & Fiduciary				
First United Bank & Trust	\$ 250,000	498,559	-	\$ 748,559
Okla. Municipal Assurance Group	-	-	41,620	41,620
Petty Cash	-	-	700	700
Total	<u>\$ 250,000</u>	<u>498,559</u>	<u>42,320</u>	<u>\$ 790,879</u>
Public Works Authority				
First United Bank & Trust	\$ 250,000	39,535	-	\$ 289,535
First United Bank Trust Accounts	-	-	91,590	91,590
Okla. Municipal Assurance Group	-	-	41,620	41,620
Petty Cash	-	-	400	400
Total	<u>\$ 250,000</u>	<u>39,535</u>	<u>133,610</u>	<u>\$ 423,145</u>

At June 30, 2012, collateral pledged by First United Bank & Trust consisted of the following securities:

	<u>Amount</u>
Town of Calera:	
FHLB Letter of Credit	\$ <u>1,100,000</u>
Public Works Authority:	
FHLB Letter of Credit	\$ 200,000
First United Bank Trust Debt Pool	
FHLB, FNMA, FFCB, FHLMIC	<u>91,590</u>
	<u>\$ 291,590</u>

Calera Public Works Authority trust account balances are held in trust by First United Bank. Such accounts are collateralized by various government bonds pledged by the trustee institution in a collective pool for all trust accounts under the trustee's management. As such, these collateral securities are not pledged specifically or exclusively to Calera Public Works Authority.

At June 30, 2012, the Town's only investments consisted of short-term certificates of deposit which are included in the depository amounts above.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Total Town funds above are comprised of the following cash and investment balances:

General Fund	
Petty Cash on Hand	\$ 700
General Government Account	195,092
Emergency Account	198
Certificates of Deposit	83,487
OMAG Escrow Account	<u>41,620</u>
	321,097
Street & Alley Fund	286,998
Police Reserves Fund	4,859
Police Special Fund	43,410
Volunteer Fire Dept. Fund	64,075
Cemetery Revenue Fund	45,756
Cemetery Care Fund	22,967
Municipal Court Fund	<u>1,717</u>
Total Town Cash and Investments	\$ <u>790,879</u>
Calera Public Works Authority	
Petty Cash on Hand	\$ 400
Operating Account	86,526
Savings Account	31,417
Certificate of Deposit	110,981
OMAG Escrow Account	41,620
Customer Deposits	60,611
Debt Service Trustee	<u>91,590</u>
Total Public Works Authority	\$ <u>423,145</u>

NOTE 4. RESTRICTED CASH

At June 30, 2012, the Town held restricted assets, the use of which is limited to designated purposes, as detailed below. These balances are also included in total cash and investments discussed in Note 3.

a) Public Works Authority	
Funds held in depository account for utility customer security deposits	\$ 60,611
b) Public Works Authority	
Funds held in trust accounts for OWRB debt service payments	<u>91,590</u>
Total Restricted Cash in Bank	\$ <u>152,201</u>

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 5. ACCOUNTS RECEIVABLE

Accounts receivable of the governmental activities consists of various tax revenues and police fines. Accounts receivable of the business-type activities consists of utilities charges. At June 30, 2012, the receivables detail was as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Sales Tax – General Fund	\$ 24,071	-	\$ 24,071
Sales Tax – Street & Alley	18,053	-	18,053
Sales Tax –Volunteer Fire Dept. Fund	6,018	-	6,018
Other Taxes – General Fund	797	-	797
Other Taxes – Street and Alley Fund	1,721	-	1,721
Police Fines – General Fund	455,947	-	455,947
Police Fines – Police Special	50,661	-	50,661
Utilities Charges	-	76,536	76,536
Allowance for Doubtful	-	(4,954)	(4,954)
Net Accounts Receivable	<u>\$ 557,268</u>	<u>71,582</u>	<u>\$ 628,850</u>

The Town expects to collect all of the above fines and, as such, no allowance for uncollectibles has been recorded. However, an additional \$102,700 in citations from previous years is also owed to the Town, for which warrants have been issued. As collection of these citations is highly uncertain and unlikely, this amount has not been recorded as receivable at June 30, 2012.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is detailed in schedules 4 and 5 on pages 51 and 52 for the governmental activities and for the business-type activities. These detail schedules are summarized as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>
<b>Governmental activities</b>				
Land (not depreciated)	\$ 46,167	-	-	\$ 46,167
Buildings & improvements	354,308	-	-	354,308
Infrastructure network	496,069	18,153	-	514,222
Equipment	1,228,790	251,325	(5,100)	1,475,015
Accumulated depreciation	<u>(691,921)</u>	<u>(132,804)</u>	<u>5,100</u>	<u>(819,625)</u>
Net assets	<u>\$ 1,433,413</u>	<u>136,674</u>	<u>-</u>	<u>\$ 1,570,087</u>
<b>Business-type activities</b>				
Land (not depreciated)	\$ 46,807	-	-	\$ 46,807
Buildings & improvements	26,984	8,100	-	35,084
Equipment	342,172	3,456	-	345,628
Infrastructure network	5,596,764	-	-	5,596,764
Accumulated depreciation	<u>(1,050,508)</u>	<u>(157,258)</u>	<u>-</u>	<u>(1,207,766)</u>
Net assets	<u>\$ 4,962,219</u>	<u>(145,702)</u>	<u>-</u>	<u>\$ 4,816,517</u>

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 6. CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
General government	\$ 3,751
Law enforcement	34,785
Fire protection	52,373
Street maintenance	19,938
Community services	19,653
Cemetery	<u>2,304</u>
	\$ <u>132,804</u>
Business-type activities	
Water	\$ 11,682
Sewer	137,402
Sanitation	<u>8,174</u>
	\$ <u>157,258</u>

NOTE 7. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. At June 30, 2012, the outstanding long-term debt obligations consisted of the following:

Governmental activities:

Compensated absences – accrued and unused vacation and sick leave calculated by individual employee then aggregated to a total liability amount.

Capital lease payable to Kansas State Bank – originally issued July 15, 2005 at \$221,214 for the purchase of one Pierce Kenworth fire truck. This obligation carries on interest rate of 4.55% and is payable in 120 monthly installments of \$2,298, with a final maturity of June 15, 2015. This obligation is secured by the vehicle.

Capital lease payable to First United Bank – originally issued July 31, 2008 at \$27,284 for the purchase of two 2500-gallon poly water tanks for the fire department. This obligation carries an interest rate of 6.5% and is payable in 60 monthly installments of \$534 beginning on August 31, 2008, with a final maturity of July 31, 2013. This obligation is secured by the tanks.

Business-type activities:

Compensated absences – accrued and unused vacation and sick leave calculated by individual employee then aggregated to a total liability amount.

Utility note payable to Oklahoma Water Resources Board (OWRB) (discussed further in Note 16) – originally issued October 19, 2010 in the amount of \$4,985,000 as an advanced refunding of the Authority's outstanding 2007 utility revenue bond issue debt, which was originally issued for the construction of a waste water treatment facility. The OWRB note carries an interest rate of 2.76% and is payable in semi-annual installments of approximately \$130,000 with a final maturity date of August 15, 2038.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 7. LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2011, the changes in long-term debt were as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Governmental activities</u>				
Capital lease payable to Ford Motor Credit for police vehicles	\$ 10,098	-	(10,098)	\$ -
Capital lease payable to First United Bank for police vehicle	7,663	-	(7,663)	-
Capital lease payable to First United Bank for two poly tanks	12,450	-	(5,766)	6,684
Capital lease payable to Kansas State Bank for one fire truck	102,582	-	(23,392)	79,190
Compensated absences, net change only	<u>49,156</u>	<u>2,646</u>	<u>-</u>	<u>51,802</u>
Total governmental activities	<u>\$ 181,949</u>	<u>2,646</u>	<u>(46,919)</u>	<u>\$ 137,676</u>
<u>Business-type activities</u>				
Revenue bond issue/OWRB note for sewer treatment plant	\$ 4,943,000	-	(122,000)	\$ 4,821,000
Less deferred charges from revenue bond issue refunding	(1,245,948)	-	45,583	(1,200,365)
Compensated absences, net change only	<u>36,659</u>	<u>4,563</u>	<u>-</u>	<u>41,222</u>
Total business-type activities	<u>\$ 3,733,711</u>	<u>4,563</u>	<u>(76,417)</u>	<u>\$ 3,661,857</u>

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

NOTE 7. LONG-TERM DEBT (CONTINUED)

The annual debt service requirements of the various long-term obligations are as follows:

Governmental activities

Year Ending	FIRST UNITED BANK (Poly Tanks)		KANSAS ST. BANK		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest
6-30-13	\$ 6,153	253	24,479	3,097	\$ 30,632	3,350
6-30-14	531	3	25,616	1,960	26,147	1,963
6-30-15	-	-	<u>29,095</u>	<u>778</u>	<u>29,095</u>	<u>778</u>
Totals	\$ <u>6,684</u>	<u>256</u>	<u>79,190</u>	<u>5,835</u>	\$ <u>85,874</u>	<u>6,091</u>

Business-type activities

The future debt service schedule for the Calera Public Works Authority note payable to Oklahoma Water Resources Board (OWRB) is detailed in Schedule 8 on page 55.

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

During the year ended June 30, 2012, the Street and Alley Fund transferred \$34,964 to the Calera Public Works Authority to reimburse personal service costs related to street maintenance and improvement projects provided by employees paid through the Public Works Authority.

During the year ended June 30, 2012, the Public Works Authority transferred \$75,000 to the General Fund to provide resources for the Town's required matching contribution related to a grant program for the purchase of a new sanitation truck.

NOTE 9. FUND EQUITIES

The following shows the net asset restrictions at June 30, 2012, as reported in Exhibit A on page 11:

<u>Governmental Activities / Fund</u>	<u>Restricted By</u>	<u>Amount</u>
Street & Alley Fund	State law and local ordinance	\$ 299,065
Cemetery Care Fund	State law	<u>22,967</u>
		\$ <u>322,032</u>
 <u>Business-type Activities</u>	 <u>Restricted By</u>	 <u>Amount</u>
Public Works Authority	Debt covenants	\$ <u>91,590</u>

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

NOTE 10. EMPLOYEE HEALTH INSURANCE

The Town and Public Works Authority provide medical insurance coverage to electing full-time employees. The Town or Public Works Authority pays for all of the cost of coverage for the employee and one-half of the cost of the employees' family coverage. For the year ending June 30, 2012, the following amounts were paid for such coverage:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 364	24,388	\$ 24,752
Employer Contributions	<u>37,287</u>	<u>65,845</u>	<u>103,132</u>
Total Contributions	<u>\$ 37,651</u>	<u>90,233</u>	<u>\$ 127,884</u>

In addition, the Public Works Authority participated in a state health insurance reimbursement program (OEPIC) whereby a portion of qualifying premiums was reimbursed. For the year ended June 30, 2012, the Public Works Authority received reimbursements totaling \$17,188.

NOTE 11. EMPLOYEE COMPENSATED ABSENCES

Sick leave: All full-time employees accrue paid sick leave time at the rate of eight hours per month, cumulative to a maximum of 700 hours (150 days). If an employee terminates service on good terms, one-half (50%) of any accumulated unused sick leave is paid to the employee as severance wages at the employee's normal rate of pay. The remaining one-half of accumulated unused sick leave is forfeited.

Vacation: All full-time employees accrue paid vacation time as follows:

0 to 1 years of service	3.34 hours per month
1 to 5 years of service	6.67 hours per month
5 to 15 years of service	10.00 hours per month
15+ years of service	13.34 hours per month

Such vacation time is accrued on a calendar year basis, cumulative to a maximum of 480 hours (60 days). If an employee terminates service on good terms, any accumulated unused vacation time is paid to the employee as severance wages at the employee's normal rate of pay.

Holidays: Paid holidays are established annually by the Town Board. Full-time employees are paid for such holidays at the regular base rate of pay. Unused holidays are forfeited if not used within 60 days of the specified holiday. At June 30, 2012, the recorded liabilities for unused compensated absences were as follows:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Governmental activities			
Police Department	\$ 24,700	16,018	\$ 40,718
Administration	<u>6,329</u>	<u>4,755</u>	<u>11,084</u>
Total	<u>\$ 31,029</u>	<u>20,773</u>	<u>\$ 51,802</u>
Business-type activities			
Public Works Authority	<u>\$ 23,395</u>	<u>17,827</u>	<u>\$ 41,222</u>

NOTE 12. PENDING LITIGATION, CONTINGENT LIABILITIES & SUBSEQUENT EVENTS

The Town is not currently involved in any pending litigation.

The Town received federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by the federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. No such audits have been conducted during the year ended June 30, 2012, and none are scheduled. As such, no granting agencies have requested reimbursement of any grant proceeds. In the opinion of the Town Council, such disallowances, if any, would not be significant to the Town's financial statements.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

NOTE 13. RISK MANAGEMENT

The Town of Calera manages its risk of loss by participation in the Oklahoma Municipal Assurance Group (OMAG), organized in 1977 under the Interlocal Cooperation Act, 74 O.S. 1001-1008. OMAG was established by cities and towns to secure protection, benefits and indemnification relating to insurance coverages for themselves and other eligible participating public entities, and their employees. The Town of Calera participates in two Plans of coverage established by OMAG: the Municipal Liability Protection Plan and the Worker's Compensation Plan.

The Oklahoma Municipal Assurance Group Worker's Compensation Plan provides workers' compensation coverage through the State Insurance Fund to participating municipalities. The Town has a responsibility as a participant to pay fees set by the Plan according to an established payment schedule. Participants have a right to the return of any Loss Funds set aside for claims which have not been paid out as benefits, after a designated claim period. Also, the participant has a right to receive the interest earnings on funds held by the Plan for the participant subject to bank charges and audit fees. The following funds were being held by the Plan on June 30, 2012, for the Town of Calera and Calera Public Works Authority:

Escrow (General Fund & Public Works)	\$ 83,240
Rate Stabilization Reserve (RSR)	-
Loss Fund	28,649

The Town has access to all money included in the Escrow account above; in these financial statements, that account is treated as cash (see Note 3) just as if it were held with a depository bank. However, because of the uncertainty of whether a refund will ultimately be received from the Rate Stabilization Reserve or the Loss Fund shown above, no provision for revenues or gains has been included in the Town's financial statements. Such refunds, if any, are recorded as revenue when received.

These funds represent both current and past plan year participation with the Loss Fund balances in respect to the Town's workers' compensation retention. The State Insurance Fund (SIF) provides coverage in excess of these respective retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of the SIF to honor its obligation could result in losses to the Plan. However, OMAG's evaluation of the financial condition of the SIF indicates that the SIF is presently financially sound and will be able to meet its contractual obligations.

At June 30, 2012, the Town maintained the following insurance coverages:

<b>Oklahoma Municipal Assurance Group</b>	
Coverage:	Comprehensive Municipal Liability
Limits:	\$1,000,000 Aggregate per Occurrence
	\$125,000 Personal Injury, \$25,000 Property Damage including Fire
	\$10,000 Medical Payments for Volunteers
Deductible:	\$1,000 Personal Injury, Errors/Omissions, Per Pollution Incident
	\$5,000 Defense Reimbursement
	\$ -0- Others
Policy Dates:	11/1/11 to 11/1/12

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

NOTE 13. RISK MANAGEMENT (CONTINUED)

**Oklahoma Municipal Assurance Group**

Coverage: Municipal Property  
Limits: \$3,942,174 Scheduled Properties  
\$200,000 Business Income  
\$100,000 Computer Data Restoration  
\$250,000 Demolition, Hazardous Substance & CFG  
\$500,000 Newly Acquired Locations  
Deductible: \$1,000 per Occurrence  
Policy Dates: 3/07/12 to 3/07/13

**Fidelity and Deposit Company of Maryland**

Coverage: Employee Dishonesty Bonds  
Limits: \$50,000 each for PWA Treasurer, PWA Clerk and Utility Clerk  
Deductible: \$500 per Claimant  
Policy Dates: 7/31/11 to 7/31/12

**RLI Surety Company**

Coverage: Employee Fidelity Bonds  
Limits: \$25,000 each for Mayor, Treasurer, Utility Clerk, Town Clerk, Assistant Court Clerk  
\$1,000 each for police dispatcher and officers  
Deductible: \$500 per Claimant  
Policy Dates: 7/22/04 until canceled

**Oklahoma Municipal Assurance Group**

Coverage: Worker's Compensation  
Policy Dates: 7/01/11 to 6/30/12  
7/01/12 to 6/30/13

NOTE 14. ARBITRAGE REBATE LIABILITY

In connection with the 2007 revenue bond issue discussed in Notes 7 and 16, the Public Works Authority is required to perform arbitrage rebate calculations as prescribed by the Internal Revenue Code. A rebate liability will occur as a result of investment income earned on the proceeds of a tax exempt municipal debt issue over a calculated allowable amount. According to calculations performed on the issue, no arbitrage rebate or yield reduction payment is currently due to the United States Treasury.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

NOTE 15. CONTRACTUAL OBLIGATIONS

On November 6, 2000, the Town entered into an agreement with Bryan County Rural Water District #5 for the Water District to provide billing and collection services to the Town for sanitary sewer and solid waste services used by various rural customers. Under the agreement, the Water District is to receive a fee for these services in an amount equal to 10% of the total revenue collections remitted to the Town. For the year ended June 30, 2012, the Town paid the Water District \$11,302 in fees.

On March 16, 2009, the Public Works Authority entered into an agreement with a local landowner for the disposal of the Authority's sewer treatment sludge in accordance with ODEQ and EPA requirements. The term of this agreement is for a period of twenty years for a total contract price of \$80,000. Payments under the contract will be made as follows:

March 2009	\$ 20,000
2010-2012 (\$5,000/yr.)	15,000
2013-2016 (\$4,000/yr.)	16,000
2017-2021 (\$3,000/yr.)	15,000
2022-2028 (\$2,000/yr.)	<u>14,000</u>
	<u>\$ 80,000</u>

Such payments will be recorded and amortized to provide an annual expenditure charge of \$4,000 per year. Any excess of the accumulated payments over this annual expenditure amount will be carried as a prepaid expense of the Public Works Authority. At June 30, 2012, this prepaid expense amount was \$19,000.

NOTE 16. PUBLIC WORKS AUTHORITY REVENUE BOND ISSUE / OWRB NOTE PAYABLE

On November 1, 2007, the Calera Public Works Authority borrowed \$4,200,000 through a utility revenue bond series to provide funding for the construction of a waste water treatment facility and to pay existing water and sewer related debt.

On October 19, 2010, the Calera Public Works Authority refinanced the 2007 sewer treatment facility bond issue discussed in Note 7 with a 30-year loan from Oklahoma Water Resources Board. The new loan carries an interest rate of 2.76% payable in semi-annual payments of approximately \$130,000 beginning February 15, 2011 with a final maturity of August 15, 2038. The Authority's sewer system and treatment facility serve as collateral for this loan.

This refinancing was executed as an advance refunding of the 2007 bond issue wherein the new loan proceeds and other funding amounts provided by the Authority were placed in escrow with an independent trustee and invested in certain U.S. government securities to provide the resources necessary to make the future required bond issue debt service payments and the issue's ultimate payoff at the earliest date allowed by the bond indenture, which will be November 1, 2017.

Following is a summary of the sources and uses of the various amounts related to the refinancing loan:

Sources of funds:	
OWRB loan proceeds	\$ 4,985,000
Calera PWA prior bond account holdings	<u>452,381</u>
Total sources of funds	<u>\$ 5,437,381</u>
Uses of funds:	
Deposited to trustee refunding escrow account	\$ 5,302,614
Legal, professional and trustee fees	130,275
Deposited to OWRB debt service account	<u>4,492</u>
Total uses of funds	<u>\$ 5,437,381</u>

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2012

NOTE 16. PUBLIC WORKS AUTHORITY REVENUE BOND ISSUE / OWRB NOTE PAYABLE (CONTINUED)

The Authority advance refunded the 2007 revenue bond issue to reduce its total debt service payments over the life of the outstanding debt as follows:

Debt service payments on 2007 bond issue through 11/1/2037 maturity date	\$ 8,588,575
Debt service payments on OWRB note through 8/15/2038 maturity date	<u>7,207,835</u>
Net debt service savings	\$ <u>1,380,740</u>

In addition, the 2007 revenue bond issue called for escalating debt service payments ranging from \$221,000 per year to \$495,000 in the year of final maturity. As shown in Schedule 8 on page 55, the debt service payments for the OWRB refunding note are essentially fixed at just under \$260,000 per year. The Authority believes the stable debt service requirements of the OWRB loan will allow for better and more consistent financial planning by the Authority's management and should require less extreme changes in the utility rate structure than was going to be necessary under the 2007 revenue bond issue.

In order to provide the funds necessary to escrow the amount required to repay the 2007 revenue bond issue, an additional borrowing of \$785,000 was necessary, thus increasing the recorded total debt from \$4,200,000 to \$4,985,000. This additional borrowing and the removal of the unamortized bond issue costs and discount associated with the 2007 issue resulted in the recognition of an accounting loss on the refunding transaction of \$1,276,337. This loss is being amortized over the life of the OWRB loan as an increase in the Authority's interest expense at the rate of \$45,583 per year.

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2012**

	Budget Amounts			Actual	Variance
	Original	Adjustments	Final	Basis (Exh. D)	Positive (Negative)
<b>Revenues</b>					
Sales taxes	\$ 219,000	(20,000)	199,000	206,139	7,139
Franchise taxes	50,000	-	50,000	52,735	2,735
Other taxes	15,500	-	15,500	18,634	3,134
Fines and forfeitures	315,700	61,000	376,700	426,186	49,486
Court pass-through fees	38,000	6,300	44,300	52,114	7,814
Charges for services	3,000	-	3,000	7,741	4,741
Grant proceeds	58,600	135,811	194,411	170,799	(23,612)
Interest earnings	5,600	-	5,600	2,496	(3,104)
Miscellaneous	2,000	-	2,000	279	(1,721)
<b>Total revenues</b>	<b>707,400</b>	<b>183,111</b>	<b>890,511</b>	<b>937,123</b>	<b>46,612</b>
<b>Expenditures</b>					
General government					
Personal services	24,894	-	24,894	18,727	6,167
Maintenance & operations	81,000	15,000	96,000	86,562	9,438
Capital outlay	-	158,101	158,101	158,101	-
Total general government	<u>105,894</u>	<u>173,101</u>	<u>278,995</u>	<u>263,390</u>	<u>15,605</u>
Law enforcement					
Personal services	446,753	61,010	507,763	426,504	81,259
Maintenance & operations	117,000	-	117,000	107,187	9,813
Court related costs	20,000	3,000	23,000	20,943	2,057
Jail & dispatch	27,500	6,000	33,500	32,227	1,273
Court pass-thru fees	38,000	15,000	53,000	51,140	1,860
Capital outlay	-	-	-	-	-
Total law enforcement	<u>649,253</u>	<u>85,010</u>	<u>734,263</u>	<u>638,001</u>	<u>96,262</u>
Fire protection					
Personal services	3,000	-	3,000	2,492	508
Maintenance & operations	28,500	-	28,500	23,108	5,392
Capital outlay	25,000	-	25,000	25,000	-
Total fire protection	<u>56,500</u>	<u>-</u>	<u>56,500</u>	<u>50,600</u>	<u>5,900</u>
Community services					
Personal services	-	-	-	-	-
Maintenance & operations	10,000	-	10,000	7,522	2,478
Capital outlay	-	-	-	-	-
Total community services	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>7,522</u>	<u>2,478</u>
<b>Total expenditures</b>	<b>821,647</b>	<b>258,111</b>	<b>1,079,758</b>	<b>959,513</b>	<b>120,245</b>
Revenues over (under) expenditures	(114,247)	(75,000)	(189,247)	(22,390)	166,857
Transfers from other funds	-	75,000	75,000	75,000	-
Transfers to other funds	-	-	-	-	-
Budgetary fund balance - beginning of year	725,215	-	725,215	725,215	-
Budgetary fund balance - end of year	\$ <u>610,968</u>	<u>-</u>	<u>610,968</u>	<u>777,825</u>	<u>166,857</u>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**Street and Alley Fund**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<b>Actual Amounts Budget Basis (Exh. D)</b>	<b>Variance Positive (Negative)</b>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
<b>Revenues</b>					
Sales taxes	\$ 165,000	-	165,000	154,604	(10,396)
Commercial vehicle tax	12,000	-	12,000	14,709	2,709
Gasoline excise tax	3,400	-	3,400	4,011	611
Intergovernmental grants	-	-	-	-	-
Miscellaneous	-	-	-	685	685
<b>Total revenues</b>	<u>180,400</u>	<u>-</u>	<u>180,400</u>	<u>174,009</u>	<u>(6,391)</u>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	75,000	-	75,000	52,583	22,417
Capital outlay	<u>299,707</u>	<u>-</u>	<u>299,707</u>	<u>46,612</u>	<u>253,095</u>
<b>Total expenditures</b>	<u>374,707</u>	<u>-</u>	<u>374,707</u>	<u>99,195</u>	<u>275,512</u>
Revenues over (under) expenditures	(194,307)	-	(194,307)	74,814	269,121
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(35,000)	-	(35,000)	(34,964)	36
Budgetary fund balance - beginning of year	<u>229,307</u>	<u>-</u>	<u>229,307</u>	<u>259,215</u>	<u>29,908</u>
Budgetary fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>299,065</u>	<u>299,065</u>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**Vol. Fire Dept. Fund**  
**For the Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<u>Amounts</u>	
				<u>Budget</u>	<u>Positive</u>
				<u>(Exh. D)</u>	<u>(Negative)</u>
<b>Revenues</b>					
Sales taxes	\$ 55,000	-	55,000	51,535	(3,465)
Charges for services	24,000	-	24,000	28,633	4,633
Grant proceeds	4,400	-	4,400	4,413	13
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>83,400</b>	<b>-</b>	<b>83,400</b>	<b>84,581</b>	<b>1,181</b>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	30,000	-	30,000	21,232	8,768
Capital outlay	85,436	-	85,436	62,405	23,031
<b>Total expenditures</b>	<b>115,436</b>	<b>-</b>	<b>115,436</b>	<b>83,637</b>	<b>31,799</b>
Revenues over (under) expenditures	(32,036)	-	(32,036)	944	32,980
Transfers from other funds	-	-	-	-	-
Budgetary fund balance - beginning of year	32,036	-	32,036	69,036	37,000
Budgetary fund balance - end of year	\$ -	-	-	69,980	69,980

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Budgetary Comparison Schedule  
Police Special Fund  
For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<u>Amounts</u>	
				<u>Budget</u>	<u>Positive</u>
				<u>Basis</u>	<u>(Negative)</u>
				<u>(Exh. D)</u>	
<b>Revenues</b>					
Fines & forfeitures	\$ 25,000	-	25,000	41,824	16,824
Charges for services	-	-	-	-	-
Grant proceeds	-	-	-	-	-
Interest income	-	-	-	-	-
Miscellaneous	6,000	-	6,000	-	(6,000)
<b>Total revenues</b>	<u>31,000</u>	<u>-</u>	<u>31,000</u>	<u>41,824</u>	<u>10,824</u>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	6,000	-	6,000	2,341	3,659
Capital outlay	59,329	-	59,329	29,977	29,352
<b>Total expenditures</b>	<u>65,329</u>	<u>-</u>	<u>65,329</u>	<u>32,318</u>	<u>33,011</u>
Revenues over (under) expenditures	(34,329)	-	(34,329)	9,506	43,835
Budgetary fund balance - beginning of year	<u>34,329</u>	<u>-</u>	<u>34,329</u>	<u>84,565</u>	<u>50,236</u>
Budgetary fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>94,071</u>	<u>94,071</u>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**Proprietary Fund - Public Works Authority**  
**For the Year Ended June 30, 2012**

	Budgeted Amounts			Actual Amounts	Variance Positive (Negative)
	Original	Adjustments	Final	Budget Basis (Exh. F)	
<b>Operating Revenues</b>					
Water sales, charges and fees	\$ 228,833	-	228,833	234,842	6,009
Sewer charges and fees	394,333	-	394,333	412,741	18,408
Sanitation charges	299,334	-	299,334	306,585	7,251
Miscellaneous	15,000	-	15,000	19,482	4,482
Total operating revenues	<u>937,500</u>	<u>-</u>	<u>937,500</u>	<u>973,650</u>	<u>36,150</u>
<b>Operating Expenses</b>					
Personal services - before function allocation	442,423	-	442,423	426,570	15,853
Combined maintenance & operations	60,000	-	60,000	58,695	1,305
Water Dept. - maintenance & operations	75,000	-	75,000	52,665	22,335
Sewer Dept. - maintenance & operations	95,000	-	95,000	90,086	4,914
Sanitation Dept. - maintenance & operations	80,000	-	80,000	80,714	(714)
Bad debts (*) (see note below)	-	-	-	4,954	(4,954)
Total operating expenses	<u>752,423</u>	<u>-</u>	<u>752,423</u>	<u>713,684</u>	<u>38,739</u>
Operating income	<u>\$ 185,077</u>	<u>-</u>	<u>185,077</u>	<u>259,966</u>	<u>74,889</u>
<b>Other Budgeted Revenues and Receipts (* Note)</b>					
Interest earnings	\$ 4,000	-	4,000	1,596	(2,404)
Grant proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Transfers from other funds	35,000	-	35,000	34,964	(36)
Total other budgeted revenues and receipts	<u>\$ 39,000</u>	<u>-</u>	<u>39,000</u>	<u>36,560</u>	<u>(2,440)</u>
<b>Other Budgeted Expenses and Disbursements (* Note)</b>					
Debt service payments	\$ 259,188	-	259,188	259,292	(104)
Capital expenditures	105,000	(75,000)	30,000	8,100	21,900
Transfers to other funds	-	75,000	75,000	75,000	-
Total other budgeted expenses & disbursements	<u>\$ 364,188</u>	<u>-</u>	<u>364,188</u>	<u>342,392</u>	<u>21,796</u>

**NOTE:** The Public Works Authority prepares its budget on a basis of cash receipts and disbursements. As such, certain items (\*) are not specifically budgeted for the year. Accordingly, the schedule above is not intended to reflect net assets or fund balance at year-end. Rather, this schedule is designed to report only a comparison of actual revenues, expenditures and disbursements with their corresponding budgeted amounts.

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Employee Pension & Retirement Plan Information**  
**June 30, 2012**

As of January 1, 1998, the Town and the Authority began participation in a defined benefit retirement plan for full-time employees which is administered by the Oklahoma Municipal Retirement Fund. The plan provisions call for employee contributions of 3.0% of gross wages each year. The Town and the Authority then make additional contributions on behalf of the employee for an amount equal to 6.98% of the employee's gross wages. For the year ending June 30, 2012, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 8,732	8,656	\$ 17,388
Employer Contributions	<u>19,442</u>	<u>19,274</u>	<u>38,716</u>
Total Contributions	<u>\$ 28,174</u>	<u>27,930</u>	<u>\$ 56,104</u>

The following provisions are applicable to the plan and its participants:

- ◆ Members participating in the plan become 100% vested in retirement benefits earned to date after 10 years of service. Members are eligible for normal retirement at or after age 65 and upon becoming vested. Early retirement benefits are available at reduced amounts as early as age 55. The normal retirement is equal to 1.5% of final compensation for each year of credited service. Final compensation is defined as the average salary for the highest five consecutive years out of the last 10 years of the member's employment.
- ◆ A member is eligible for disability benefits upon becoming vested.
- ◆ Upon separation from the Fund, nonvested defined benefit members' contributions are refundable in addition to a 6% return on their contributions.

At June 30, 2012, actuarial calculations provided by the Oklahoma Municipal Retirement Fund for the Town's portion of the plan were as follows:

Actuarial Pension Benefit Obligation	\$ 706,702
Value of Assets Available for Benefits	<u>(415,193)</u>
Unfunded Obligation Liability	<u>\$ 291,509</u>

The Town's annual contribution rate is set by the plan administrator at a rate designed to amortize the above unfunded obligation over a period of years based on the estimated retirement dates of the plan's participants. As such, the above unfunded liability is not, and should not be, recorded in the Town's financial statements. The following table summarizes the Town's funding progress in relation to the retirement plan benefit liability:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/99	26,969	129,126	102,157	20.9%	205,635	49.7%
1/1/00	42,801	125,228	82,426	34.2%	192,670	42.8%
1/1/01	54,709	209,952	155,243	26.1%	218,553	71.0%
1/1/02	69,429	213,782	144,353	32.5%	257,904	56.0%
1/1/03	79,970	219,075	139,104	36.5%	289,503	48.0%
1/1/04	96,044	188,242	92,197	51.0%	305,859	30.1%
1/1/05	120,083	210,261	90,178	57.1%	327,848	27.5%
1/1/06	152,115	316,473	164,358	48.1%	418,320	39.3%
1/1/07	198,827	362,326	163,498	54.9%	461,180	35.5%
1/1/08	232,124	394,679	162,555	58.8%	462,112	35.2%
1/1/09	248,501	417,225	168,724	59.6%	469,813	35.9%
1/1/10	291,580	456,068	164,488	63.9%	602,405	27.3%
1/1/11	351,052	634,182	283,130	55.4%	577,166	49.1%
1/1/12	415,193	706,702	291,509	58.7%	549,902	53.0%

Additional information about the plan is provided in the 2012 actuarial valuation report which is available from the Town Clerk.

The Town also participates in the Oklahoma State Firefighters Pension and Retirement system which is a defined contribution plan applying only to the Town's volunteer firefighters. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. Contributions are made by the Town at the rate of \$60 per volunteer firefighter per year. The total contribution for 2011-2012 was \$1,260 and covered 21 volunteers.

**Town of Calera, Oklahoma**  
**Combining Statement of Net Assets**  
**Governmental Activities**  
**June 30, 2012**

	General Fund	Street & Alley Fund	Police Special Fund	Police Reserves Fund	Volunteer Fire Dept Fund	Cemetery Revenue Fund	Cemetery Care Fund	Combined Totals
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 237,610	286,998	43,410	4,859	64,075	45,756	22,967	705,675
Certificates of deposit	83,487	-	-	-	-	-	-	83,487
Receivables (net)	480,815	19,774	50,661	-	6,018	-	-	557,268
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total current assets	801,912	306,772	94,071	4,859	70,093	45,756	22,967	1,346,430
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	30,167	16,000	46,167
Capital assets, net of depreciation	594,087	418,715	76,003	-	415,188	19,927	-	1,523,920
Total noncurrent assets	594,087	418,715	76,003	-	415,188	50,094	16,000	1,570,087
Total assets	1,395,999	725,487	170,074	4,859	485,281	95,850	38,967	2,916,517
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	24,087	7,707	-	-	112	44	-	31,950
Accrued interest	-	-	-	-	-	-	-	-
Notes payable, current portion	-	-	-	-	30,632	-	-	30,632
Intergovernmental payable	-	-	-	-	-	-	-	-
Total current liabilities	24,087	7,707	-	-	30,744	44	-	62,582
Noncurrent liabilities								
Notes payable	-	-	-	-	55,242	-	-	55,242
Compensated absences	51,802	-	-	-	-	-	-	51,802
Total noncurrent liabilities	51,802	-	-	-	55,242	-	-	107,044
Total liabilities	75,889	7,707	-	-	85,986	44	-	169,626
<b>Net Assets</b>								
Invested in capital assets, net of related debt	594,087	418,715	76,003	-	329,314	50,094	16,000	1,484,213
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Other purposes	-	299,065	-	-	-	-	22,967	322,032
Unrestricted	726,023	-	94,071	4,859	69,981	45,712	-	940,646
Total net assets	\$ 1,320,110	717,780	170,074	4,859	399,295	95,806	38,967	2,746,891

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2012**

	<u>Police</u> <u>Reserves</u> <u>Fund</u>	<u>Cemetery</u> <u>Revenue</u> <u>Fund</u>	<u>Cemetery</u> <u>Care</u> <u>Fund</u>	<u>Total</u> <u>Non-major</u> <u>Governmental</u> <u>Funds</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 4,859	45,756	22,966	73,581
Certificates of deposit	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	\$ <u>4,859</u>	<u>45,756</u>	<u>22,966</u>	<u>73,581</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	44	-	44
Due to other funds	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	-	<u>44</u>	-	<u>44</u>
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	22,966	22,966
Committed	-	-	-	-
Assigned	4,859	45,712	-	50,571
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>4,859</u>	<u>45,712</u>	<u>22,966</u>	<u>73,537</u>
Total liabilities and fund balances	\$ <u>4,859</u>	<u>45,756</u>	<u>22,966</u>	<u>73,581</u>

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2012**

	<u>Police</u> <u>Reserves</u> <u>Fund</u>	<u>Cemetery</u> <u>Revenue</u> <u>Fund</u>	<u>Cemetery</u> <u>Care</u> <u>Fund</u>	<u>Total</u> <u>Non-major</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>				
Sales taxes	\$ -	-	-	-
Franchise taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Court pass-through fees	-	-	-	-
Charges for services	317	7,350	2,450	10,117
Intergovernmental grants	-	-	-	-
Investment earnings	-	-	42	42
Miscellaneous	-	-	-	-
	<u>317</u>	<u>7,350</u>	<u>2,492</u>	<u>10,159</u>
<b>Total revenues</b>				
<b>Expenditures</b>				
General government	-	-	-	-
Law enforcement	5,096	-	-	5,096
Fire protection	-	-	-	-
Street maintenance	-	-	-	-
Community services	-	-	-	-
Cemetery	-	90	-	90
Capital outlay	-	-	-	-
	<u>5,096</u>	<u>90</u>	<u>-</u>	<u>5,186</u>
<b>Total expenditures</b>				
Revenues over (under) expenditures	(4,779)	7,260	2,492	4,973
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(4,779)	7,260	2,492	4,973
Fund balances - beginning	9,638	38,452	20,474	68,564
Prior period adjustments (rounding)	-	-	-	-
Fund balances - ending	\$ <u>4,859</u>	<u>45,712</u>	<u>22,966</u>	<u>73,537</u>

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Schedules of Capital Asset Activity**  
**For the Year Ended June 30, 2012**

<b><u>Governmental Activities (Sch. 4):</u></b>	<b><u>Beginning</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b>
	<b><u>Balance</u></b>			<b><u>Balance</u></b>
<b>General Fund</b>				
Buildings and improvements	\$ 354,308	-	-	354,308
Equipment	217,502	183,101	-	400,603
Infrastructure network	61,233	-	-	61,233
Total capital assets at historical cost	<u>633,043</u>	<u>183,101</u>	<u>-</u>	<u>816,144</u>
Less accumulated depreciation				
Buildings and improvements	(90,077)	(10,267)	-	(100,344)
Equipment	(92,397)	(23,518)	-	(115,915)
Infrastructure network	(4,860)	(938)	-	(5,798)
Total accumulated depreciation	<u>(187,334)</u>	<u>(34,723)</u>	<u>-</u>	<u>(222,057)</u>
Net capital assets, General Fund	<u>445,709</u>	<u>148,378</u>	<u>-</u>	<u>594,087</u>
<b>Street and Alley Fund</b>				
Equipment	61,667	28,459	-	90,126
Infrastructure network	417,199	18,153	-	435,352
Total capital assets at historical cost	<u>478,866</u>	<u>46,612</u>	<u>-</u>	<u>525,478</u>
Less accumulated depreciation				
Equipment	(19,165)	(4,930)	-	(24,095)
Infrastructure network	(67,660)	(15,008)	-	(82,668)
Total accumulated depreciation	<u>(86,825)</u>	<u>(19,938)</u>	<u>-</u>	<u>(106,763)</u>
Net capital assets, Street and Alley Fund	<u>392,041</u>	<u>26,674</u>	<u>-</u>	<u>418,715</u>
<b>Police Special Fund</b>				
Equipment, at historical cost	306,686	11,342	(5,100)	312,928
Less accumulated depreciation	<u>(207,532)</u>	<u>(34,493)</u>	<u>5,100</u>	<u>(236,925)</u>
Net capital assets, Police Special Fund	<u>99,154</u>	<u>(23,151)</u>	<u>-</u>	<u>76,003</u>
<b>Volunteer Fire Dept Fund</b>				
Equipment, at historical cost	624,838	28,423	-	653,261
Less accumulated depreciation	<u>(196,727)</u>	<u>(41,346)</u>	<u>-</u>	<u>(238,073)</u>
Net capital assets, Vol. Fire Dept Fund	<u>428,111</u>	<u>(12,923)</u>	<u>-</u>	<u>415,188</u>

(continued)

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Schedules of Capital Asset Activity (continued)**  
**For the Year Ended June 30, 2012**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities (continued):</u></b>				
<b>Cemetery Revenue Fund</b>				
Equipment	\$ 18,097	-	-	18,097
Land, not being depreciated	30,167	-	-	30,167
Infrastructure network	<u>17,637</u>	<u>-</u>	<u>-</u>	<u>17,637</u>
Total capital assets at historical cost	65,901	-	-	65,901
Less accumulated depreciation				
Equipment	(8,229)	(1,598)	-	(9,827)
Infrastructure network	<u>(5,274)</u>	<u>(706)</u>	<u>-</u>	<u>(5,980)</u>
Net capital assets, Cemetery Revenue Fund	<u>52,398</u>	<u>(2,304)</u>	<u>-</u>	<u>50,094</u>
<b>Cemetery Care Fund</b>				
Land, not being depreciated	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Net capital assets, governmental activities	<u>\$ 1,433,413</u>	<u>136,674</u>	<u>-</u>	<u>1,570,087</u>
Depreciation expense was charged to functions as follows:				
General government	\$	3,751		
Law enforcement		34,785		
Fire protection		52,373		
Street maintenance		19,938		
Community services		19,653		
Cemetery		<u>2,304</u>		
Total depreciation expense, governmental activities	\$	<u>132,804</u>		
<b><u>Business-type Activities (Sch. 5):</u></b>				
<b>Public Works Authority</b>				
Land, not being depreciated	\$ 46,807	-	-	46,807
Buildings and improvements	26,984	8,100	-	35,084
Equipment	342,172	3,456	-	345,628
Water and sewer infrastructure network	5,596,764	-	-	5,596,764
Sewer projects in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets at historical cost	<u>6,012,727</u>	<u>11,556</u>	<u>-</u>	<u>6,024,283</u>
Less accumulated depreciation				
Buildings and improvements	(13,782)	(1,440)	-	(15,222)
Equipment	(214,394)	(16,098)	-	(230,492)
Water and sewer infrastructure network	<u>(822,332)</u>	<u>(139,720)</u>	<u>-</u>	<u>(962,052)</u>
Total accumulated depreciation	<u>(1,050,508)</u>	<u>(157,258)</u>	<u>-</u>	<u>(1,207,766)</u>
Net capital assets, business-type activities	<u>\$ 4,962,219</u>	<u>(145,702)</u>	<u>-</u>	<u>4,816,517</u>
Depreciation expense was charged to functions as follows:				
Water	\$	11,682		
Sewer		137,402		
Sanitation		<u>8,174</u>		
Total depreciation expense, business-type activities	\$	<u>157,258</u>		

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Allocation of Fund Expenses to Statement of Activities Functions - Governmental Activities**  
**For the Year Ended June 30, 2012**

	General Fund		Street and Alley	Police Special	Police Reserves	Volunteer Fire Dept	Cemetery Revenue	Cemetery Care	Totals
	Personal Services	Maintenance & Operations							
Primary government:									
Governmental activities									
General government	\$ 18,727	86,562	-	-	-	-	-	-	109,040
Law enforcement	429,151	211,497	-	37,708	5,095	-	-	-	683,743
Fire protection	2,492	23,107	-	-	-	67,400	-	-	104,026
Street maintenance	-	-	72,520	-	-	-	-	-	72,520
Community services	-	7,522	-	-	-	-	-	-	27,175
Cemetery	-	-	-	-	-	-	2,394	-	2,394
Total governmental activities	\$ 450,370	328,688	72,520	37,708	5,095	67,400	2,394	-	998,898

**Summary of Revenues**  
**For the Year Ended June 30, 2012**

	General Fund	Street and Alley	Police Special	Police Reserves	Volunteer Fire Dept	Cemetery Revenue	Cemetery Care	Totals
Primary government:								
Governmental activities								
Charges for services								
General government	\$ 7,741	-	-	-	-	-	-	7,741
Law enforcement	478,300	-	41,824	317	-	-	-	520,441
Fire protection	-	-	-	-	28,633	-	-	28,633
Street maintenance	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	7,350	2,450	9,800
Total charges for services	486,041	-	41,824	317	28,633	7,350	2,450	566,615
Sales tax revenue								
Franchise taxes	206,139	154,604	-	-	51,534	-	-	412,277
Alcoholic beverage tax	52,735	-	-	-	-	-	-	52,735
Commercial vehicle tax	13,278	-	-	-	-	-	-	13,278
Gasoline excise tax	-	14,709	-	-	-	-	-	14,709
Cigarette tax	-	4,011	-	-	-	-	-	4,011
Operating grants	5,356	-	-	-	-	-	-	5,356
Capital grants	87,698	-	-	-	4,413	-	-	92,111
Interest & investment income	83,101	-	-	-	-	-	-	83,101
Miscellaneous income	2,496	-	-	-	-	-	42	2,538
Miscellaneous income	279	685	-	-	-	-	-	964
Total revenues	\$ 937,123	174,009	41,824	317	84,580	7,350	2,492	1,247,695

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Allocation of Fund Expenses to Statement of Activities Functions**  
**Business-type Activities**  
**For the Year Ended June 30, 2012**

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Basis for Allocation</u>
Business-type activities					
Personal services	\$ 426,570	119,440	179,159	127,971	Employee hour ratios (28% / 42% / 30%)
Maintenance & operations					
Combined / indirect	58,695	19,565	19,565	19,565	One-third to each function
Direct	223,465	52,665	90,086	80,714	Actual function expenses
Total maintenance & operations	<u>282,160</u>	<u>72,230</u>	<u>109,651</u>	<u>100,279</u>	
Bad debt write-offs	4,954	1,189	2,130	1,635	Relative revenue ratios (24% / 43% / 33%)
Interest expense	182,052	-	182,052	-	All sewer system
Amortized debt issue costs	4,653	-	4,653	-	All sewer system
Depreciation	<u>157,258</u>	<u>11,682</u>	<u>137,402</u>	<u>8,174</u>	Asset depreciation schedule
Totals	<u>\$ 1,057,647</u>	<u>204,541</u>	<u>615,047</u>	<u>238,059</u>	

See accompanying notes to the financial statements.

**Calera Public Works Authority**  
**2010 OWRB Clean Water SRF Promissory Note**  
**Debt Service Schedule**

Payment Date	Principal	Interest	Total
8/15/2012	\$ 62,000	67,269	\$ 129,269
2/15/2013	62,000	67,134	129,134
8/15/2013	64,000	65,179	129,179
2/15/2014	64,000	65,356	129,356
8/15/2014	66,000	63,403	129,403
2/15/2015	66,000	63,522	129,522
8/15/2015	68,000	61,571	129,571
2/15/2016	68,000	61,632	129,632
8/15/2016	69,000	60,013	129,013
2/15/2017	70,000	59,700	129,700
8/15/2017	72,000	57,755	129,755
2/15/2018	72,000	57,696	129,696
8/15/2018	74,000	55,756	129,756
2/15/2019	74,000	55,637	129,637
8/15/2019	76,000	53,703	129,703
2/15/2020	76,000	53,521	129,521
8/15/2020	78,000	51,879	129,879
2/15/2021	78,000	51,348	129,348
8/15/2021	80,000	49,429	129,429
2/15/2022	80,000	49,119	129,119
8/15/2022	82,000	47,209	129,209
2/15/2023	83,000	46,834	129,834
8/15/2023	85,000	44,919	129,919
2/15/2024	85,000	44,464	129,464
8/15/2024	87,000	42,795	129,795
2/15/2025	87,000	42,038	129,038
8/15/2025	89,000	40,145	129,145
2/15/2026	90,000	39,555	129,555
8/15/2026	92,000	37,661	129,661
2/15/2027	92,000	36,988	128,988
8/15/2027	94,000	35,108	129,108
2/15/2028	95,000	34,363	129,363
8/15/2028	97,000	32,665	129,665
2/15/2029	98,000	31,655	129,655
8/15/2029	100,000	29,779	129,779
2/15/2030	101,000	28,862	129,862
8/15/2030	102,000	26,990	128,990
2/15/2031	103,000	25,999	128,999
8/15/2031	105,000	24,145	129,145
2/15/2032	106,000	23,064	129,064
8/15/2032	108,000	21,335	129,335
2/15/2033	109,000	20,046	129,046
8/15/2033	111,000	18,206	129,206
2/15/2034	113,000	16,942	129,942
8/15/2034	114,000	15,098	129,098
2/15/2035	116,000	13,740	129,740
8/15/2035	118,000	11,906	129,906
2/15/2036	119,000	10,439	129,439
8/15/2036	121,000	8,665	129,665
2/15/2037	122,000	7,053	129,053
8/15/2037	124,000	5,245	129,245
2/15/2038	126,000	3,583	129,583
8/15/2038	128,000	1,776	129,776
Totals	\$ 4,821,000	2,039,894	\$ 6,860,894

See accompanying notes to the financial statements.

Town of Calera, Oklahoma  
 Schedule of Federal Award Programs  
 For the Year Ended June 30, 2012

Federal/State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/Expend Payable or (Rev Recvbl) at 7-1-11	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-12
<u>FEDERAL AWARD PROGRAMS</u>							
U.S. Dept. of Justice							
Passed through Okla. D. A. Council							
Stop Violence Against Women	16.588	V10-018	\$ 39,327	\$ -	22,885	22,885	\$ -
Stop Violence Against Women	16.558	V11-018	39,327	-	17,738	17,738	-
COPS Hiring Program	16.710	2011-UM-WX-0149	91,150	-	10,544	10,544	-
Total Dept. of Justice				-	51,167	51,167	-
U.S. Dept. of Housing & Urban Devel.							
Passed through Okla. Dept. of Commerce							
Comm. Dev. Block Grant	14.228	14527-CDBG-10	\$ 83,101	-	83,101	83,101	-
U.S. Dept. of Transportation							
Passed through Okla. Highway Safety Office							
Nat'l Hwy Safety - Police Services	20.600	PT-11-03-03-03	\$ 38,550	-	6,098	6,098	-
Nat'l Hwy Safety - Police Services	20.600	PT-12-03-05-04	19,500	-	14,453	14,453	-
Nat'l Hwy Safety - Alcohol	20.600	K8-12-03-06-04	12,000	-	2,980	2,980	-
Total Dept. of Transportation				-	23,531	23,531	-
TOTAL FEDERAL AWARD PROGRAMS				\$ -	157,799	157,799	\$ -

See accompanying notes to the financial statements.

Town of Calera, Oklahoma  
Schedule of State and Other Award Programs  
For the Year Ended June 30, 2012

Federal/State Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/Expend Payable or (Rev Recvbl) at 7-1-11	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-12
<u>STATE AWARD PROGRAMS</u>							
Okla. Dept. of Agriculture	-	-	\$ 4,413	\$ -	4,413	4,413	\$ -
Rural Fire Dept. Assistance							
<u>OTHER AWARDS</u>							
Calera Public Schools	-	-	\$ 13,000	\$ -	13,000	13,000	\$ -
School Resource Police Officer							

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Historical Comparison of Key Financial Information**  
**For the Years Ended June 30**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Cash in Bank &amp; CD's</u>					
General Fund	\$ 321,097	251,471	316,154	358,611	313,536
Street & Alley	286,998	254,176	271,718	225,716	122,978
Police Reserves	4,859	9,638	7,220	4,752	8,585
Volunteer Fire Dept.	64,075	66,239	35,314	38,824	44,811
Cemetery Revenue	45,756	38,452	35,220	30,185	26,822
Cemetery Care	22,966	20,474	18,583	31,971	29,419
Police Special	43,410	35,831	30,461	45,830	38,033
Municipal Court Bonds	1,717	2,037	3,166	1,495	3,934
Public Works Authority					
Unrestricted	270,945	304,762	279,994	281,316	251,887
Customer Deposits	60,611	54,226	50,309	45,487	43,154
Debt Service & Reserves	91,590	92,037	197,559	195,325	193,016
Construction	-	-	179,737	176,944	2,069,197
<u>General Fund</u>					
Sales Tax Revenues	206,139	220,647	210,493	194,060	187,530
Other Tax Revenues	71,369	68,048	67,133	65,289	60,316
Grant Proceeds	170,799	131,029	372,740	54,222	110,283
Fines & Forfeitures	478,300	544,992	584,004	446,396	570,588
Other Revenues	<u>10,516</u>	<u>21,355</u>	<u>19,659</u>	<u>23,647</u>	<u>23,550</u>
Total General Fund Revenues	<u>937,123</u>	<u>986,071</u>	<u>1,254,029</u>	<u>783,614</u>	<u>952,267</u>
Personal Services	447,724	489,784	507,896	371,256	319,716
Maintenance & Operations	328,688	323,056	345,184	281,031	284,336
Capital Outlay	<u>183,101</u>	<u>60,274</u>	<u>52,749</u>	<u>3,933</u>	<u>26,690</u>
Total Gen Fund Expenditures	<u>959,513</u>	<u>873,114</u>	<u>905,829</u>	<u>656,220</u>	<u>630,742</u>
<u>Special Revenue Funds</u>					
Sales Tax Revenues	206,139	220,646	210,492	194,060	148,514
Other Tax Revenues	18,720	16,058	15,874	15,828	15,667
Grant Proceeds	4,413	24,020	135,413	16,436	8,707
Fines & Forfeitures	41,824	50,395	48,339	40,780	48,455
Cemetery Charges	9,800	7,350	9,950	9,400	10,350
Other Revenues	<u>29,677</u>	<u>45,657</u>	<u>40,341</u>	<u>25,838</u>	<u>45,540</u>
Total Special Revenues	<u>310,573</u>	<u>364,126</u>	<u>460,409</u>	<u>302,342</u>	<u>277,233</u>
Personal Services	-	-	-	-	-
Maintenance & Operations	81,342	163,609	105,283	103,366	98,391
Capital Outlay	<u>138,994</u>	<u>183,793</u>	<u>339,417</u>	<u>89,158</u>	<u>110,964</u>
Total Special Rev. Expenditures	<u>220,336</u>	<u>347,402</u>	<u>444,700</u>	<u>192,524</u>	<u>209,355</u>
<u>Public Works Authority</u>					
Water Charges	234,842	229,340	220,535	221,979	203,335
Sewer Charges	412,741	389,774	357,386	337,459	318,491
Sanitation Charges	306,585	291,224	270,107	261,689	253,499
Other Revenues	<u>21,078</u>	<u>32,270</u>	<u>29,945</u>	<u>35,192</u>	<u>87,018</u>
Total PWA Revenues	<u>975,246</u>	<u>942,608</u>	<u>877,973</u>	<u>856,319</u>	<u>862,343</u>
Personal Services	426,570	378,674	353,104	331,005	306,764
Maintenance & Operations	282,160	278,973	287,392	256,442	199,747
Depreciation	157,258	160,417	159,920	108,942	62,189
Interest Expense	182,052	202,309	224,940	225,255	3,530
Bond Issue Costs (Amortized)	<u>4,653</u>	<u>5,500</u>	<u>7,167</u>	<u>7,166</u>	<u>7,166</u>
Total PWA Expenses	<u>1,052,693</u>	<u>1,025,873</u>	<u>1,032,523</u>	<u>928,810</u>	<u>579,396</u>

See accompanying notes to the financial statements.

**Casey J. Russell CPA, Inc.**

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**INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Calera, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Calera, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Calera, Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Calera, Oklahoma, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 10 and 42 through 46 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Calera, Oklahoma's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Casey J. Russell CPA, Inc.*

Casey J. Russell CPA, Inc.  
Oklahoma City, OK  
November 27, 2012

**Casey J. Russell CPA, Inc.**

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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 Town Council  
Town of Calera, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Calera, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Town of Calera, Oklahoma's basic financial statements and have issued our report thereon dated November 27, 2012. 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.

Internal Control Over Financial Reporting

Management of Town of Calera, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Calera's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Calera's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Calera's internal control over financial reporting.

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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Calera, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and responses as item 2012-1.

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

*Casey J. Russell CPA, Inc.*

Casey J. Russell CPA, Inc.  
Oklahoma City, OK  
November 27, 2012

## Schedule of Findings and Responses

### 2012-1 OWRB Loan Compliance

**CONDITION:** The OWRB 2010 Clean Water SRF note contains certain restrictions and covenants that are financial related. One such covenant is that net operating revenues of the PWA must equal 1.25 times the average annual debt service. As of June 30, 2012, the actual coverage ratio only amounted to 1.14.

**CRITERIA:** Net operating revenues of the PWA must equal 1.25 times the average annual debt service.

**CAUSE OF CONDITION:** Utility rates were not increased adequately enough in the prior year to meet the debt service ratio requirement.

**EFFECT OF CONDITION:** Unknown.

**RECOMMENDATION:** Management needs to periodically review the net operating revenues to annual debt service ratio to insure the required ratio is being met.

**MANAGEMENT RESPONSE:** On July 10, 2012, the PWA raised rates to help increase the net operating revenues. The full effect of this rate increase should be reflected in the next years audit year. We fully anticipate this rate increase to cover the ratio requirement.