

# **TOWN OF CALERA, OKLAHOMA**

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

TOWN OF CALERA, OKLAHOMA  
JUNE 30, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**TOWN OF CALERA, OKLAHOMA**  
**JUNE 30, 2014**

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, 2014. 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 position 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 position* and how it has changed. 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 position is 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 position increased from \$4,504,236 to \$4,812,237. The increase of \$308,001 was comprised of the following:

Governmental activities	increased 8.6%	\$ 282,473
Business-type activities	increased 1.6%	<u>25,528</u>
		<u>\$ 308,001</u>

- During the year, the Town's program related expenses were \$288,236 more than revenues, and the Town received general, non-program revenues of \$570,709, resulting in the above increase in net assets.
- The Town's financial statements reflect capital assets for governmental activities (\$2,498,402) as well as for business-type activities (\$4,606,475).
- General Fund revenues were \$59,752 more than budgeted and expenditures were \$118,201 less than budgeted.
- Public Works Authority operating revenues were \$73,499 more than budgeted and operating expenses were \$28,793 more than budgeted.

## FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Condensed government-wide statement of net position – June 30, 2014 and 2013:

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 1,202,263	1,435,094	473,665	455,798	\$ 1,675,928	1,890,892
Restricted assets	-	-	166,865	151,917	166,865	151,917
Capital assets	2,498,402	1,674,829	4,606,475	4,664,145	7,104,877	6,338,974
Other assets	-	-	19,000	19,000	19,000	19,000
Total assets	<u>3,700,665</u>	<u>3,109,923</u>	<u>5,266,005</u>	<u>5,290,860</u>	<u>8,966,670</u>	<u>8,400,783</u>
Deferred outflows	-	-	<u>1,091,153</u>	<u>1,154,782</u>	<u>1,091,153</u>	<u>1,154,782</u>
Current liabilities	75,239	97,239	205,745	202,359	280,984	299,598
Long-term debt	357,124	23,156	4,426,296	4,569,000	4,783,420	4,592,156
Other liabilities	<u>50,351</u>	<u>54,050</u>	<u>130,832</u>	<u>105,525</u>	<u>181,183</u>	<u>159,575</u>
Total liabilities	<u>482,714</u>	<u>174,445</u>	<u>4,762,873</u>	<u>4,876,884</u>	<u>5,245,587</u>	<u>5,051,329</u>
Net position						
Invested in capital assets	2,121,241	1,601,920	1,128,628	1,121,927	3,249,869	2,723,847
Restricted	297,689	424,040	89,799	90,025	387,488	514,065
Unrestricted	<u>799,021</u>	<u>909,518</u>	<u>375,859</u>	<u>356,806</u>	<u>1,174,880</u>	<u>1,266,324</u>
Total net position	<u>\$ 3,217,951</u>	<u>2,935,478</u>	<u>1,594,286</u>	<u>1,568,758</u>	<u>\$ 4,812,237</u>	<u>4,504,236</u>

The unrestricted net 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 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, 2014 and 2013:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2014	2013	2014	2013	2014	2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 514,448	447,650	1,019,375	964,593	\$ 1,533,823	1,412,243
Grants and awards	335,931	231,031	-	-	335,931	231,031
General revenues						
Sales taxes	603,987	492,895	-	-	603,987	492,895
Other taxes	93,019	89,444	-	-	93,019	89,444
Interest earnings	1,586	1,280	765	1,025	2,351	2,305
Other revenues	7,107	17,582	4,624	49,942	11,731	67,524
Total revenues	<u>1,556,078</u>	<u>1,279,882</u>	<u>1,024,764</u>	<u>1,015,560</u>	<u>2,580,842</u>	<u>2,295,442</u>
<b>Expenses</b>						
General government	128,305	115,324	-	-	128,305	115,324
Law enforcement	718,103	702,094	-	-	718,103	702,094
Fire protection	146,298	116,232	-	-	146,298	116,232
Street maintenance	104,268	85,589	-	-	104,268	85,589
Community services	36,133	32,660	-	-	36,133	32,660
Cemetery	5,508	4,396	-	-	5,508	4,396
Water utility services	-	-	258,645	194,154	258,645	194,154
Sewer utility services	-	-	638,227	594,545	638,227	594,545
Sanitation services	-	-	237,354	226,320	237,354	226,320
Total expenses	<u>1,138,615</u>	<u>1,056,295</u>	<u>1,134,226</u>	<u>1,015,019</u>	<u>2,272,841</u>	<u>2,071,314</u>
Revenues over (under) expenses	417,463	223,587	(109,462)	541	308,001	224,128
Operating transfers	(134,990)	(35,000)	134,990	35,000	-	-
Capital transfers	-	-	-	-	-	-
Increase (decrease) in net position	\$ <u>282,473</u>	<u>188,587</u>	<u>25,528</u>	<u>35,541</u>	\$ <u>308,001</u>	<u>224,128</u>

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

	2014		2013	
	Amount	Percent of Total	Amount	Percent of Total
Sales taxes	\$ 603,987	23%	492,895	22%
Franchise taxes	50,924	2%	49,785	2%
Other taxes	42,095	2%	39,659	2%
Law enforcement revenues	494,164	19%	422,796	18%
Charges for utility service	1,019,375	39%	964,593	42%
Charges for other services	20,284	1%	24,854	1%
Grants	335,931	13%	231,031	10%
Investment earnings	2,351	- %	2,305	- %
Other revenues	11,731	1%	67,524	3%
	<u>\$ 2,580,842</u>	<u>100%</u>	<u>2,295,442</u>	<u>100%</u>

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

The composition of total functional expenses was as follows:

	2014		2013	
	Amount	Percent of Total	Amount	Percent of Total
General government	\$ 128,305	6%	\$ 115,324	6%
Law enforcement	718,103	31%	702,094	34%
Fire protection	146,298	7%	116,232	6%
Street maintenance	104,268	5%	85,589	4%
Community services	36,133	1%	32,660	1%
Cemetery	5,508	- %	4,396	- %
Public utilities	<u>1,134,226</u>	<u>50%</u>	<u>1,015,019</u>	<u>49%</u>
	<u>\$ 2,272,841</u>	<u>100%</u>	<u>\$ 2,071,314</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. The Town experienced moderate increases in sales tax revenue and law enforcement related revenues. The most significant capital expenditures during the year were equipment purchases and a street improvement 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. The Public Works Authority also completed a major reconditioning project on the primary water storage tower.

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

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 decreased fund balance by \$155,767, primarily as a result of completing a major street improvement project as planned.
- Police Special Fund received 10% of all municipal fine revenue for a total of \$35,813 and received grant proceeds of \$9,010. The fund purchased \$49,331 in new equipment.
- Volunteer Fire Department Fund now receives a ½-cent sales tax designated for truck and equipment purchases for a total of \$69,456 and an equal share of a designated county-wide sales tax for a total of \$48,341. The fund purchased \$523,257 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	\$ 777,506	\$ 177,874	\$ 98,260	\$ 3,367	\$ 80,056	\$ 35,436	\$ 29,764	\$ 473,665	\$ 6,017
Restricted assets	-	-	-	-	-	-	-	166,865	-
Capital assets	632,636	863,260	801,984	-	113,843	70,679	16,000	4,606,475	-
Other assets	-	-	-	-	-	-	-	19,000	-
Total assets	<u>1,410,142</u>	<u>1,041,134</u>	<u>900,244</u>	<u>3,367</u>	<u>193,899</u>	<u>106,115</u>	<u>45,764</u>	<u>5,266,005</u>	<u>6,017</u>
Deferred outflows	-	-	-	-	-	-	-	1,091,153	-
Current liabilities	32,078	6,642	21,604	1,745	13,170	-	-	205,745	-
Long-term liabilities	50,351	-	357,124	-	-	-	-	4,557,128	-
Total liabilities	<u>82,429</u>	<u>6,642</u>	<u>378,728</u>	<u>1,745</u>	<u>13,170</u>	<u>-</u>	<u>-</u>	<u>4,762,873</u>	<u>-</u>
Net position	\$ <u>1,327,713</u>	\$ <u>1,034,492</u>	\$ <u>521,516</u>	\$ <u>1,622</u>	\$ <u>180,729</u>	\$ <u>106,115</u>	\$ <u>45,764</u>	\$ <u>1,594,286</u>	\$ <u>6,017</u>
Revenues	\$ 919,862	\$ 379,252	\$ 197,812	\$ 2,352	\$ 44,823	\$ 8,963	\$ 3,015	\$ 1,024,764	\$ 6,860
Expenditures	(872,135)	(104,268)	(103,989)	(7,014)	(45,702)	(5,508)	-	(1,134,226)	(2,580)
Transfers, net	<u>(100,000)</u>	<u>(34,990)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,990</u>	<u>-</u>
Net change	(52,273)	239,994	93,823	(4,662)	(879)	3,455	3,015	25,528	4,280
Net position, beginning	<u>1,379,986</u>	<u>794,498</u>	<u>427,693</u>	<u>6,284</u>	<u>181,608</u>	<u>102,660</u>	<u>42,749</u>	<u>1,568,758</u>	<u>1,737</u>
Net position, ending	\$ <u>1,327,713</u>	\$ <u>1,034,492</u>	\$ <u>521,516</u>	\$ <u>1,622</u>	\$ <u>180,729</u>	\$ <u>106,115</u>	\$ <u>45,764</u>	\$ <u>1,594,286</u>	\$ <u>6,017</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, 2014:					
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues	\$ <u>860,110</u>	\$ <u>-</u>	\$ <u>860,110</u>	\$ <u>919,862</u>	\$ <u>59,752</u>
Expenditures by department					
General government	228,943	-	228,943	179,066	49,877
Law enforcement	725,194	-	725,194	667,580	57,614
Fire protection	33,000	-	33,000	28,933	4,067
Community services	<u>21,000</u>	<u>-</u>	<u>21,000</u>	<u>14,357</u>	<u>6,643</u>
Total expenditures	<u>1,008,137</u>	<u>-</u>	<u>1,008,137</u>	<u>889,936</u>	<u>118,201</u>
Revenues over (under) expenditures	(148,027)	-	((148,027))	29,926	177,953
Transfers in	-	-	-	-	-
Transfers out	(100,000)	-	(100,000)	(100,000)	-
Beginning fund balance	<u>841,825</u>	<u>-</u>	<u>841,825</u>	<u>815,502</u>	<u>(26,323)</u>
Ending fund balance	\$ <u>593,798</u>	\$ <u>-</u>	\$ <u>593,798</u>	\$ <u>745,428</u>	\$ <u>151,630</u>

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2014, the Town had invested \$7,104,877 (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, 2014, the Town spent \$1,129,850 on capitalized assets.

#### Summary of capital assets at June 30, 2014:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2014	2013	2014	2013	2014	2013
Land	\$ 46,167	46,167	\$ 46,807	46,807	\$ 92,974	92,974
Buildings and improvements	426,324	395,882	35,084	35,084	461,408	430,966
Equipment	2,141,018	1,581,720	354,689	351,882	2,495,707	1,933,602
Infrastructure network	1,005,017	568,683	5,697,733	5,596,764	6,702,750	6,165,447
Accumulated depreciation	(1,120,124)	(917,623)	(1,527,838)	(1,366,392)	(2,647,962)	(2,284,015)
Total	\$ 2,498,402	1,674,829	\$ 4,606,475	4,664,145	\$ 7,104,877	6,338,974

This year's major capital asset additions included:

- Office copier at \$2,750 purchased by the General Fund,
- Police office remodel at \$30,442 purchased by the General Fund,
- Tractor/mower (half) at \$26,406 purchased by the General Fund,
- Folding chairs at \$616 purchased by the General Fund,
- Nutrition Center air conditioning unit at \$5,000 purchased by the General Fund,
- Tractor/mower (half) at \$27,482 purchased by the Cemetery Revenue Fund,
- Street improvement project at \$436,334 purchased by the Street and Alley Fund,
- Firefighting equipment at \$465,713 purchased by the Volunteer Fire Department Fund,
- Ford police car at \$31,331 purchased by the Police Special Fund,
- Water storage tower refurbish at \$100,968 purchased by the Public Works Authority, and
- Sanitation trash dumpsters at \$2,807 purchased by the Public Works Authority.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

### Debt Administration

At June 30, 2014, the Town had \$4,959,331 in outstanding notes payable and capital lease obligations, which is an increase from the June 30, 2013, balance of \$4,769,909.

Summary of outstanding long-term debt:				
	<u>June 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2014</u>
<u>Police Special Fund</u>				
First United Bank				
Police vehicles	\$ 30,604	-	(17,434)	\$ 13,170
<u>Vol. Fire Dept. Fund</u>				
Kansas St. Bank				
Fire truck	42,305	-	(42,305)	-
Vision Bank				
Fire trucks	-	385,000	(7,839)	377,161
<u>Public Works Authority</u>				
2007 Bond/OWRB loan				
Sewer treatment plant	<u>4,697,000</u>	<u>-</u>	<u>(128,000)</u>	<u>4,569,000</u>
Totals	<u>\$ 4,769,909</u>	<u>385,000</u>	<u>(195,578)</u>	<u>\$ 4,959,331</u>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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 2014-2015 budget.

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

Summary of 2014-2015 budget:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Public Works</u>	<u>Total</u>
<b>Resources</b>				
Beginning Fund Balance	\$ 689,148	395,684	446,141	\$ 1,530,973
Revenues	742,500	320,330	979,950	2,042,780
Grant Proceeds	126,000	62,400	-	188,400
Transfers	-	-	35,000	35,000
Total Resources	<u>1,557,648</u>	<u>778,414</u>	<u>1,461,091</u>	<u>3,797,153</u>
<b>Appropriations</b>				
General Government	198,878	-	-	198,878
Law Enforcement	744,253	66,951	-	811,204
Fire & Emergency Management	23,000	208,478	-	231,478
Street	-	349,492	-	349,492
Community Services	40,000	-	-	40,000
Cemetery	-	75,195	-	75,195
Utility Operations	-	-	580,395	580,395
Water	-	-	100,000	100,000
Sewer	-	-	125,000	125,000
Sanitation	-	-	90,000	90,000
Debt Service	-	-	259,000	259,000
Transfers	-	35,000	-	35,000
Total Appropriations	<u>1,006,131</u>	<u>735,116</u>	<u>1,154,395</u>	<u>2,895,642</u>
Ending Fund Balance	\$ <u>551,517</u>	<u>43,298</u>	<u>306,696</u>	\$ <u>901,511</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 Position**  
**June 30, 2014**

	<b>Governmental Activities (Sch. 1)</b>	<b>Business-type Activities (Exh. E)</b>	<b>Total Primary Government</b>
<b><u>Assets</u></b>			
Current assets:			
Cash and cash equivalents	\$ 584,627	284,137	868,764
Certificates of deposit	84,479	112,021	196,500
Receivables (net)	<u>533,157</u>	<u>77,507</u>	<u>610,664</u>
Total current assets	<u>1,202,263</u>	<u>473,665</u>	<u>1,675,928</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	166,865	166,865
Land	46,167	46,807	92,974
Capital assets, net of depreciation	2,452,235	4,559,668	7,011,903
Prepaid expenses	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Total noncurrent assets	<u>2,498,402</u>	<u>4,792,340</u>	<u>7,290,742</u>
Total assets	<u>3,700,665</u>	<u>5,266,005</u>	<u>8,966,670</u>
<b><u>Deferred Outflows of Resources</u></b>			
Unamortized deferred loss on OWRB debt refunding	<u>-</u>	<u>1,091,153</u>	<u>1,091,153</u>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable	42,032	18,052	60,084
Accrued interest payable	-	44,989	44,989
Notes payable, current portion	<u>33,207</u>	<u>142,704</u>	<u>175,911</u>
Total current liabilities	<u>75,239</u>	<u>205,745</u>	<u>280,984</u>
Noncurrent liabilities			
Notes payable, less current portion	357,124	4,426,296	4,783,420
Customer deposits payable	-	75,982	75,982
Compensated absences	<u>50,351</u>	<u>54,850</u>	<u>105,201</u>
Total noncurrent liabilities	<u>407,475</u>	<u>4,557,128</u>	<u>4,964,603</u>
Total liabilities	<u>482,714</u>	<u>4,762,873</u>	<u>5,245,587</u>
<b><u>Net Position</u></b>			
Net investment in capital assets	2,121,241	1,128,628	3,249,869
Restricted for:			
Debt service	-	89,799	89,799
Other purposes	297,689	-	297,689
Unrestricted	<u>799,021</u>	<u>375,859</u>	<u>1,174,880</u>
Total net position	<u>\$ 3,217,951</u>	<u>1,594,286</u>	<u>4,812,237</u>

See accompanying notes to the financial statements.

**Exhibit B**

**Town of Calera, Oklahoma  
Statement of Activities  
For the Year Ended June 30, 2014**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses (Sch. 5 & 6)	Charges for Services	Operating		Governmental Activities	Primary Government	
			Grants and Contributions	Capital Contributions		Business-type Activities	Total
<b>Functions / Programs</b>							
<b>Primary government:</b>							
Governmental activities							
General government	\$ 128,305	6,700	-	-	(121,605)	-	(121,605)
Law enforcement	718,103	494,164	102,757	9,010	(112,172)	-	(112,172)
Fire protection	146,298	1,635	5,474	68,690	(70,499)	-	(70,499)
Street maintenance	104,268	-	-	150,000	45,732	-	45,732
Community services	36,133	-	-	-	(36,133)	-	(36,133)
Cemetery	5,508	11,949	-	-	6,441	-	6,441
<b>Total governmental activities</b>	<b>1,138,615</b>	<b>514,448</b>	<b>108,231</b>	<b>227,700</b>	<b>(288,236)</b>	<b>-</b>	<b>(288,236)</b>
<b>Business-type activities</b>							
Water	258,645	265,860	-	-	-	7,215	7,215
Sewer	638,227	429,798	-	-	-	(208,429)	(208,429)
Sanitation	237,354	323,717	-	-	-	86,363	86,363
<b>Total business-type activities</b>	<b>1,134,226</b>	<b>1,019,375</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(114,851)</b>	<b>(114,851)</b>
<b>Total primary government</b>	<b>\$ 2,272,841</b>	<b>1,533,823</b>	<b>108,231</b>	<b>227,700</b>	<b>(288,236)</b>	<b>(114,851)</b>	<b>(403,087)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Sales taxes					603,987	-	603,987
Franchise taxes					50,924	-	50,924
Alcoholic beverage tax					15,108	-	15,108
Commercial vehicle tax					16,746	-	16,746
Gasoline excise tax					3,999	-	3,999
Cigarette tax					6,242	-	6,242
Interest earnings					1,586	765	2,351
Miscellaneous income					7,107	4,624	11,731
Transfers					(134,990)	134,990	-
<b>Total general revenues</b>					<b>570,709</b>	<b>140,379</b>	<b>711,088</b>
Change in net position					282,473	25,528	308,001
Contributed capital					-	-	-
Net position - beginning					2,935,478	1,568,758	4,504,236
Prior period adjustment to beginning net position					-	-	-
<b>Net position - ending</b>					<b>\$ 3,217,951</b>	<b>1,594,286</b>	<b>4,812,237</b>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<b>General Fund</b>	<b>Street and Alley Fund</b>	<b>Vol. Fire Dept. Fund</b>	<b>Police Special Fund</b>	<b>Other Governmental Funds (Sch. 2)</b>	<b>Total Governmental Funds</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 242,661	157,983	92,141	23,275	68,567	584,627
Certificates of deposit	84,479	-	-	-	-	84,479
Receivables, net	450,366	19,891	6,119	56,781	-	533,157
Due from other funds	-	-	-	-	-	-
<b>Total assets</b>	<b><u>777,506</u></b>	<b><u>177,874</u></b>	<b><u>98,260</u></b>	<b><u>80,056</u></b>	<b><u>68,567</u></b>	<b><u>1,202,263</u></b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	32,078	6,642	1,567	-	1,745	42,032
Due to other funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>32,078</u></b>	<b><u>6,642</u></b>	<b><u>1,567</u></b>	<b><u>-</u></b>	<b><u>1,745</u></b>	<b><u>42,032</u></b>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	171,232	96,693	-	29,764	297,689
Committed	-	-	-	80,056	-	80,056
Assigned	-	-	-	-	37,058	37,058
Unassigned	745,428	-	-	-	-	745,428
<b>Total fund balances</b>	<b><u>745,428</u></b>	<b><u>171,232</u></b>	<b><u>96,693</u></b>	<b><u>80,056</u></b>	<b><u>66,822</u></b>	<b><u>1,160,231</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 777,506</u></b>	<b><u>177,874</u></b>	<b><u>98,260</u></b>	<b><u>80,056</u></b>	<b><u>68,567</u></b>	

Amounts reported for governmental activities in the statement of net position 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.	2,498,402
Long-term note payable obligations on capital assets are not reported in the fund amounts above.	(390,331)
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.	(50,351)
Whole dollar rounding adjustment	-
<b>Net position of governmental activities</b>	<b><u>\$ 3,217,951</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, 2014**

	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	\$ 277,823	208,367	117,797	-	-	603,987
Franchise taxes	50,924	-	-	-	-	50,924
Other taxes	21,350	20,745	-	-	-	42,095
Fines and forfeitures	413,521	-	-	35,813	-	449,334
Court pass-through fees	42,478	-	-	-	-	42,478
Charges for services	6,700	-	1,635	-	14,301	22,636
Intergovernmental grants	102,757	150,000	74,164	9,010	-	335,931
Loan proceeds	-	-	385,000	-	-	385,000
Investment earnings	1,558	-	-	-	28	1,586
Miscellaneous	2,751	140	4,216	-	-	7,107
<b>Total revenues</b>	<b>919,862</b>	<b>379,252</b>	<b>582,812</b>	<b>44,823</b>	<b>14,329</b>	<b>1,941,078</b>
<b>Expenditures</b>						
General government	119,468	-	-	-	-	119,468
Law enforcement	667,580	-	-	2,349	7,014	676,943
Fire protection	28,933	-	33,154	-	-	62,087
Street maintenance	-	63,695	-	-	-	63,695
Community services	8,741	-	-	-	-	8,741
Cemetery	-	-	-	-	914	914
Capital outlay	65,214	436,334	523,257	49,331	27,482	1,101,618
<b>Total expenditures</b>	<b>889,936</b>	<b>500,029</b>	<b>556,411</b>	<b>51,680</b>	<b>35,410</b>	<b>2,033,466</b>
Revenues over (under) expenditures	29,926	(120,777)	26,401	(6,857)	(21,081)	(92,388)
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(100,000)	(34,990)	-	-	-	(134,990)
Net change in fund balance	(70,074)	(155,767)	26,401	(6,857)	(21,081)	(227,378)
Fund balances - beginning	815,502	326,999	70,292	86,913	87,903	1,387,609
Prior period adjustments	-	-	-	-	-	-
Fund balances - ending	\$ 745,428	171,232	96,693	80,056	66,822	1,160,231

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, 2014:

Net change in fund balances - total governmental funds above	\$ (227,378)
Loan proceeds are recorded as revenue in the fund financial statement amounts above but are recorded as a liability in the government-wide financial statements.	(385,000)
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.	1,101,618
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.	(7,966)
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.	(202,499)
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.	3,699
Whole dollar rounding adjustment	(1)
<b>Change in net position per government-wide statement of activities</b>	<b>\$ 282,473</b>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2014**

	<b>Calera Public Works Authority</b>
<b><u>Assets</u></b>	
Current assets	
Cash and cash equivalents	\$ 284,137
Certificates of Deposit	112,021
Receivables, net	<u>77,507</u>
Total current assets	<u>473,665</u>
Noncurrent assets	
Restricted cash - customer deposits	77,066
Restricted cash - debt service	89,799
Land	46,807
Equipment	354,689
Buildings	35,084
Water and sewer systems	5,697,733
Less accumulated depreciation	(1,527,838)
Prepaid sludge removal fees	<u>19,000</u>
Total noncurrent assets	<u>4,792,340</u>
Total assets	<u>5,266,005</u>
<b><u>Deferred Outflows of Resources</u></b>	
Unamortized deferred loss on OWRB debt refunding	<u>1,091,153</u>
<b><u>Liabilities</u></b>	
Current liabilities	
Accounts payable	18,052
Accrued interest payable	44,989
Notes payable, current portion (OWRB)	<u>142,704</u>
Total current liabilities	<u>205,745</u>
Noncurrent liabilities	
Compensated absences	54,850
Customer utility deposits	75,982
Notes payable, less current portion (OWRB)	<u>4,426,296</u>
Total noncurrent liabilities	<u>4,557,128</u>
Total liabilities	<u>4,762,873</u>
<b><u>Net Position</u></b>	
Net investment in capital assets	1,128,628
Restricted for debt service	89,799
Unrestricted	<u>375,859</u>
Total net position	<u>\$ 1,594,286</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Fund  
For the Year Ended June 30, 2014

	<u>Calera Public Work Authority</u>
<b>Operating Revenues</b>	
Water sales, charges and fees	\$ 265,860
Sewer charges and fees	429,798
Sanitation charges	323,717
Miscellaneous	<u>4,624</u>
 Total operating revenues	 <u>1,023,999</u>
<b>Operating Expenses</b>	
Personal services - before function allocation	422,896
Combined maintenance & operations	78,512
Water Dept. - maintenance & operations	95,828
Sewer Dept. - maintenance & operations	105,220
Sanitation Dept. - maintenance & operations	76,537
Bad debts	<u>3,520</u>
 Total operating expenses	 <u>782,513</u>
 Operating income (loss)	 <u>241,486</u>
<b>Nonoperating Revenues (Expenses)</b>	
Depreciation expense	(161,445)
Interest earnings	765
Interest expense	(190,268)
Transfer from other funds	134,990
Transfer to other funds	<u>-</u>
 Total nonoperating revenues (expenses)	 <u>(215,958)</u>
 Change in net position before capital contributions	 25,528
 Total net position - beginning	 1,568,758
 Prior period adjustment to beginning net position	 <u>-</u>
 Total net position - ending	 \$ <u>1,594,286</u>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Year Ended June 30, 2014**

**Cash Flows from Operating Activities**

Received from utility customers	\$ 992,531
Received from other operating revenues	4,624
Received from customers for utility deposits	35,400
Refunded or applied for utility deposits	(3,823)
Payments to / for employees	(412,881)
Payments to suppliers and vendors	<u>(363,401)</u>
Net cash provided by operating activities	<u>252,450</u>

**Cash Flows from Capital and Related Financing Activities**

Acquisition of capital assets	(103,775)
Prior year capital asset acquisition with accounts payable	-
Principal paid on OWRB loan	(128,000)
Interest paid on OWRB loan	<u>(130,535)</u>
Net cash (used) by capital and related financing activities	<u>(362,310)</u>

**Cash Flows from Investing Activities**

Interest and investment earnings	765
Transfers from General Fund	100,000
Transfers from Street & Alley Fund	<u>34,990</u>
Net cash provided (used) by investing activities	<u>135,755</u>

Net increase (decrease) in cash and cash equivalents 25,895

Cash and cash equivalents - beginning of the year 537,128

Cash and cash equivalents - end of the year 563,023

**Reconciliation of operating income (loss) to net cash provided by operating activities**

Operating income	241,486
Adjustments for non-cash and non-operating items:	
Decrease (increase) in net receivables	(6,921)
Decrease (increase) in prepaid expenses	-
Increase (decrease) in accounts payable	(7,423)
Accounts payable for capital asset purchase	-
Increase (decrease) in compensated absences payable	10,134
Increase (decrease) in customer utility deposits payable	15,173
Whole dollar rounding adjustment	<u>1</u>

Net cash provided by operating activities 252,450

**Schedule of cash and cash equivalents**

Petty cash	400
Cash in bank - operating checking account	175,442
Cash in bank - customer utility deposits	77,066
Cash in bank - debt service account	89,799
Cash in trust - OMAG escrow account	49,283
Cash in bank - savings account	59,012
Cash in bank - certificate of deposit	<u>112,021</u>

Total cash and cash equivalents - end of the year \$ 563,023

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2014

**Municipal  
Court  
Bond Fund**

Assets

Cash and cash equivalents	\$ 6,017
NSF returned checks receivable	<u>-</u>
Total assets	<u>6,017</u>

Liabilities

Accounts payable	<u>-</u>
------------------	----------

Net Position

Restricted for pending court cases	5,900
Unrestricted	<u>117</u>
Total net position	\$ <u>6,017</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2014

	<u>Municipal Court Bond Fund</u>
<b>Additions</b>	
Bonds posted for citations issued	\$ <u>6,860</u>
<b>Deductions</b>	
Bond refunds	1,800
Bond forfeitures	780
Miscellaneous	<u>-</u>
Total deductions	<u>2,580</u>
Change in net position	4,280
Net position - beginning	<u>1,737</u>
Net position - ending	\$ <u><u>6,017</u></u>

See accompanying notes to the financial statements

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014

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, 2014

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, 2014

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 inventorable 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, 2014

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, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Net Position and Fund Equity**

*Government-wide Statements*

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

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by 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 position – 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 position – 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, 2014

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.

The Town's volunteer fire department also receives an equal share of a 1/2-cent county-wide sales tax that is collected and held by the Bryan County Treasurer. The Town submits a purchase request to the county, which then makes payment directly to the vendor. This revenue, the related expenditures and the remaining unspent balance of these funds are recorded in the Town's Volunteer Fire Department Fund.

**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, 2014.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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

1G. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

For the fiscal year ended June 30, 2014, the Town implemented the new financial reporting requirements of the following GASB statements:

GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance included in other pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. This statement also supersedes Statement No. 20, relating to proprietary fund accounting, eliminating the election for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements.

GASB 63 provides financial reporting guidance for deferred outflows and inflows of resources and identifies net position as the residual of all other elements presented in the statement of financial position. This Statement amends the net asset reporting requirements of other pronouncements by incorporating deferred outflows and inflows into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows and inflows of resources; and recognizes certain items currently being reported as assets and liabilities as outflows and inflows of resources.

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.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2B. DEFICIT FUND NET ASSETS

During the year ended June 30, 2014, 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.

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
Sales Tax (share of county-wide)	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, 2014, 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, 2014

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, 2014, 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, 2014, 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, 2014.

Requirement	Level of Compliance
a. Note Payable Coverage:	For the year ended June 30, 2014, net operating revenues were \$377,241; the subsequent year's annual debt service is \$258,599.
1. Net operating revenues (excluding transfers, interest and depreciation) of the Authority must equal 1.25 times the average annual debt service.	Actual coverage ratio is 1.46 times.

Net operating revenue of \$377,241 includes \$34,990 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. Net operating revenues also includes \$100,000 transferred from the Town of Calera General Fund from grant proceeds for the costs of refurbishing the Authority's primary water storage tower.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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 8.91% 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, 2014, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 9,631	8,724	\$ 18,355
Employer Contributions	<u>22,147</u>	<u>20,559</u>	<u>42,706</u>
Total Contributions	<u>\$ 31,778</u>	<u>29,283</u>	<u>\$ 61,061</u>

Exhibit O on page 47 provides additional information on the provisions of the plan and the plan's funding status at June 30, 2014.

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 2013-2014 was \$1,380 and covered 23 volunteers.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014, 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 Amount
Town – Governmental & Fiduciary				
First United Bank & Trust	\$ 250,000	331,578	-	\$ 581,578
Okla. Municipal Assurance Group	-	-	49,283	49,283
Bryan County Treasurer	-	-	43,562	43,562
Petty Cash	-	-	700	700
Total	<u>\$ 250,000</u>	<u>331,578</u>	<u>93,545</u>	<u>\$ 675,123</u>
Public Works Authority				
First United Bank & Trust	\$ 250,000	173,541	-	\$ 423,541
First United Bank Trust Accounts	-	-	89,799	89,799
Okla. Municipal Assurance Group	-	-	49,283	49,283
Petty Cash	-	-	400	400
Total	<u>\$ 250,000</u>	<u>173,541</u>	<u>139,482</u>	<u>\$ 563,023</u>

At June 30, 2014, collateral pledged by First United Bank & Trust consisted of the following securities:

Town of Calera:	
FHLB Letter of Credit	\$ <u>1,000,000</u>
Public Works Authority:	
FHLB Letter of Credit	\$ 300,000
First United Bank Trust Debt Pool	
FHLB, FNMA, FFCB, FHLMIC	<u>89,799</u>
	<u>\$ 389,799</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, 2014, 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, 2014

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	192,678
OMAG Escrow Account	49,283
Certificates of Deposit	<u>84,479</u>
Total General Fund	327,140
Street & Alley Fund	157,983
Police Reserves Fund	3,367
Police Special Fund	23,275
Volunteer Fire Dept. Fund, operating account	48,579
Volunteer Fire Dept. Fund, county sales tax holdings	43,562
Cemetery Revenue Fund	35,436
Cemetery Care Fund	29,764
Municipal Court Fund	<u>6,017</u>
Total Town Cash and Investments	\$ <u>675,123</u>
Calera Public Works Authority	
Petty Cash on Hand	\$ 400
Operating Account	175,442
Savings Account	59,012
Certificate of Deposit	112,021
OMAG Escrow Account	49,283
Customer Deposits	77,066
Debt Service Trustee	<u>89,799</u>
Total Public Works Authority	\$ <u>563,023</u>

NOTE 4. RESTRICTED CASH

At June 30, 2014, 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	\$ 77,066
b) Public Works Authority	
Funds held in trust accounts for OWRB debt service payments	<u>89,799</u>
Total Restricted Cash in Bank	\$ <u>166,865</u>

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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, 2014, 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	\$ 24,475	-	\$ 24,475
Sales Tax – Street & Alley	18,357	-	18,357
Sales Tax –Volunteer Fire Dept. Fund	6,119	-	6,119
Other Taxes – General Fund	1,356	-	1,356
Other Taxes – Street and Alley Fund	1,534	-	1,534
Police Fines – General Fund	424,535	-	424,535
Police Fines – Police Special	56,781	-	56,781
Utilities Charges	-	81,027	81,027
Allowance for Doubtful	-	<u>(3,520)</u>	<u>(3,520)</u>
Net Accounts Receivable	<u>\$ 533,157</u>	<u>77,507</u>	<u>\$ 610,664</u>

The Town expects to collect all of the above fines and, as such, no allowance for uncollectibles has been recorded. However, an additional \$449,418 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, 2014.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, is detailed in schedule 4 on page 51 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	395,882	30,442	-	426,324
Infrastructure network	568,683	436,334	-	1,005,017
Equipment	1,581,720	559,298	-	2,141,018
Accumulated depreciation	<u>(917,623)</u>	<u>(202,501)</u>	<u>-</u>	<u>(1,120,124)</u>
Net capital assets	<u>\$ 1,674,829</u>	<u>823,573</u>	<u>-</u>	<u>\$ 2,498,402</u>
<b>Business-type activities</b>				
Land (not depreciated)	\$ 46,807	-	-	\$ 46,807
Buildings & improvements	35,084	-	-	35,084
Equipment	351,882	2,807	-	354,689
Infrastructure network	5,596,764	100,969	-	5,697,733
Accumulated depreciation	<u>(1,366,392)</u>	<u>(161,446)</u>	<u>-</u>	<u>(1,527,838)</u>
Net capital assets	<u>\$ 4,664,145</u>	<u>(57,670)</u>	<u>-</u>	<u>\$ 4,606,475</u>

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 8,837
Law enforcement	44,293
Fire protection	76,812
Street maintenance	40,573
Community services	27,392
Cemetery	<u>4,594</u>
	\$ <u>202,501</u>
Business-type activities	
Water	\$ 17,425
Sewer	137,438
Sanitation	<u>6,583</u>
	\$ <u>161,446</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, 2014, 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 Vision Bank – originally issued February 7, 2014 at \$385,000 for the purchase of two Pierce fire trucks. This obligation carries on interest rate of 3.55% and is payable in 180 monthly installments of \$2,774, with a final maturity of January 15, 2029. This obligation is secured by the vehicles.

Capital lease payable to First United Bank – originally issued October 5, 2012 at \$41,987 for the purchase of two 2013 Ford Crown Victoria Interceptors for the police department. This obligation carries an interest rate of 2.5% and is payable in 29 monthly installments of \$1,500 beginning on November 5, 2012, with a final maturity of March 5, 2015. This obligation is secured by the vehicles and a short-term certificate of deposit.

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 15) – 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 effective interest rate of 2.58% and is payable in semi-annual installments of approximately \$130,000 with a final maturity date of August 15, 2037.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 7. LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2014, the changes in long-term debt were as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Governmental activities</u>				
Capital lease payable to First United Bank for police vehicles	\$ 30,604	-	(17,434)	\$ 13,170
Capital lease payable to Vision Bank for two fire trucks	-	385,000	(7,839)	377,161
Capital lease payable to Kansas State Bank for one fire truck	42,305	-	(42,305)	-
Compensated absences, net change only	<u>54,050</u>	<u>-</u>	<u>(3,699)</u>	<u>50,351</u>
Total governmental activities	\$ <u>126,959</u>	<u>385,000</u>	<u>(71,277)</u>	\$ <u>440,682</u>
<u>Business-type activities</u>				
Revenue bond issue/OWRB note for sewer treatment plant	\$ 4,697,000	-	(128,000)	\$ 4,569,000
Compensated absences, net change only	<u>44,716</u>	<u>10,134</u>	<u>-</u>	<u>54,850</u>
Total business-type activities	\$ <u>4,741,716</u>	<u>10,134</u>	<u>(128,000)</u>	\$ <u>4,623,850</u>

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

Governmental activities

<u>Year</u> <u>Ending</u>	<u>FIRST UNITED BANK</u>		<u>VISION BANK</u>		<u>TOTALS</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
6-30-15	\$ 13,170	136	20,027	13,261	\$ 33,197	13,397
6-30-16	-	-	20,761	12,527	20,761	12,527
6-30-17	-	-	21,521	11,767	21,521	11,767
6-30-18	-	-	22,310	10,978	22,310	10,978
6-30-19	-	-	23,127	10,161	23,127	10,161
Future	<u>-</u>	<u>-</u>	<u>269,415</u>	<u>49,586</u>	<u>269,415</u>	<u>49,586</u>
Totals	\$ <u>13,170</u>	<u>136</u>	<u>377,161</u>	<u>108,280</u>	\$ <u>390,331</u>	<u>108,416</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 7 on page 54.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

During the year ended June 30, 2014, the Street and Alley Fund transferred \$34,990 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, 2013, the General Fund transferred \$100,000 to the Calera Public Works Authority. This transfer was funded by a CDBG grant program to assist with the costs of refurbishing the Authority's water storage tower.

NOTE 9. FUND EQUITIES

The following shows the net position restrictions at June 30, 2014, 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	\$ 171,232
Cemetery Care Fund	State law	29,764
Volunteer Fire Dept. Fund	Local ordinance	<u>96,693</u>
		<u>\$ 297,689</u>
<u>Business-type Activities</u>	<u>Restricted By</u>	<u>Amount</u>
Public Works Authority	Debt covenants	<u>\$ 89,799</u>

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, 2014, the following amounts were paid for such coverage:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 584	11,088	\$ 11,672
Employer Contributions	<u>48,744</u>	<u>65,181</u>	<u>113,925</u>
Total Contributions	<u>\$ 49,328</u>	<u>76,269</u>	<u>\$ 125,597</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, 2014, the Public Works Authority received reimbursements totaling \$4,035.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

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 (400 hours for employees hired after July 1, 2012 and all other employees once accumulated hours in excess of 400 have been used). 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, 2014, the recorded liabilities for unused compensated absences were as follows:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Governmental activities			
Police Department	\$ 24,711	20,140	\$ 44,851
Administration	<u>2,198</u>	<u>3,302</u>	<u>5,500</u>
Total	<u>\$ 26,909</u>	<u>23,442</u>	<u>\$ 50,351</u>
Business-type activities			
Public Works Authority	<u>\$ 23,799</u>	<u>31,051</u>	<u>\$ 54,850</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, 2014, 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.

Management has performed an evaluation of the Town's activities through October 30, 2014, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through that date.

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

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, 2014, for the Town of Calera and Calera Public Works Authority:

Escrow (General Fund & Public Works)	\$ 98,566
Rate Stabilization Reserve (RSR)	-
Loss Fund	25,559

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.

(continued)

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 13. RISK MANAGEMENT (CONTINUED)

At June 30, 2014, the Town maintained the following insurance coverages:

**Oklahoma Municipal Assurance Group**

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: 11/1/13 to 11/1/14

**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: 3/07/14 to 3/07/15

**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: 7/31/13 to 7/31/14

**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: 7/01/13 to 6/30/14  
7/01/14 to 6/30/15

TOWN OF CALERA, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2014

NOTE 14. 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 based on the amount of the total revenue collections remitted to the Town. For the year ended June 30, 2014, the Town paid the Water District \$9,174 in fees on collected revenues of \$118,035.

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, 2014, this prepaid expense amount was \$19,000.

NOTE 15. 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 2.26% 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, 2014

NOTE 15. 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 7 on page 54, 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 using the effective interest rate (2.6%) of the refinancing loan. For the year ended June 30, 2014, the amount of the loss amortized to interest expense was \$63,628. The remaining unamortized balance of this loss is reported in the Town's Statement of Net Position (Exhibit A, page 11) as a deferred outflow of resources.

On April 18, 2014, OWRB refinanced their underlying bonds that provided the funding for this loan. This refunding allowed OWRB to reduce the interest rate on the Authority's loan and reduce the loan maturity date. The effects of this change are reflected in the loan debt service schedule on page 54.

NOTE 16. ARBITRAGE REBATE LIABILITY

In connection with the 2007 revenue bond issue discussed in Notes 7 and 15, 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**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2014**

	Budget Amounts			Actual	Variance
	Original	Adjustments	Final	Amounts Budget Basis (Exh. D)	Positive Negative
<b>Revenues</b>					
Sales taxes	\$ 225,000	-	225,000	277,823	52,823
Franchise taxes	49,000	-	49,000	50,924	1,924
Other taxes	18,400	-	18,400	21,350	2,950
Fines and forfeitures	416,700	-	416,700	413,521	(3,179)
Court pass-through fees	45,000	-	45,000	42,478	(2,522)
Charges for services	6,000	-	6,000	6,700	700
Grant proceeds	97,510	-	97,510	102,757	5,247
Interest earnings	500	-	500	1,558	1,058
Miscellaneous	2,000	-	2,000	2,751	751
<b>Total revenues</b>	<b>860,110</b>	<b>-</b>	<b>860,110</b>	<b>919,862</b>	<b>59,752</b>
<b>Expenditures</b>					
General government					
Personal services	18,943	-	18,943	16,662	2,281
Maintenance & operations	100,000	-	100,000	102,806	(2,806)
Capital outlay	110,000	-	110,000	59,598	50,402
Total general government	228,943	-	228,943	179,066	49,877
Law enforcement					
Personal services	485,194	-	485,194	471,419	13,775
Maintenance & operations	112,000	-	112,000	107,501	4,499
Court related costs	25,000	-	25,000	19,881	5,119
Jail & dispatch	35,000	-	35,000	28,107	6,893
Court pass-thru fees	53,000	-	53,000	40,672	12,328
Capital outlay	15,000	-	15,000	-	15,000
Total law enforcement	725,194	-	725,194	667,580	57,614
Fire protection					
Personal services	5,500	-	5,500	4,269	1,231
Maintenance & operations	27,500	-	27,500	24,664	2,836
Capital outlay	-	-	-	-	-
Total fire protection	33,000	-	33,000	28,933	4,067
Community services					
Personal services	-	-	-	-	-
Maintenance & operations	15,000	-	15,000	8,741	6,259
Capital outlay	6,000	-	6,000	5,616	384
Total community services	21,000	-	21,000	14,357	6,643
<b>Total expenditures</b>	<b>1,008,137</b>	<b>-</b>	<b>1,008,137</b>	<b>889,936</b>	<b>118,201</b>
Revenues over (under) expenditures	(148,027)	-	(148,027)	29,926	177,953
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(100,000)	-	(100,000)	(100,000)	-
Budgetary fund balance - beginning of year	841,825	-	841,825	815,502	(26,323)
Budgetary fund balance - end of year	\$ 593,798	-	593,798	745,428	151,630

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**Street and Alley Fund**  
**For the Year Ended June 30, 2014**

	<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	208,367	43,367
Commercial vehicle tax	15,000	-	15,000	16,746	1,746
Gasoline excise tax	4,000	-	4,000	3,999	(1)
Intergovernmental grants	150,000	-	150,000	150,000	-
Miscellaneous	-	-	-	140	140
<b>Total revenues</b>	<u>334,000</u>	<u>-</u>	<u>334,000</u>	<u>379,252</u>	<u>45,252</u>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	75,000	-	75,000	63,695	11,305
Capital outlay	526,433	-	526,433	436,334	90,099
<b>Total expenditures</b>	<u>601,433</u>	<u>-</u>	<u>601,433</u>	<u>500,029</u>	<u>101,404</u>
Revenues over (under) expenditures	(267,433)	-	(267,433)	(120,777)	146,656
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(35,000)	-	(35,000)	(34,990)	10
Budgetary fund balance - beginning of year	<u>302,433</u>	<u>-</u>	<u>302,433</u>	<u>326,999</u>	<u>24,566</u>
Budgetary fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>171,232</u>	<u>171,232</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, 2014**

	<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	\$ 100,000	-	100,000	117,797	17,797
Charges for services	-	-	-	1,635	1,635
Grant proceeds	4,400	87,190	91,590	74,164	(17,426)
Interest income	-	-	-	-	-
Miscellaneous - loan proceeds	-	385,000	385,000	389,216	4,216
	<u>104,400</u>	<u>472,190</u>	<u>576,590</u>	<u>582,812</u>	<u>6,222</u>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	35,000	18,500	53,500	33,154	20,346
Capital outlay	112,514	453,690	566,204	523,257	42,947
	<u>147,514</u>	<u>472,190</u>	<u>619,704</u>	<u>556,411</u>	<u>63,293</u>
Revenues over (under) expenditures	(43,114)	-	(43,114)	26,401	69,515
Transfers from other funds	-	-	-	-	-
Budgetary fund balance - beginning of year	43,114	-	43,114	70,292	27,178
Budgetary fund balance - end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>96,693</u>	<u>96,693</u>

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Budgetary Comparison Schedule**  
**Police Special Fund**  
**For the Year Ended June 30, 2014**

	<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>					
Fines & forfeitures	\$ 35,000	-	35,000	35,813	813
Charges for services	-	-	-	-	-
Grant proceeds	8,000	9,010	17,010	9,010	(8,000)
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>43,000</u>	<u>9,010</u>	<u>52,010</u>	<u>44,823</u>	<u>(7,187)</u>
<b>Expenditures</b>					
Personal services	-	-	-	-	-
Maintenance and operations	6,000	-	6,000	2,349	3,651
Capital outlay	73,000	9,010	82,010	49,331	32,679
<b>Total expenditures</b>	<u>79,000</u>	<u>9,010</u>	<u>88,010</u>	<u>51,680</u>	<u>36,330</u>
Revenues over (under) expenditures	(36,000)	-	(36,000)	(6,857)	29,143
Budgetary fund balance - beginning of year	<u>76,182</u>	-	<u>76,182</u>	<u>86,913</u>	<u>10,731</u>
Budgetary fund balance - end of year	<u>\$ 40,182</u>	<u>-</u>	<u>40,182</u>	<u>80,056</u>	<u>39,874</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, 2014**

	<u>Budgeted Amounts</u>			<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<b>Budget Basis (Exh. F)</b>	
<b>Operating Revenues</b>					
Water sales, charges and fees	\$ 235,500	-	235,500	265,860	30,360
Sewer charges and fees	401,500	-	401,500	429,798	28,298
Sanitation charges	305,000	-	305,000	323,717	18,717
Miscellaneous	8,500	-	8,500	4,624	(3,876)
Total operating revenues	<u>950,500</u>	<u>-</u>	<u>950,500</u>	<u>1,023,999</u>	<u>73,499</u>
<b>Operating Expenses</b>					
Personal services - before function allocation	423,720	-	423,720	422,896	824
Combined maintenance & operations	75,000	-	75,000	78,512	(3,512)
Water Dept. - maintenance & operations	65,000	-	65,000	95,828	(30,828)
Sewer Dept. - maintenance & operations	100,000	-	100,000	105,220	(5,220)
Sanitation Dept. - maintenance & operations	85,000	-	85,000	76,537	8,463
Bad debts (*) (see note below)	5,000	-	5,000	3,520	1,480
Total operating expenses	<u>753,720</u>	<u>-</u>	<u>753,720</u>	<u>782,513</u>	<u>(28,793)</u>
Operating income	<u>\$ 196,780</u>	<u>-</u>	<u>196,780</u>	<u>241,486</u>	<u>44,706</u>
<b>Other Budgeted Revenues and Receipts (* Note)</b>					
Interest earnings	\$ 850	-	850	765	(85)
Grant proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Transfers from other funds	135,000	-	135,000	134,990	(10)
Total other budgeted revenues and receipts	<u>\$ 135,850</u>	<u>-</u>	<u>135,850</u>	<u>135,755</u>	<u>(95)</u>
<b>Other Budgeted Expenses and Disbursements (* Note)</b>					
Debt service payments	\$ 259,300	-	259,300	258,535	765
Capital expenditures	125,000	-	125,000	103,775	21,225
Transfers to other funds	-	-	-	-	-
Total other budgeted expenses & disbursements	<u>\$ 384,300</u>	<u>-</u>	<u>384,300</u>	<u>362,310</u>	<u>21,990</u>

**NOTE:** The Public Works Authority prepares its budget on a modified 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.

Town of Calera, Oklahoma  
Employee Pension & Retirement Plan Information  
June 30, 2014

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 8.91% of the employee's gross wages. For the year ending June 30, 2014, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 9,631	8,724	\$ 18,355
Employer Contributions	<u>22,147</u>	<u>20,559</u>	<u>42,706</u>
Total Contributions	\$ <u>31,778</u>	<u>29,283</u>	\$ <u>61,061</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, 2014, actuarial calculations provided by the Oklahoma Municipal Retirement Fund for the Town's portion of the plan were as follows:

Actuarial Pension Benefit Obligation	\$ 842,204
Value of Assets Available for Benefits	<u>(577,202)</u>
Unfunded Obligation Liability	\$ <u>265,002</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%
1/1/13	493,438	781,697	288,259	63.1%	562,040	51.3%
1/1/14	577,204	842,204	265,002	68.5%	620,413	42.7%

Additional information about the plan is provided in the 2014 actuarial valuation report which is available from the Town Clerk.

**Town of Calera, Oklahoma**  
**Combining Statement of Net Position**  
**Governmental Activities**  
**June 30, 2014**

	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	\$ 242,661	157,983	23,275	3,367	92,141	35,436	29,764	584,627
Certificates of deposit	84,479	-	-	-	-	-	-	84,479
Receivables (net)	450,366	19,891	56,781	-	6,119	-	-	533,157
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total current assets	777,506	177,874	80,056	3,367	98,260	35,436	29,764	1,202,263
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	30,167	16,000	46,167
Capital assets, net of depreciation	632,636	863,260	113,843	-	801,984	40,512	-	2,452,235
Total noncurrent assets	632,636	863,260	113,843	-	801,984	70,679	16,000	2,498,402
Total assets	1,410,142	1,041,134	193,899	3,367	900,244	106,115	45,764	3,700,665
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	32,078	6,642	-	1,745	1,567	-	-	42,032
Accrued interest	-	-	-	-	-	-	-	-
Notes payable, current portion	-	-	13,170	-	20,037	-	-	33,207
Intergovernmental payable	-	-	-	-	-	-	-	-
Total current liabilities	32,078	6,642	13,170	1,745	21,604	-	-	75,239
Noncurrent liabilities								
Notes payable	-	-	-	-	357,124	-	-	357,124
Compensated absences	50,351	-	-	-	-	-	-	50,351
Total noncurrent liabilities	50,351	-	-	-	357,124	-	-	407,475
Total liabilities	82,429	6,642	13,170	1,745	378,728	-	-	482,714
<b>Net Position</b>								
Net investment in capital assets	632,636	863,260	113,843	-	424,823	70,679	16,000	2,121,241
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Other purposes	-	171,232	-	-	96,693	-	29,764	297,689
Unrestricted	695,077	-	66,886	1,622	-	35,436	-	799,021
Total net position	\$ 1,327,713	1,034,492	180,729	1,622	521,516	106,115	45,764	3,217,951

See accompanying notes to the financial statements

**Town of Calera, Oklahoma**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2014**

	<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	\$ 3,367	35,436	29,764	68,567
Certificates of deposit	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ <u>3,367</u>	<u>35,436</u>	<u>29,764</u>	<u>68,567</u>
<b><u>Liabilities and Fund Balances</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 1,745	-	-	1,745
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>1,745</u>	<u>-</u>	<u>-</u>	<u>1,745</u>
<b>Fund balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	29,764	29,764
Committed	-	-	-	-
Assigned	1,622	35,436	-	37,058
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>1,622</u>	<u>35,436</u>	<u>29,764</u>	<u>66,822</u>
Total liabilities and fund balances	\$ <u>3,367</u>	<u>35,436</u>	<u>29,764</u>	<u>68,567</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, 2014**

	<u>Police Reserves Fund</u>	<u>Cemetery Revenue Fund</u>	<u>Cemetery Care Fund</u>	<u>Total Non-major Governmental Funds</u>
<b>Revenues</b>				
Sales taxes	\$ -	-	-	-
Franchise taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Court pass-through fees	-	-	-	-
Charges for services	2,352	8,962	2,987	14,301
Intergovernmental grants	-	-	-	-
Investment earnings	-	-	28	28
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	2,352	8,962	3,015	14,329
<b>Expenditures</b>				
General government	-	-	-	-
Law enforcement	7,014	-	-	7,014
Fire protection	-	-	-	-
Street maintenance	-	-	-	-
Community services	-	-	-	-
Cemetery	-	914	-	914
Capital outlay	-	27,482	-	27,482
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	7,014	28,396	-	35,410
Revenues over (under) expenditures	(4,662)	(19,434)	3,015	(21,081)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	(4,662)	(19,434)	3,015	(21,081)
Fund balances - beginning	6,284	54,870	26,749	87,903
Prior period adjustments (rounding)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 1,622	35,436	29,764	66,822

See accompanying notes to the financial statements.

**Town of Calera, Oklahoma**  
**Schedule of Capital Asset Activity**  
**For the Year Ended June 30, 2014**

<b>Governmental Activities:</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>General Fund</b>				
Buildings and improvements	\$ 395,882	30,442	-	426,324
Equipment	427,263	34,772	-	462,035
Infrastructure network	61,233	-	-	61,233
Total capital assets at historical cost	884,378	65,214	-	949,592
Less accumulated depreciation	(265,844)	(51,112)	-	(316,956)
Net capital assets, General Fund	618,534	14,102	-	632,636
<b>Street and Alley Fund</b>				
Equipment	107,976	-	-	107,976
Infrastructure network	489,813	436,334	-	926,147
Total capital assets at historical cost	597,789	436,334	-	1,034,123
Less accumulated depreciation	(130,290)	(40,573)	-	(170,863)
Net capital assets, Street and Alley Fund	467,499	395,761	-	863,260
<b>Police Special Fund</b>				
Equipment, at historical cost	349,189	31,331	(53,084)	327,436
Less accumulated depreciation	(223,890)	(42,787)	52,384	(214,293)
Net capital assets, Police Special Fund	125,299	(11,456)	(700)	113,143
<b>Volunteer Fire Dept Fund</b>				
Equipment, at historical cost	679,195	465,713	-	1,144,908
Less accumulated depreciation	(279,489)	(63,435)	-	(342,924)
Net capital assets, Vol. Fire Dept Fund	399,706	402,278	-	801,984
<b>Cemetery Revenue Fund</b>				
Equipment	18,097	27,482	-	45,579
Land, not being depreciated	30,167	-	-	30,167
Infrastructure network	17,637	-	-	17,637
Total capital assets at historical cost	65,901	27,482	-	93,383
Less accumulated depreciation	(18,110)	(4,594)	-	(22,704)
Net capital assets, Cemetery Revenue Fund	47,791	22,888	-	70,679
<b>Cemetery Care Fund</b>				
Land, not being depreciated	16,000	-	-	16,000
Net capital assets, governmental activities	\$ 1,674,829	823,573	(700)	2,497,702
<b>Business-type Activities:</b>				
<b>Public Works Authority</b>				
Land, not being depreciated	\$ 46,807	-	-	46,807
Buildings and improvements	35,084	-	-	35,084
Equipment	351,882	2,807	-	354,689
Water and sewer infrastructure network	5,596,764	100,969	-	5,697,733
Total capital assets at historical cost	6,030,537	103,776	-	6,134,313
Less accumulated depreciation	(1,366,392)	(161,446)	-	(1,527,838)
Net capital assets, business-type activities	\$ 4,664,145	(57,670)	-	4,606,475

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, 2014

	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	\$ 16,662	102,806	8,837	-	-	-	-	-	128,305
Law enforcement	467,720	196,161	1,506	45,702	7,014	-	-	-	718,103
Fire protection	4,269	24,664	13,377	-	-	103,988	-	-	146,298
Street maintenance	-	-	-	-	-	-	-	-	104,268
Community services	8,741	-	27,392	-	-	-	-	-	36,133
Cemetery	-	-	-	-	-	-	5,508	-	5,508
Total governmental activities	\$ 497,392	323,631	51,112	45,702	7,014	103,988	5,508	-	1,138,615

Summary of Revenues  
For the Year Ended June 30, 2014

	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	\$ 6,700	-	-	-	-	-	-	6,700
Law enforcement	455,999	-	35,813	2,352	-	-	-	494,164
Fire protection	-	-	-	-	1,635	-	-	1,635
Street maintenance	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	8,962	2,987	11,949
Total charges for services	462,699	-	35,813	2,352	1,635	8,962	2,987	514,448
Sales tax revenue	277,823	208,367	-	-	117,797	-	-	603,987
Franchise taxes	50,924	-	-	-	-	-	-	50,924
Alcoholic beverage tax	15,108	-	-	-	-	-	-	15,108
Commercial vehicle tax	-	16,746	-	-	-	-	-	16,746
Gasoline excise tax	-	3,999	-	-	-	-	-	3,999
Cigarette tax	6,242	-	-	-	-	-	-	6,242
Operating grants	102,757	-	-	-	-	-	-	102,757
Capital grants	-	150,000	9,010	-	5,474	-	-	164,484
Interest & investment income	1,558	-	-	-	68,690	-	-	70,248
Miscellaneous income	2,751	140	-	-	4,216	-	28	7,135
Total revenues	\$ 919,862	379,252	44,823	2,352	197,812	8,962	3,015	1,556,078

See accompanying notes to the financial statements.

Schedule 6

Town of Calera, Oklahoma  
Allocation of Fund Expenses to Statement of Activities Functions  
Business-type Activities  
For the Year Ended June 30, 2014

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Basis for Allocation</u>
Business-type activities					
Personal services	\$ 422,896	118,411	177,616	126,869	Employee hour ratios (28% / 42% / 30%)
Maintenance & operations					
Combined / indirect	78,512	26,171	26,171	26,170	One-third to each function
Direct	277,585	95,828	105,220	76,537	Actual function expenses
Total maintenance & operations	356,097	121,999	131,391	102,707	
Bad debt write-offs	3,520	810	1,514	1,196	Relative revenue ratios (23% / 43% / 34%)
Interest expense	190,268	-	190,268	-	All sewer system
Depreciation	161,445	17,425	137,438	6,582	Asset depreciation schedule
Totals	\$ 1,134,226	258,645	638,227	237,354	

See accompanying notes to the financial statements.

**Calera Public Works Authority**  
**2010 OWRB Clean Water SRF Promissory Note**  
**Debt Service Schedule**  
**After 4/18/2014 OWRB Refinancing**

Payment Date	Principal	Interest (incl. Admin.)	Total
8/15/2014	\$ 71,354	57,986	\$ 129,340
2/15/2015	71,351	57,908	129,259
8/15/2015	73,361	56,122	129,483
2/15/2016	73,356	55,994	129,350
8/15/2016	74,335	54,505	128,840
2/15/2017	75,359	54,039	129,398
8/15/2017	77,368	52,248	129,616
2/15/2018	77,359	52,016	129,375
8/15/2018	79,368	50,225	129,593
2/15/2019	79,357	49,940	129,297
8/15/2019	81,366	48,149	129,515
2/15/2020	81,352	47,810	129,162
8/15/2020	83,372	46,243	129,615
2/15/2021	83,346	45,626	128,972
8/15/2021	85,355	43,837	129,192
2/15/2022	85,336	43,389	128,725
8/15/2022	87,346	41,601	128,947
2/15/2023	88,366	41,056	129,422
8/15/2023	90,376	39,257	129,633
2/15/2024	90,352	38,683	129,035
8/15/2024	92,369	37,073	129,442
2/15/2025	92,334	36,257	128,591
8/15/2025	94,343	34,467	128,810
2/15/2026	95,356	33,735	129,091
8/15/2026	97,365	31,937	129,302
2/15/2027	97,333	31,174	128,507
8/15/2027	99,342	29,382	128,724
2/15/2028	100,349	28,518	128,867
8/15/2028	102,364	26,861	129,225
2/15/2029	103,361	25,781	129,142
8/15/2029	105,371	23,977	129,348
2/15/2030	106,370	22,963	129,333
8/15/2030	107,338	21,197	128,535
2/15/2031	108,335	20,119	128,454
8/15/2031	110,345	18,322	128,667
2/15/2032	111,338	17,167	128,505
8/15/2032	113,352	15,459	128,811
2/15/2033	114,338	14,133	128,471
8/15/2033	116,347	12,332	128,679
2/15/2034	118,376	10,978	129,354
8/15/2034	119,343	9,204	128,547
2/15/2035	121,368	7,769	129,137
8/15/2035	125,421	3,911	129,332
2/15/2036	127,548	1,269	128,817
8/15/2036	128,095	950	129,045
2/15/2037	127,776	630	128,406
8/15/2037	124,288	311	124,599
Totals	\$ 4,569,000	1,492,510	\$ 6,061,510

See accompanying notes to the financial statements.

Town of Calera, Oklahoma  
Schedule of Federal Award Programs  
For the Year Ended June 30, 2014

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 7-1-13	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-14
<b>FEDERAL AWARD PROGRAMS</b>							
<b>U.S. Dept. of Justice</b>							
Passed through Okla. D. A. Council							
Stop Violence Against Women	16.588	VAWA-2013	\$ 45,351	\$ -	19,283	19,283	\$ -
Stop Violence Against Women	16.558	VAWA-2012	39,327	-	21,050	21,050	-
COPS Hiring Program	16.710	2011-UM-WX-0149	91,150	-	39,369	39,369	-
Local Law Enforcement (JAG-LLE)	16.738	JAG-LLE-2013	9,010	-	9,010	-	9,010
Total Dept. of Justice				-	88,712	79,702	9,010
<b>U.S. Dept. of Housing &amp; Urban Devel.</b>							
Passed through Okla. Dept. of Commerce							
Comm. Dev. Block Grant	14.228	15099-CDBG-11	\$ 150,000	-	150,000	150,000	-
<b>U.S. Dept. of Transportation</b>							
Passed through Okla. Highway Safety Office							
Nat'l Hwy Safety - Police Services	20.600	SE-14-03-01-06	\$ 24,000	-	8,316	8,316	-
Nat'l Hwy Safety - Speed Enforcement	20.600	SE-13-03-02-05	20,500	-	4,234	4,234	-
Nat'l Hwy Safety - Alcohol	20.600	K8-13-03-05-05	8,000	-	4,006	4,006	-
Total Dept. of Transportation				-	16,556	16,556	-
<b>TOTAL FEDERAL AWARD PROGRAMS</b>				\$ -	255,268	246,258	\$ 9,010

See accompanying notes to the financial statements.

Town of Calera, Oklahoma  
Schedule of State and Other Award Programs  
 For the Year Ended June 30, 2014

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 7-1-13	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-14
<u>STATE AWARD PROGRAMS</u>							
Okla. Dept. of Agriculture							
Rural Fire Dept. Assistance	-	-	\$ 4,474	\$ -	4,474	4,474	\$ -
Okla. Dept. of Emergency Management							
Emergency Response System Stabilization	-	-	\$ 87,190	-	69,690	68,690	1,000
<u>OTHER AWARDS</u>							
Calera Public Schools							
School Resource Police Officer	-	-	\$ 13,000	-	6,500	6,500	-
<b>TOTAL STATE AND OTHER AWARD PROGRAMS</b>				<b>\$ -</b>	<b>80,664</b>	<b>79,664</b>	<b>\$ 1,000</b>

See accompanying notes to the financial statements.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Cash in Bank &amp; CD's</b>					
General Fund	\$ 327,140	439,978	321,097	251,471	316,154
Street & Alley	157,983	314,802	286,998	254,176	271,718
Police Reserves	3,367	6,284	4,859	9,638	7,220
Volunteer Fire Dept.	92,141	66,036	64,075	66,239	35,314
Cemetery Revenue	35,436	54,869	45,756	38,452	35,220
Cemetery Care	29,764	26,749	22,966	20,474	18,583
Police Special	23,275	42,920	43,410	35,831	30,461
Municipal Court Bonds	6,017	1,737	1,717	2,037	3,166
Public Works Authority					
Unrestricted	396,158	385,211	270,945	304,762	279,994
Customer Deposits	77,066	61,892	60,611	54,226	50,309
Debt Service & Reserves	89,799	90,025	91,590	92,037	197,559
Construction	-	-	-	-	179,737
<b>General Fund</b>					
Sales Tax Revenues	277,823	233,823	206,139	220,647	210,493
Other Tax Revenues	72,274	69,930	71,369	68,048	67,133
Grant Proceeds	102,757	217,583	170,799	131,029	372,740
Fines & Forfeitures	455,999	388,531	478,300	544,992	584,004
Other Revenues	11,009	9,255	10,516	21,355	19,659
Total General Fund Revenues	<u>919,862</u>	<u>919,122</u>	<u>937,123</u>	<u>986,071</u>	<u>1,254,029</u>
Personal Services	492,350	481,847	447,724	489,784	507,896
Maintenance & Operations	332,372	320,363	328,688	323,056	345,184
Capital Outlay	65,214	68,235	183,101	60,274	52,749
Total Gen Fund Expenditures	<u>889,936</u>	<u>870,445</u>	<u>959,513</u>	<u>873,114</u>	<u>905,829</u>
<b>Special Revenue Funds</b>					
Sales Tax Revenues	326,164	259,072	206,139	220,646	210,492
Other Tax Revenues	20,745	19,514	18,720	16,058	15,874
Grant Proceeds	233,174	13,448	4,413	24,020	135,413
Fines & Forfeitures	35,813	30,800	41,824	50,395	48,339
Cemetery Charges	11,949	15,000	9,800	7,350	9,950
Other Revenues	393,371	23,627	29,677	45,657	40,341
Total Special Revenues	<u>1,021,216</u>	<u>361,461</u>	<u>310,573</u>	<u>364,126</u>	<u>460,409</u>
Personal Services	-	-	-	-	-
Maintenance & Operations	107,126	96,920	81,342	163,609	105,283
Capital Outlay	1,036,404	205,087	138,994	183,793	339,417
Total Special Rev. Expenditures	<u>1,143,530</u>	<u>302,007</u>	<u>220,336</u>	<u>347,402</u>	<u>444,700</u>
<b>Public Works Authority</b>					
Water Charges	265,860	245,016	234,842	229,340	220,535
Sewer Charges	429,798	408,261	412,741	389,774	357,386
Sanitation Charges	323,717	311,316	306,585	291,224	270,107
Other Revenues	5,389	50,967	21,078	32,270	29,945
Total PWA Revenues	<u>1,024,764</u>	<u>1,015,560</u>	<u>975,246</u>	<u>942,608</u>	<u>877,973</u>
Personal Services	422,896	397,914	426,570	378,674	353,104
Maintenance & Operations	359,617	279,685	282,160	278,973	287,392
Depreciation	161,445	158,627	157,258	160,417	159,920
Interest Expense	190,268	178,793	182,052	202,309	224,940
Bond Issue Costs (Amortized)	-	-	4,653	5,500	7,167
Total PWA Expenses	<u>1,134,226</u>	<u>1,015,019</u>	<u>1,052,693</u>	<u>1,025,873</u>	<u>1,032,523</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, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We 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 from material misstatement.

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

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

#### **Opinions**

In our opinion, 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, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### Required Supplementary Information

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

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Calera's basic financial statements. 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 basic financial statements.

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

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.  
Oklahoma City, OK  
October 30, 2014

## Casey J. Russell CPA, Inc.

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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Town Council  
Town of Calera, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Calera, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Calera's basic financial statements, and have issued our report thereon dated October 30, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Calera's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Calera's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Calera's internal control.

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

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

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

As part of obtaining reasonable assurance about whether Town of Calera's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



Casey J. Russell CPA, Inc.  
Oklahoma City, OK  
October 30, 2014