
Town of Calera, Oklahoma

**Financial Statements and Independent Auditor's Reports
For the Year Ended June 30, 2015**

**Financial Statements and Independent Auditor's Report
For Year Ended June 30, 2015**

TOWN OF CALERA, OKLAHOMA

TOWN OF CALERA, OKLAHOMA
JUNE 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWN OF CALERA, OKLAHOMA
JUNE 30, 2015

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, 2015. Please read this in conjunction with the Town's financial statements, which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

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)

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 \$4,812,237 to \$4,856,029. The increase of \$43,792 was comprised of the following:

Governmental activities	increased 2.4%	\$ 78,660
Business-type activities	decreased 2.2%	(34,868)
		<u>\$ 43,792</u>

- During the year, the Town's program related expenses were \$778,725 more than revenues, and the Town received general, non-program revenues of \$822,517, resulting in the above increase in net assets.
- The Town's financial statements reflect capital assets for governmental activities (\$2,624,305) as well as for business-type activities (\$4,484,576).
- General Fund revenues were \$15,245 more than budgeted and expenditures were \$90,751 less than budgeted.
- Public Works Authority operating revenues were \$46,859 more than budgeted and operating expenses were \$56,644 less than budgeted.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Condensed government-wide statement of net position – June 30, 2015 and 2014:

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 1,409,081	1,202,263	482,626	473,665	\$ 1,891,707	1,675,928
Restricted assets	-	-	176,457	166,865	176,457	166,865
Capital assets	2,624,305	2,498,402	4,484,576	4,606,475	7,108,881	7,104,877
Other assets	-	-	19,000	19,000	19,000	19,000
Total assets	<u>4,033,386</u>	<u>3,700,665</u>	<u>5,162,659</u>	<u>5,266,005</u>	<u>9,196,045</u>	<u>8,966,670</u>
Deferred outflows	-	-	1,029,137	1,091,153	1,029,137	1,091,153
Current liabilities	101,417	75,239	210,941	205,745	312,358	280,984
Long-term debt	491,017	357,124	4,279,515	4,426,296	4,770,532	4,783,420
Other liabilities	54,341	50,351	141,922	130,832	196,263	181,183
Total liabilities	<u>646,775</u>	<u>482,714</u>	<u>4,632,378</u>	<u>4,762,873</u>	<u>5,279,153</u>	<u>5,245,587</u>
Deferred/inflows	90,000	-	-	-	90,000	-
Net position						
Invested in capital assets	2,084,732	2,121,241	1,045,389	1,128,628	3,130,121	3,249,869
Restricted	427,181	297,689	89,500	89,799	516,681	387,488
Unrestricted	<u>784,698</u>	<u>799,021</u>	<u>424,529</u>	<u>375,859</u>	<u>1,209,227</u>	<u>1,174,880</u>
Total net position	<u>\$ 3,296,611</u>	<u>3,217,951</u>	<u>1,559,418</u>	<u>1,594,286</u>	<u>\$ 4,856,029</u>	<u>4,812,237</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, 2015 and 2014:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues						
Charges for services	\$ 447,722	514,448	1,021,035	1,019,375	\$ 1,468,757	1,533,823
Grants and awards	142,639	335,931	-	-	142,639	335,931
General revenues						
Sales taxes	679,152	603,987	-	-	679,152	603,987
Other taxes	95,022	93,019	-	-	95,022	93,019
Interest earnings	2,073	1,586	2,133	765	4,206	2,351
Other revenues	34,013	7,107	10,124	4,624	44,137	11,731
Total revenues	<u>1,400,621</u>	<u>1,556,078</u>	<u>1,033,292</u>	<u>1,024,764</u>	<u>2,433,913</u>	<u>2,580,842</u>
Expenses						
General government	131,445	128,305	-	-	131,445	128,305
Law enforcement	801,063	718,103	-	-	801,063	718,103
Fire protection	192,621	146,298	-	-	192,621	146,298
Street maintenance	116,989	104,268	-	-	116,989	104,268
Community services	38,718	36,133	-	-	38,718	36,133
Cemetery	6,166	5,508	-	-	6,166	5,508
Water utility services	-	-	227,361	258,645	227,361	258,645
Sewer utility services	-	-	630,800	638,227	630,800	638,227
Sanitation services	-	-	244,958	237,354	244,958	237,354
Total expenses	<u>1,287,002</u>	<u>1,138,615</u>	<u>1,103,119</u>	<u>1,134,226</u>	<u>2,390,121</u>	<u>2,272,841</u>
Revenues over (under) expenses	113,619	417,463	(69,827)	(109,462)	43,792	308,001
Operating transfers	(34,959)	(134,990)	34,959	134,990	-	-
Capital transfers	-	-	-	-	-	-
Increase (decrease) in net position	\$ <u>78,660</u>	<u>282,473</u>	<u>(34,868)</u>	<u>25,528</u>	\$ <u>43,792</u>	\$ <u>308,001</u>

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

	2015		2014	
	Amount	Percent of Total	Amount	Percent of Total
Sales taxes	\$ 679,152	28%	603,987	23%
Franchise taxes	51,825	2%	50,924	2%
Other taxes	43,197	2%	42,095	2%
Law enforcement revenues	425,519	17%	494,164	19%
Charges for utility service	1,021,035	42%	1,019,375	39%
Charges for other services	22,203	1%	20,284	1%
Grants	142,639	6%	335,931	13%
Investment earnings	4,206	-%	2,351	-%
Other revenues	44,137	2%	11,731	1%
	<u>\$ 2,433,913</u>	<u>100%</u>	<u>2,580,842</u>	<u>100%</u>

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

The composition of total functional expenses was as follows:

	2015		2014	
	Amount	Percent of Total	Amount	Percent of Total
General government	\$ 131,445	5%	\$ 128,305	6%
Law enforcement	801,063	34%	718,103	31%
Fire protection	192,621	8%	146,298	7%
Street maintenance	116,989	5%	104,268	5%
Community services	38,718	2%	36,133	1%
Cemetery	6,166	- %	5,508	- %
Public utilities	<u>1,103,119</u>	<u>46%</u>	<u>1,134,226</u>	<u>50%</u>
	<u>\$ 2,390,121</u>	<u>100%</u>	<u>\$ 2,272,841</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 a moderate increase in sales tax revenue and a moderate decrease in law enforcement related revenues. The most significant capital expenditures during the year were equipment purchases and a land purchase. 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 decreased slightly over last year but 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 most significant capital expenditures during the year were equipment purchases.

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 increased fund balance by \$132,301, primarily as a result of a planned accumulation of funds for future major street improvement projects.
- Police Special Fund received 10% of all municipal fine revenue for a total of \$32,806 and received grant proceeds of \$8,888. The fund purchased \$59,829 in new equipment.
- Volunteer Fire Department Fund now receives a ½-cent sales tax designated for truck and equipment purchases for a total of \$77,531 and an equal share of a designated county-wide sales tax for a total of \$58,898. The fund purchased \$99,976 in capital assets and 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	\$ 744,646	\$ 403,589	\$ 102,893	\$ 1,397	\$ 88,731	\$ 35,318	\$ 32,507	\$ 482,626	\$ 2,417
Restricted assets	-	-	-	-	-	-	-	176,457	-
Capital assets	639,398	832,250	935,583	-	128,306	72,768	16,000	4,484,576	-
Other assets	-	-	-	-	-	-	-	19,000	-
Total assets	<u>1,384,044</u>	<u>1,235,839</u>	<u>1,038,476</u>	<u>1,397</u>	<u>217,037</u>	<u>108,086</u>	<u>48,507</u>	<u>5,162,659</u>	<u>2,417</u>
Deferred outflows	-	-	-	-	-	-	-	1,029,137	-
Current liabilities	30,853	10,056	36,108	200	24,200	-	-	210,941	-
Long-term liabilities	<u>54,341</u>	-	<u>491,017</u>	-	-	-	-	<u>4,421,437</u>	-
Total liabilities	<u>85,194</u>	<u>10,056</u>	<u>527,125</u>	<u>200</u>	<u>24,200</u>	-	-	<u>4,632,378</u>	-
Deferred inflows	-	90,000	-	-	-	-	-	-	-
Net position	\$ <u>1,298,850</u>	\$ <u>1,135,783</u>	\$ <u>511,351</u>	\$ <u>1,197</u>	\$ <u>192,837</u>	\$ <u>108,086</u>	\$ <u>48,507</u>	\$ <u>1,559,418</u>	\$ <u>2,417</u>
Revenues	\$ 929,082	\$ 253,239	\$ 150,567	\$ 4,640	\$ 52,213	\$ 8,137	\$ 2,743	\$ 1,033,292	\$ 1,443
Expenditures	(957,945)	(116,989)	(160,732)	(5,065)	(40,105)	(6,166)	-	(1,103,119)	(5,043)
Transfers, net	-	(34,959)	-	-	-	-	-	34,959	-
Net change	(28,863)	101,291	(10,165)	(425)	12,108	1,971	2,743	(34,868)	(3,600)
Net position, beginning	<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>
Net position, ending	\$ <u>1,298,850</u>	\$ <u>1,135,783</u>	\$ <u>511,351</u>	\$ <u>1,197</u>	\$ <u>192,837</u>	\$ <u>108,086</u>	\$ <u>48,507</u>	\$ <u>1,559,418</u>	\$ <u>2,417</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town adopts an annual budget prior to the July 1st 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, 2015:					
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues	\$ <u>868,500</u>	\$ <u>45,337</u>	\$ <u>913,837</u>	\$ <u>929,082</u>	\$ <u>15,245</u>
Expenditures by department					
General government	198,878	5,000	203,878	137,631	66,247
Law enforcement	744,253	40,337	784,590	776,874	7,716
Fire protection	23,000	-	23,000	18,667	4,333
Community services	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>27,545</u>	<u>12,455</u>
Total expenditures	<u>1,006,131</u>	<u>45,337</u>	<u>1,051,468</u>	<u>960,717</u>	<u>90,751</u>
Revenues over (under) expenditures	(137,631)	-	(137,631)	(31,635)	105,996
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Beginning fund balance	<u>689,148</u>	<u>-</u>	<u>689,148</u>	<u>745,428</u>	<u>56,280</u>
Ending fund balance	\$ <u>551,517</u>	\$ <u>-</u>	\$ <u>551,517</u>	\$ <u>713,793</u>	\$ <u>162,276</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Town had invested \$7,108,881 (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, 2015, the Town spent \$425,249 on capitalized assets.

Summary of capital assets at June 30, 2015:

	Governmental		Business-type		Totals	
	Activities		Activities		All Activities	
	2015	2014	2015	2014	2015	2014
Land	\$ 211,354	46,167	\$ 46,807	46,807	\$ 258,161	92,974
Buildings and improvements	426,325	426,324	70,610	35,084	496,935	461,408
Equipment	2,275,147	2,141,018	362,220	354,689	2,637,367	2,495,707
Infrastructure network	1,033,084	1,005,017	5,697,733	5,697,733	6,730,817	6,702,750
Accumulated depreciation	<u>(1,321,605)</u>	<u>(1,120,124)</u>	<u>(1,692,794)</u>	<u>(1,527,838)</u>	<u>(3,014,399)</u>	<u>(2,647,962)</u>
Total	<u>\$ 2,624,305</u>	<u>2,498,402</u>	<u>\$ 4,484,576</u>	<u>4,606,475</u>	<u>\$ 7,108,881</u>	<u>7,104,877</u>

This year's major capital asset additions included:

General Fund:

Mobile Emergency Management van	\$ 17,430
Harley Davidson police motorcycle	30,467
Asphalt walking track at park	17,584

Street & Alley Fund:

Asphalt spreader machine	\$ 6,679
Road, drainage & lighting improvements	10,483

Police Special Fund:

2015 Ford Explorer & equipment	\$ 39,392
Camera equipment	9,935
Laptop computers	9,000
Bulletproof vests	4,504
K9 drug dog	7,450

Fire Department Fund:

Firefighting equipment	\$ 44,094
Bunker gear	7,973
Computer software	4,110
Six (6) acres land	165,187

Cemetery Revenue Fund:

Zero-turn mower	\$ 7,934
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Public Works Authority:

Equipment storage building	\$ 35,526
Sewer machine	7,531

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At June 30, 2015, the Town had \$4,965,805 in outstanding notes payable and capital lease obligations, which is an increase from the June 30, 2014, balance of \$4,959,331.

Summary of outstanding long-term debt:				
	<u>June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2015</u>
<u>Police Special Fund</u>				
First United Bank				
Police vehicles	\$ 13,170	34,325	(23,295)	\$ 24,200
<u>Vol. Fire Dept. Fund</u>				
First United Bank				
Land	-	160,000	(1,752)	158,248
Vision Bank				
Fire trucks	377,161	-	(20,036)	357,125
<u>Public Works Authority</u>				
2007 Bond/OWRB loan				
Sewer treatment plant	<u>4,569,000</u>	<u>-</u>	<u>(142,768)</u>	<u>4,426,232</u>
Totals	<u>\$ 4,959,331</u>	<u>194,325</u>	<u>(187,851)</u>	<u>\$ 4,965,805</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 2015-2016 budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Summary of 2015-2016 budget:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Public Works</u>	<u>Total</u>
Resources				
Beginning Fund Balance	\$ 748,224	629,719	371,824	\$ 1,749,767
Revenues	852,800	437,830	1,003,900	2,294,530
Grant Proceeds	72,000	4,400	-	76,400
Transfers	-	-	35,000	35,000
Total Resources	<u>1,673,024</u>	<u>1,071,949</u>	<u>1,410,724</u>	<u>4,155,697</u>
Appropriations				
General Government	227,016	-	-	227,016
Law Enforcement	811,785	102,971	-	914,756
Fire & Emergency Management	23,000	206,288	-	229,288
Street	-	590,194	-	590,194
Community Services	28,000	-	-	28,000
Cemetery	-	71,265	-	71,265
Utility Operations	-	-	615,596	615,596
Water	-	-	95,000	95,000
Sewer	-	-	140,000	140,000
Sanitation	-	-	104,800	104,800
Debt Service	-	-	259,000	259,000
Transfers	-	35,000	-	35,000
Total Appropriations	<u>1,089,801</u>	<u>1,005,718</u>	<u>1,214,396</u>	<u>3,309,915</u>
Ending Fund Balance	<u>\$ 583,223</u>	<u>66,231</u>	<u>196,328</u>	<u>\$ 845,782</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, 2015

	Governmental Activities (Sch. 1)	Business-type Activities (Exh. E)	Total Primary Government
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 887,356	288,665	1,176,021
Certificates of deposit, short-term	84,690	112,274	196,964
Receivables (net)	<u>437,035</u>	<u>81,687</u>	<u>518,722</u>
Total current assets	<u>1,409,081</u>	<u>482,626</u>	<u>1,891,707</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	176,457	176,457
Land	211,354	46,807	258,161
Capital assets, net of depreciation	2,412,951	4,437,769	6,850,720
Prepaid expenses	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Total noncurrent assets	<u>2,624,305</u>	<u>4,680,033</u>	<u>7,304,338</u>
Total assets	<u>4,033,386</u>	<u>5,162,659</u>	<u>9,196,045</u>
<u>Deferred Outflows of Resources</u>			
Unamortized deferred loss on OWRB debt refunding	<u>-</u>	<u>1,029,137</u>	<u>1,029,137</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	52,861	22,132	74,993
Accrued interest payable	-	42,092	42,092
Notes payable, current portion	<u>48,556</u>	<u>146,717</u>	<u>195,273</u>
Total current liabilities	<u>101,417</u>	<u>210,941</u>	<u>312,358</u>
Noncurrent liabilities			
Notes payable, less current portion	491,017	4,279,515	4,770,532
Customer deposits payable	-	85,873	85,873
Compensated absences	<u>54,341</u>	<u>56,049</u>	<u>110,390</u>
Total noncurrent liabilities	<u>545,358</u>	<u>4,421,437</u>	<u>4,966,795</u>
Total liabilities	<u>646,775</u>	<u>4,632,378</u>	<u>5,279,153</u>
<u>Deferred Inflows of Resources</u>			
Deferred project revenues	<u>90,000</u>	<u>-</u>	<u>90,000</u>
<u>Net Position</u>			
Net investment in capital assets	2,084,732	1,045,389	3,130,121
Restricted for:			
Debt service	-	89,500	89,500
Other purposes	427,181	-	427,181
Unrestricted	<u>784,698</u>	<u>424,529</u>	<u>1,209,227</u>
Total net position	<u>\$ 3,296,611</u>	<u>1,559,418</u>	<u>4,856,029</u>

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Vol. Fire Dept. Fund</u>	<u>Police Special Fund</u>	<u>Other Governmental Funds (Sch. 2)</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash and cash equivalents	\$ 287,124	383,993	96,911	50,106	69,222	887,356
Certificates of deposit	84,690	-	-	-	-	84,690
Receivables, net	372,832	19,596	5,982	38,625	-	437,035
Due from other funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	744,646	403,589	102,893	88,731	69,222	1,409,081
<u>Liabilities and Fund Balances</u>						
<u>Liabilities:</u>						
Accounts payable	30,853	10,056	11,752	-	200	52,861
Deferred project revenues	-	90,000	-	-	-	90,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	30,853	100,056	11,752	-	200	142,861
<u>Fund balances:</u>						
Nonspendable	-	-	-	-	-	-
Restricted	-	303,533	91,141	-	32,507	427,181
Committed	-	-	-	88,731	-	88,731
Assigned	-	-	-	-	36,515	36,515
Unassigned	713,793	-	-	-	-	713,793
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	713,793	303,533	91,141	88,731	69,022	1,266,220
Total liabilities and fund balances	\$ 744,646	403,589	102,893	88,731	69,222	

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.	2,624,305
Long-term note payable obligations on capital assets are not reported in the fund amounts above.	(539,573)
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.	(54,341)
Whole dollar rounding adjustment	<hr/> -
Net position of governmental activities	\$ 3,296,611

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, 2015

	General Fund	Street and Alley Fund	Vol. Fire Dept. Fund	Police Special Fund	Other Governmental Funds (Sch. 3)	Total Governmental Funds
Revenues						
Sales taxes	\$ 310,127	232,595	136,430	-	-	679,152
Franchise taxes	51,825	-	-	-	-	51,825
Other taxes	22,553	20,644	-	-	-	43,197
Fines and forfeitures	342,887	-	-	32,806	-	375,693
Court pass-through fees	45,186	-	-	-	-	45,186
Charges for services	8,050	-	3,303	-	15,490	26,843
Intergovernmental grants	126,767	-	6,984	8,888	-	142,639
Loan proceeds	-	-	-	-	-	-
Investment earnings	2,043	-	-	-	30	2,073
Miscellaneous	19,644	-	7,600	27,620	-	54,864
Total revenues	929,082	253,239	154,317	69,314	15,520	1,421,472
Expenditures						
General government	120,201	-	-	-	-	120,201
Law enforcement	746,407	-	-	810	5,065	752,282
Fire protection	18,667	-	59,893	-	-	78,560
Street maintenance	-	68,817	-	-	-	68,817
Community services	9,961	-	-	-	-	9,961
Cemetery	-	-	-	-	321	321
Capital outlay	65,481	17,162	99,976	59,829	7,934	250,382
Total expenditures	960,717	85,979	159,869	60,639	13,320	1,280,524
Revenues over (under) expenditures	(31,635)	167,260	(5,552)	8,675	2,200	140,948
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(34,959)	-	-	-	(34,959)
Net change in fund balance	(31,635)	132,301	(5,552)	8,675	2,200	105,989
Fund balances - beginning	745,428	171,232	96,693	80,056	66,822	1,160,231
Prior period adjustments	-	-	-	-	-	-
Fund balances - ending	\$ 713,793	303,533	91,141	88,731	69,022	1,266,220

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	\$ 105,989
Gross proceeds from the sale of assets are recorded as revenue in the fund financial statement amounts above but are recorded as part of a calculated gain on sale of assets in the government-wide financial statements.	(35,220)
Calculated gain on the sale of assets is recorded as revenue in the government-wide financial statements.	14,369
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.	250,382
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.	(17,430)
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.	(235,440)
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.	(3,991)
Whole dollar rounding adjustment	1
Change in net position per government-wide statement of activities	\$ 78,660

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Statement of Net Position
Proprietary Fund
June 30, 2015

Calera
Public Works
Authority

<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 288,665
Certificates of Deposit, short-term	112,274
Receivables, net	<u>81,687</u>
Total current assets	<u>482,626</u>
Noncurrent assets	
Restricted cash - customer deposits	86,957
Restricted cash - debt service	89,500
Land	46,807
Equipment	362,220
Buildings	70,610
Water and sewer systems	5,697,733
Less accumulated depreciation	(1,692,794)
Prepaid sludge removal fees	<u>19,000</u>
Total noncurrent assets	<u>4,680,033</u>
Total assets	<u>5,162,659</u>
<u>Deferred Outflows of Resources</u>	
Unamortized deferred loss on OWRB debt refunding	<u>1,029,137</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	22,132
Accrued interest payable	42,092
Notes payable, current portion (OWRB)	<u>146,717</u>
Total current liabilities	<u>210,941</u>
Noncurrent liabilities	
Compensated absences	56,049
Customer utility deposits	85,873
Notes payable, less current portion (OWRB)	<u>4,279,515</u>
Total noncurrent liabilities	<u>4,421,437</u>
Total liabilities	<u>4,632,378</u>
<u>Net Position</u>	
Net investment in capital assets	1,045,389
Restricted for debt service	89,500
Unrestricted	<u>424,529</u>
Total net position	\$ <u>1,559,418</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, 2015

	Calera Public Work Authority
Operating Revenues	
Water sales, charges and fees	\$ 259,457
Sewer charges and fees	432,160
Sanitation charges	329,418
Miscellaneous	<u>10,124</u>
Total operating revenues	<u>1,031,159</u>
Operating Expenses	
Personal services - before function allocation	444,755
Combined maintenance & operations	82,865
Water Dept. - maintenance & operations	52,044
Sewer Dept. - maintenance & operations	102,197
Sanitation Dept. - maintenance & operations	78,680
Bad debts	<u>2,610</u>
Total operating expenses	<u>763,151</u>
Operating income (loss)	<u>268,008</u>
Nonoperating Revenues (Expenses)	
Depreciation expense	(164,956)
Interest earnings	2,133
Interest expense	(175,012)
Transfer from other funds	34,959
Transfer to other funds	<u>-</u>
Total nonoperating revenues (expenses)	<u>(302,876)</u>
Change in net position before capital contributions	(34,868)
Total net position - beginning	1,594,286
Prior period adjustment to beginning net position	<u>-</u>
Total net position - ending	<u>\$ 1,559,418</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

<u>Cash Flows from Operating Activities</u>	
Received from utility customers	\$ 994,297
Received from other operating revenues	10,124
Received from customers for utility deposits	34,600
Refunded or applied for utility deposits	(4,760)
Payments to / for employees	(443,481)
Payments to suppliers and vendors	<u>(311,781)</u>
Net cash provided by operating activities	<u>278,999</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of capital assets	(43,057)
Prior year capital asset acquisition with accounts payable	-
Principal paid on OWRB loan	(142,768)
Interest paid on OWRB loan	<u>(115,893)</u>
Net cash (used) by capital and related financing activities	<u>(301,718)</u>
<u>Cash Flows from Investing Activities</u>	
Interest and investment earnings	2,133
Transfers from General Fund	-
Transfers from Street & Alley Fund	<u>34,959</u>
Net cash provided (used) by investing activities	<u>37,092</u>
Net increase (decrease) in cash and cash equivalents	14,373
Cash and cash equivalents - beginning of the year	<u>563,023</u>
Cash and cash equivalents - end of the year	<u>577,396</u>
<u>Reconciliation of operating income (loss) to net cash provided by operating activities</u>	
Operating income	268,008
Adjustments for non-cash and non-operating items:	
Decrease (increase) in net receivables	(4,180)
Decrease (increase) in prepaid expenses	-
Increase (decrease) in accounts payable	4,080
Accounts payable for capital asset purchase	-
Increase (decrease) in compensated absences payable	1,199
Increase (decrease) in customer utility deposits payable	9,891
Whole dollar rounding adjustment	<u>1</u>
Net cash provided by operating activities	<u>278,999</u>
<u>Schedule of cash and cash equivalents</u>	
Petty cash	400
Cash in bank - operating checking account	173,219
Cash in bank - customer utility deposits	86,957
Cash in bank - debt service account	89,500
Cash in trust - OMAG escrow account	55,945
Cash in bank - savings account	59,101
Cash in bank - certificate of deposit, short-term	<u>112,274</u>
Total cash and cash equivalents - end of the year	<u>\$ 577,396</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

Exhibit H

	<u>Municipal Court Bond Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 2,417
NSF returned checks receivable	<u> -</u>
Total assets	<u> 2,417</u>
<u>Liabilities</u>	
Accounts payable	<u> -</u>
<u>Net Position</u>	
Restricted for pending court cases	2,300
Unrestricted	<u> 117</u>
Total net position	<u> \$ 2,417</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, 2015

Exhibit I

**Municipal
Court
Bond Fund**

Additions	
Bonds posted for citations issued	\$ <u>1,443</u>
 Deductions	
Bond refunds	3,283
Bond forfeitures	1,760
Miscellaneous	<u>-</u>
Total deductions	<u>5,043</u>
Change in net position	(3,600)
Net position - beginning	<u>6,017</u>
Net position - ending	<u>\$ 2,417</u>

See accompanying notes to the financial statements

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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

Except as discussed in Note 18, regarding the Town’s pension plan reporting, 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, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Proprietary Fund –

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

c. Fiduciary Fund –

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

1D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Cash and Investments

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

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

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

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

Inventories

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

Receivables

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

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015

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, 2015

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 ½-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, 2015.

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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

The Town implemented the 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, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2B. DEFICIT FUND NET ASSETS

During the year ended June 30, 2015, 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, 2015, 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, 2015

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. As discussed in Note 7, the Town has incurred general obligation debt through a mortgage loan in connection with the purchase of real estate.

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, 2015, 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, 2015.

Requirement	Level of Compliance
a. Note Payable Coverage:	
1. Net operating revenues (excluding transfers, interest and depreciation) of the Authority must equal 1.25 times the average annual debt service.	For the year ended June 30, 2015, net operating revenues were \$305,100; the subsequent year's annual debt service is \$258,833. Actual coverage ratio is 1.18 times.

Net operating revenue of \$305,100 includes \$34,959 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.

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2H. BUDGETARY INFORMATION

Budget Policy and Practice

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

Basis of Budgeting

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

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

Encumbrances

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

2I. PENSION PLAN

As of January 1, 1998, the Town and the Authority began participation in a defined benefit retirement plan for full-time employees which is administered by the Oklahoma Municipal Retirement Fund. The plan provisions call for employee contributions of 3.0% of gross wages each year. The Town and the Authority then make additional 6.98% contributions on behalf of the employee for an amount equal to 9.98% of the employee's gross wages. For the year ending June 30, 2015, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 9,985	9,083	\$ 19,068
Employer Contributions	<u>23,232</u>	<u>21,134</u>	<u>44,366</u>
Total Contributions	<u>\$ 33,217</u>	<u>30,217</u>	<u>\$ 63,434</u>

Additional information regarding the Town's pension plan is presented in Note 18.

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 2014-2015 was \$1,320 and covered 22 volunteers.

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, 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	622,245	-	\$ 872,245
Okla. Municipal Assurance Group	-	-	55,945	55,945
Bryan County Treasurer	-	-	45,572	45,572
Petty Cash	-	-	700	700
Total	<u>\$ 250,000</u>	<u>622,245</u>	<u>102,217</u>	<u>\$ 974,462</u>
Public Works Authority				
First United Bank & Trust	\$ 250,000	181,551	-	\$ 431,551
First United Bank Trust Accounts	-	-	89,500	89,500
Okla. Municipal Assurance Group	-	-	55,945	55,945
Petty Cash	-	-	400	400
Total	<u>\$ 250,000</u>	<u>181,551</u>	<u>145,845</u>	<u>\$ 577,396</u>

At June 30, 2015, collateral pledged by First United Bank & Trust consisted of the following securities:

Town of Calera:	
FHLB Letter of Credit	\$ <u>1,500,000</u>
Public Works Authority:	
FHLB Letter of Credit	\$ 300,000
First United Bank Trust Debt Pool	
FHLB, FNMA, FFCB, FFLMIC	<u>89,500</u>
	<u>\$ 389,500</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, 2015, 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, 2015

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	230,479
OMAG Escrow Account	55,945
Certificates of Deposit	<u>84,690</u>
Total General Fund	371,814
Street & Alley Fund	383,993
Police Reserves Fund	1,397
Police Special Fund	50,105
Volunteer Fire Dept. Fund, operating account	51,339
Volunteer Fire Dept. Fund, county sales tax holdings	45,572
Cemetery Revenue Fund	35,318
Cemetery Care Fund	32,507
Municipal Court Fund	<u>2,417</u>
Total Town Cash and Investments	\$ <u>974,462</u>
Calera Public Works Authority	
Petty Cash on Hand	\$ 400
Operating Account	173,219
Savings Account	59,101
Certificate of Deposit	112,274
OMAG Escrow Account	55,945
Customer Deposits	86,957
Debt Service Trustee	<u>89,500</u>
Total Public Works Authority	\$ <u>577,396</u>

NOTE 4. RESTRICTED CASH

At June 30, 2015, 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	\$ 86,957
b) Public Works Authority	
Funds held in trust accounts for OWRB debt service payments	<u>89,500</u>
Total Restricted Cash in Bank	\$ <u>176,457</u>

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

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, 2015, 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	\$ 23,926	-	\$ 23,926
Sales Tax – Street & Alley	17,944	-	17,944
Sales Tax – Volunteer Fire Dept. Fund	5,982	-	5,982
Other Taxes – General Fund	1,279	-	1,279
Other Taxes – Street and Alley Fund	1,652	-	1,652
Police Fines – General Fund	347,627	-	347,627
Police Fines – Police Special	38,625	-	38,625
Utilities Charges	-	85,206	85,206
Allowance for Doubtful	-	<u>(3,519)</u>	<u>(3,519)</u>
Net Accounts Receivable	<u>\$ 437,035</u>	<u>81,687</u>	<u>\$ 518,722</u>

The Town expects to collect all of the above fines and, as such, no allowance for uncollectibles has been recorded. However, an additional \$390,063 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, 2015.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, 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>
Governmental activities				
Land (not depreciated)	\$ 46,167	165,187	-	\$ 211,354
Buildings & improvements	426,325	-	-	426,325
Infrastructure network	1,005,017	28,067	-	1,033,084
Equipment	2,141,018	188,938	(54,809)	2,275,147
Accumulated depreciation	<u>(1,120,125)</u>	<u>(235,439)</u>	<u>33,959</u>	<u>(1,321,605)</u>
Net capital assets	<u>\$ 2,498,402</u>	<u>146,753</u>	<u>(20,850)</u>	<u>\$ 2,624,305</u>
Business-type activities				
Land (not depreciated)	\$ 46,807	-	-	\$ 46,807
Buildings & improvements	35,084	35,526	-	70,610
Equipment	354,689	7,531	-	362,220
Infrastructure network	5,697,733	-	-	5,697,733
Accumulated depreciation	<u>(1,527,838)</u>	<u>(164,956)</u>	<u>-</u>	<u>(1,692,794)</u>
Net capital assets	<u>\$ 4,606,475</u>	<u>(121,899)</u>	<u>-</u>	<u>\$ 4,484,576</u>

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 11,244
Law enforcement	44,214
Fire protection	97,207
Street maintenance	48,172
Community services	28,757
Cemetery	<u>5,845</u>
	\$ 235,439
Business-type activities	
Water	\$ 22,564
Sewer	138,050
Sanitation	<u>4,342</u>
	\$ 164,956

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, 2015, 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 November 20, 2014 at \$34,325 for the purchase of one 2015 Ford Explorer vehicle for the police department. This obligation carries an interest rate of 2.25% and is payable in seven monthly installments of \$1,500 beginning on December 20, 2014, with a final maturity of July 10, 2015 at \$24,200. This obligation is secured by the vehicles and a short-term certificate of deposit.

Mortgage loan payable to First United Bank – originally issued December 10, 2014 at \$160,000 for the purchase of approximately 6.0 acres of land for the fire department. This obligation carries an interest rate of 4.36% and is payable in 36 monthly installments of \$871, beginning on January 10, 2015, followed by 204 monthly installments of \$1,035, beginning January 10, 2018 with a final maturity of December 10, 2034. This obligation is secured by a mortgage on the real estate.

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, 2015

NOTE 7. LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2015, the changes in long-term debt were as follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Governmental activities</u>				
Capital lease payable to First United Bank for police vehicles	\$ 13,170	34,325	(23,295)	\$ 24,200
Capital lease payable to Vision Bank for two fire trucks	377,161	-	(20,036)	357,125
Mortgage loan payable to First United Bank for six acres land	-	160,000	(1,752)	158,248
Compensated absences, net change only	<u>50,351</u>	<u>3,990</u>	<u>-</u>	<u>54,341</u>
Total governmental activities	\$ <u>440,682</u>	<u>198,315</u>	<u>(45,083)</u>	\$ <u>593,914</u>
<u>Business-type activities</u>				
Revenue bond issue/OWRB note for sewer treatment plant	\$ 4,569,000	-	(142,768)	\$ 4,426,232
Compensated absences, net change only	<u>54,850</u>	<u>1,199</u>	<u>-</u>	<u>56,049</u>
Total business-type activities	\$ <u>4,623,850</u>	<u>1,199</u>	<u>(142,768)</u>	\$ <u>4,482,281</u>

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

Governmental activities

Year Ending	FIRST UNITED BANK		VISION BANK		FIRST UNITED BANK		TOTALS	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
6-30-16	\$ 24,200	135	20,736	12,552	3,620	6,837	\$ 48,556	19,524
6-30-17	-	-	21,521	11,767	3,781	6,676	25,302	18,443
6-30-18	-	-	22,310	10,978	4,941	6,499	27,251	17,477
6-30-19	-	-	23,127	10,161	6,175	6,248	29,302	16,409
6-30-20	-	-	23,974	9,314	6,450	5,973	30,424	15,287
Future	-	-	<u>245,456</u>	<u>40,272</u>	<u>133,281</u>	<u>46,843</u>	<u>378,737</u>	<u>87,115</u>
Totals	\$ <u>24,200</u>	<u>135</u>	<u>357,134</u>	<u>95,044</u>	<u>158,248</u>	<u>79,076</u>	\$ <u>539,572</u>	<u>174,255</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, 2015

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

During the year ended June 30, 2015, the Street and Alley Fund transferred \$34,959 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.

NOTE 9. FUND EQUITIES

The following shows the net position restrictions at June 30, 2015, 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	\$ 303,533
Cemetery Care Fund	State law	32,507
Volunteer Fire Dept. Fund	Local ordinance	<u>91,141</u>
		\$ 427,181
<u>Business-type Activities</u>	<u>Restricted By</u>	<u>Amount</u>
Public Works Authority	Debt covenants	<u>\$ 89,500</u>

NOTE 10. EMPLOYEE HEALTH INSURANCE

The Town and Public Works Authority provide medical insurance, vision insurance and minimal life 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, 2015, the following amounts were paid for such coverage:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 1,923	19,341	\$ 21,264
Employer Contributions	<u>61,476</u>	<u>79,970</u>	<u>141,446</u>
Total Contributions	<u>\$ 63,399</u>	<u>99,311</u>	<u>\$ 162,710</u>

In addition, the Town and 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, 2015, the Town received reimbursements totaling \$10,997 and the Public Works Authority received reimbursements totaling \$9,207.

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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 (60days). 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, 2015, the recorded liabilities for unused compensated absences were as follows:

	<u>General Fund</u>	<u>Public Works</u>	<u>Total</u>
Sick leave	\$ 24,530	22,890	\$ 47,420
Vacation	<u>29,811</u>	<u>33,159</u>	<u>62,970</u>
Total	<u>\$ 54,341</u>	<u>56,049</u>	<u>\$ 110,390</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, 2015, 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 January 29, 2016, 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, 2015

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, 20145 for the Town of Calera and Calera Public Works Authority:

Escrow (General Fund & Public Works)	\$ 111,890
Rate Stabilization Reserve (RSR)	-
Loss Fund	22,411

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, 2015

NOTE 13. RISK MANAGEMENT (CONTINUED)

At June 30, 2015, 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: 11/1/14 to 11/1/15

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: 3/07/15 to 3/07/16

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: 7/31/14 to 7/31/15

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: 7/01/14 to 6/30/15
7/01/15 to 6/30/16

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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, 2015, the Town paid the Water District \$11,763 in fees on collected revenues of \$117,630.

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, 2015, 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, 2015

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, 2015, the amount of the loss amortized to interest expense was \$62,016. 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.

NOTE 17. DEFERRED INFLOWS OF RESOURCES

On December 30, 2014, the Street & Alley Fund received \$90,000 from a local real estate developer to share in the cost of a street improvement project in the development area. At June 30, 2015, this project had not been started and no costs had been incurred. As such, the funds from the developer have been recorded as a deferred inflow of resources until the project is completed. At which time, this amount will be reclassified as a reduction in project costs.

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

NOTE 18. EMPLOYEE PENSION & RETIREMENT PLAN INFORMATION

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

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.

For the year ended June 30, 2015, and in accordance with the modified accrual basis of accounting, the Town has elected not to implement the provisions of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the financial statements. GASB Statement No. 68 provides for the recording and reporting of a government's annual pension benefit expense and the year-end net pension liability based on various actuarial assumptions and calculations.

For the year ended June 30, 2015, the Town and Public Works Authority have recorded pension costs at the amount of actual contributions made to the plan during the year based on the plan's employer contribution rate of 6.98% of qualified payroll. Where categorized, such contributions are included in amounts reported for personal service expenditures as follows:

Town General Fund contributions	\$ 23,232
Public Works Authority contributions	<u>21,134</u>
Total employer contributions	\$ <u>44,366</u>

Based on the actuarial report provided by the Oklahoma Municipal Retirement Fund (OMRF), the aggregate net pension liability at the latest measurement date of July 1, 2014 for the Town and Public Works Authority was as follows:

Total pension liability	\$ 859,360
Plan net fiduciary position	<u>(675,206)</u>
Net pension liability	\$ <u>184,153</u>

These amounts were calculated using a 7.75% discount rate to value benefits and for the rate of return on plan investments.

Additional information about the plan is provided in the 2015 actuarial valuation report which is available from the Town Clerk.

Town of Calera, Oklahoma
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2015

	Budget Amounts			Actual	Variance
	Original	Adjustments	Final	Amounts Budget Basis (Exh. D)	Positive (Negative)
Revenues					
Sales taxes	\$ 250,000	38,000	288,000	310,127	22,127
Franchise taxes	50,000	-	50,000	51,825	1,825
Other taxes	19,700	-	19,700	22,553	2,853
Fines and forfeitures	373,500	-	373,500	342,887	(30,613)
Court pass-through fees	41,000	-	41,000	45,186	4,186
Charges for services	6,000	-	6,000	8,050	2,050
Grant proceeds	126,000	-	126,000	126,767	767
Interest earnings	300	-	300	2,043	1,743
Miscellaneous	2,000	7,337	9,337	19,644	10,307
Total revenues	868,500	45,337	913,837	929,082	15,245
Expenditures					
General government					
Personal services	13,878	-	13,878	13,702	176
Maintenance & operations	105,000	15,000	120,000	106,499	13,501
Capital outlay	80,000	(10,000)	70,000	17,430	52,570
Total general government	198,878	5,000	203,878	137,631	66,247
Law enforcement					
Personal services	514,253	23,500	537,753	532,318	5,435
Maintenance & operations	110,000	2,500	112,500	112,216	284
Court related costs	24,000	500	24,500	24,467	33
Jail & dispatch	27,000	7,337	34,337	33,187	1,150
Court pass-thru fees	38,000	6,500	44,500	44,219	281
Capital outlay	31,000	-	31,000	30,467	533
Total law enforcement	744,253	40,337	784,590	776,874	7,716
Fire protection					
Personal services	5,500	-	5,500	2,664	2,836
Maintenance & operations	17,500	-	17,500	16,003	1,497
Capital outlay	-	-	-	-	-
Total fire protection	23,000	-	23,000	18,667	4,333
Community services					
Personal services	-	-	-	-	-
Maintenance & operations	15,000	-	15,000	9,961	5,039
Capital outlay	25,000	-	25,000	17,584	7,416
Total community services	40,000	-	40,000	27,545	12,455
Total expenditures	1,006,131	45,337	1,051,468	960,717	90,751
Revenues over (under) expenditures	(137,631)	-	(137,631)	(31,635)	105,996
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	-	-
Budgetary fund balance - beginning of year	689,148	-	689,148	745,428	56,280
Budgetary fund balance - end of year	\$ 551,517	-	551,517	713,793	162,276

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Budgetary Comparison Schedule
Street and Alley Fund
For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>			Actual Amounts	Variance Positive (Negative)
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	Budget Basis (Exh. D)	
Revenues					
Sales taxes	\$ 195,000	-	195,000	232,595	37,595
Commercial vehicle tax	16,000	-	16,000	16,566	566
Gasoline excise tax	4,000	-	4,000	4,078	78
Intergovernmental grants	-	-	-	-	-
Miscellaneous	-	90,000	90,000	-	(90,000)
Total revenues	<u>215,000</u>	<u>90,000</u>	<u>305,000</u>	<u>253,239</u>	<u>(51,761)</u>
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	75,000	-	75,000	68,817	6,183
Capital outlay	274,492	90,000	364,492	17,162	347,330
Total expenditures	<u>349,492</u>	<u>90,000</u>	<u>439,492</u>	<u>85,979</u>	<u>353,513</u>
Revenues over (under) expenditures	(134,492)	-	(134,492)	167,260	301,752
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(35,000)	-	(35,000)	(34,959)	41
Budgetary fund balance - beginning of year	<u>169,492</u>	<u>-</u>	<u>169,492</u>	<u>171,232</u>	<u>1,740</u>
Budgetary fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>303,533</u>	<u>303,533</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, 2015

	<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>Basis</u> <u>(Exh. D)</u>	<u>Positive</u> <u>(Negative)</u>
Revenues					
Sales taxes	\$ 108,000	-	108,000	136,430	28,430
Charges for services	-	-	-	3,303	3,303
Grant proceeds	4,400	-	4,400	6,984	2,584
Interest income	-	-	-	-	-
Miscellaneous	-	7,600	7,600	7,600	-
Total revenues	<u>112,400</u>	<u>7,600</u>	<u>120,000</u>	<u>154,317</u>	<u>34,317</u>
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	61,000	-	61,000	59,893	1,107
Capital outlay	147,478	7,600	155,078	99,976	55,102
Total expenditures	<u>208,478</u>	<u>7,600</u>	<u>216,078</u>	<u>159,869</u>	<u>56,209</u>
Revenues over (under) expenditures	(96,078)	-	(96,078)	(5,552)	90,526
Transfers from other funds	-	-	-	-	-
Budgetary fund balance - beginning of year	<u>96,078</u>	<u>-</u>	<u>96,078</u>	<u>96,693</u>	<u>615</u>
Budgetary fund balance - end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>91,141</u>	<u>91,141</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Budgetary Comparison Schedule
Police Special Fund
For the Year Ended June 30, 2015

	<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>
Revenues					
Fines & forfeitures	\$ 31,000	4,646	35,646	32,806	(2,840)
Charges for services	-	-	-	-	-
Grant proceeds	10,000	8,887	18,887	8,888	(9,999)
Interest income	-	-	-	-	-
Miscellaneous	-	37,230	37,230	27,620	(9,610)
Total revenues	<u>41,000</u>	<u>50,763</u>	<u>91,763</u>	<u>69,314</u>	<u>(22,449)</u>
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	4,000	-	4,000	810	3,190
Capital outlay	58,500	50,763	109,263	59,829	49,434
Total expenditures	<u>62,500</u>	<u>50,763</u>	<u>113,263</u>	<u>60,639</u>	<u>52,624</u>
Revenues over (under) expenditures	(21,500)	-	(21,500)	8,675	30,175
Budgetary fund balance - beginning of year	64,798	-	64,798	80,056	15,258
Budgetary fund balance - end of year	\$ <u>43,298</u>	<u>-</u>	<u>43,298</u>	<u>88,731</u>	<u>45,433</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, 2015

	Budgeted Amounts			Actual	Variance
	Original	Adjustments	Final	Amounts Budget Basis (Exh. F)	Positive (Negative)
Operating Revenues					
Water sales, charges and fees	\$ 240,600	-	240,600	259,457	18,857
Sewer charges and fees	423,000	-	423,000	432,160	9,160
Sanitation charges	320,000	-	320,000	329,418	9,418
Miscellaneous	700	-	700	10,124	9,424
Total operating revenues	984,300	-	984,300	1,031,159	46,859
Operating Expenses					
Personal services - before function allocation	464,795	-	464,795	444,755	20,040
Combined maintenance & operations	80,000	-	80,000	82,865	(2,865)
Water Dept. - maintenance & operations	75,000	-	75,000	52,044	22,956
Sewer Dept. - maintenance & operations	110,000	-	110,000	102,197	7,803
Sanitation Dept. - maintenance & operations	85,000	-	85,000	78,680	6,320
Bad debts (*) (see note below)	5,000	-	5,000	2,610	2,390
Total operating expenses	819,795	-	819,795	763,151	56,644
Operating income	\$ 164,505	-	164,505	268,008	103,503
Other Budgeted Revenues and Receipts (* Note)					
Interest earnings	\$ 650	-	650	2,133	1,483
Grant proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Transfers from other funds	35,000	-	35,000	34,959	(41)
Total other budgeted revenues and receipts	\$ 35,650	-	35,650	37,092	1,442
Other Budgeted Expenses and Disbursements (* Note)					
Debt service payments	\$ 259,000	-	259,000	258,738	262
Capital expenditures	80,600	-	80,600	43,057	37,543
Transfers to other funds	-	-	-	-	-
Total other budgeted expenses & disbursements	\$ 339,600	-	339,600	301,795	37,805

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.

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Combining Statement of Net Position
Governmental Activities
June 30, 2015

	General Fund	Street & Alley Fund	Police Special Fund	Police Reserves Fund	Volunteer Fire Dept Fund	Cemetery Revenue Fund	Cemetery Care Fund	Combined Totals
Assets								
Current assets:								
Cash and cash equivalents	\$ 287,124	383,993	50,106	1,397	96,911	35,318	32,507	887,356
Certificates of deposit	84,690	-	-	-	-	-	-	84,690
Receivables (net)	372,832	19,596	38,625	-	5,982	-	-	437,035
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total current assets	744,646	403,589	88,731	1,397	102,893	35,318	32,507	1,409,081
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Land	-	-	-	-	165,187	30,167	16,000	211,354
Capital assets, net of depreciation	639,398	832,250	128,306	-	770,396	42,601	-	2,412,951
Total noncurrent assets	639,398	832,250	128,306	-	935,583	72,768	16,000	2,624,305
Total assets	1,384,044	1,235,839	217,037	1,397	1,038,476	108,086	48,507	4,033,386
Liabilities								
Current liabilities:								
Accounts payable	30,853	10,056	-	200	11,752	-	-	52,861
Accrued interest	-	-	-	-	-	-	-	-
Notes payable, current portion	-	-	24,200	-	24,356	-	-	48,556
Intergovernmental payable	-	-	-	-	-	-	-	-
Total current liabilities	30,853	10,056	24,200	200	36,108	-	-	101,417
Noncurrent liabilities								
Notes payable	-	-	-	-	491,017	-	-	491,017
Compensated absences	54,341	-	-	-	-	-	-	54,341
Total noncurrent liabilities	54,341	-	-	-	491,017	-	-	545,358
Total liabilities	85,194	10,056	24,200	200	527,125	-	-	646,775
Deferred Inflows of Resources								
Deferred project revenues	-	90,000	-	-	-	-	-	90,000
Net Position								
Net investment in capital assets	639,398	832,250	104,106	-	420,210	72,768	16,000	2,084,732
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Other purposes	-	303,533	-	-	91,141	-	32,507	427,181
Unrestricted	659,452	-	88,731	1,197	-	35,318	-	784,698
Total net position	\$ 1,298,850	1,135,783	192,837	1,197	511,351	108,086	48,507	3,296,611

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	<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>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,397	35,318	32,507	69,222
Certificates of deposit	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>1,397</u>	<u>35,318</u>	<u>32,507</u>	<u>69,222</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 200	-	-	200
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	32,507	32,507
Committed	-	-	-	-
Assigned	1,197	35,318	-	36,515
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,197</u>	<u>35,318</u>	<u>32,507</u>	<u>69,022</u>
Total liabilities and fund balances	\$ <u>1,397</u>	<u>35,318</u>	<u>32,507</u>	<u>69,222</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, 2015

	<u>Police Reserves Fund</u>	<u>Cemetery Revenue Fund</u>	<u>Cemetery Care Fund</u>	<u>Total Non-major Governmental Funds</u>
Revenues				
Sales taxes	\$ -	-	-	-
Franchise taxes	-	-	-	-
Other taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Court pass-through fees	-	-	-	-
Charges for services	4,640	8,137	2,713	15,490
Intergovernmental grants	-	-	-	-
Investment earnings	-	-	30	30
Miscellaneous	-	-	-	-
Total revenues	<u>4,640</u>	<u>8,137</u>	<u>2,743</u>	<u>15,520</u>
Expenditures				
General government	-	-	-	-
Law enforcement	5,065	-	-	5,065
Fire protection	-	-	-	-
Street maintenance	-	-	-	-
Community services	-	-	-	-
Cemetery	-	321	-	321
Capital outlay	-	7,934	-	7,934
Total expenditures	<u>5,065</u>	<u>8,255</u>	<u>-</u>	<u>13,320</u>
Revenues over (under) expenditures	(425)	(118)	2,743	2,200
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Net change in fund balance	(425)	(118)	2,743	2,200
Fund balances - beginning	1,622	35,436	29,764	66,822
Prior period adjustments (rounding)	-	-	-	-
Fund balances - ending	\$ <u>1,197</u>	<u>35,318</u>	<u>32,507</u>	<u>69,022</u>

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Schedule of Capital Asset Activity
For the Year Ended June 30, 2015

Governmental Activities:	Beginning Balance	Additions	Disposals	Ending Balance
General Fund				
Buildings and improvements	\$ 426,325	-	-	426,325
Equipment	462,035	47,897	-	509,932
Infrastructure network	61,233	17,584	-	78,817
Total capital assets at historical cost	949,593	65,481	-	1,015,074
Less accumulated depreciation	(316,957)	(58,719)	-	(375,676)
Net capital assets, General Fund	632,636	6,762	-	639,398
Street and Alley Fund				
Equipment	107,976	6,679	-	114,655
Infrastructure network	926,147	10,483	-	936,630
Total capital assets at historical cost	1,034,123	17,162	-	1,051,285
Less accumulated depreciation	(170,863)	(48,172)	-	(219,035)
Net capital assets, Street and Alley Fund	863,260	(31,010)	-	832,250
Police Special Fund				
Equipment, at historical cost	380,520	70,281	(45,809)	404,992
Less accumulated depreciation	(266,677)	(38,718)	28,709	(276,686)
Net capital assets, Police Special Fund	113,843	31,563	(17,100)	128,306
Volunteer Fire Dept Fund				
Equipment, at historical cost	1,144,908	56,147	(9,000)	1,192,055
Land, not being depreciated	-	165,187	-	165,187
	1,144,908	221,334	(9,000)	1,357,242
Less accumulated depreciation	(342,924)	(83,985)	5,250	(421,659)
Net capital assets, Vol. Fire Dept Fund	801,984	137,349	(3,750)	935,583
Cemetery Revenue Fund				
Equipment	45,579	7,934	-	53,513
Land, not being depreciated	30,167	-	-	30,167
Infrastructure network	17,637	-	-	17,637
Total capital assets at historical cost	93,383	7,934	-	101,317
Less accumulated depreciation	(22,704)	(5,845)	-	(28,549)
Net capital assets, Cemetery Revenue Fund	70,679	2,089	-	72,768
Cemetery Care Fund				
Land, not being depreciated	16,000	-	-	16,000
Net capital assets, governmental activities	\$ 2,498,402	146,753	(20,850)	2,624,305
Business-type Activities:				
Public Works Authority				
Land, not being depreciated	\$ 46,807	-	-	46,807
Buildings and improvements	35,084	35,526	-	70,610
Equipment	354,689	7,531	-	362,220
Water and sewer infrastructure network	5,697,733	-	-	5,697,733
Total capital assets at historical cost	6,134,313	43,057	-	6,177,370
Less accumulated depreciation	(1,527,838)	(164,956)	-	(1,692,794)
Net capital assets, business-type activities	\$ 4,606,475	(121,899)	-	4,484,576

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, 2015

	General Fund			Street and Alley	Police Special	Police Reserves	Volunteer Fire Dent	Cemetery Revenue	Cemetery Care	Totals
	Personal Services	Maintenance & Operations	Depreciation							
Primary government:										
Governmental activities										
General government	\$ 13,702	106,499	11,244	-	-	-	-	-	-	131,445
Law enforcement	536,308	214,089	5,496	-	40,105	5,065	-	-	-	801,063
Fire protection	2,664	16,003	13,222	-	-	-	160,732	-	-	192,621
Street maintenance	-	-	-	116,989	-	-	-	-	-	116,989
Community services	-	9,961	28,757	-	-	-	-	-	-	38,718
Cemetery	-	-	-	-	-	-	-	6,166	-	6,166
Total governmental activities	\$ 552,674	346,552	58,719	116,989	40,105	5,065	160,732	6,166	-	1,287,002

Summary of Revenues
For the Year Ended June 30, 2015

	General Fund	Street and Alley	Police Special	Police Reserves	Volunteer Fire Dent	Cemetery Revenue	Cemetery Care	Totals
Primary government:								
Governmental activities								
Charges for services								
General government	\$ 8,050	-	-	-	-	-	-	8,050
Law enforcement	388,073	-	32,806	4,640	-	-	-	425,519
Fire protection	-	-	-	-	3,303	-	-	3,303
Street maintenance	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	8,137	2,713	10,850
Total charges for services	396,123	-	32,806	4,640	3,303	8,137	2,713	447,722
Sales tax revenue	310,127	232,595	-	-	136,430	-	-	679,152
Franchise taxes	51,825	-	-	-	-	-	-	51,825
Alcoholic beverage tax	15,760	-	-	-	-	-	-	15,760
Commercial vehicle tax	-	16,566	-	-	-	-	-	16,566
Gasoline excise tax	-	4,078	-	-	-	-	-	4,078
Cigarette tax	6,793	-	-	-	-	-	-	6,793
Operating grants	126,767	-	-	-	6,984	-	-	133,751
Capital grants	-	-	8,888	-	-	-	-	8,888
Interest & investment income	2,043	-	-	-	-	-	30	2,073
Miscellaneous income	19,644	-	10,519	-	3,850	-	-	34,013
Total revenues	\$ 929,082	253,239	52,213	4,640	150,567	8,137	2,743	1,400,621

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Allocation of Fund Expenses to Statement of Activities Functions
Business-type Activities
For the Year Ended June 30, 2015

	<u>Total</u>	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Basis for Allocation</u>
Business-type activities					
Personal services	\$ <u>444,755</u>	<u>124,531</u>	<u>186,797</u>	<u>133,427</u>	Employee hour ratios (28% / 42% / 30%)
Maintenance & operations					
Combined / indirect	82,865	27,622	27,622	27,621	One-third to each function
Direct	<u>232,921</u>	<u>52,044</u>	<u>102,197</u>	<u>78,680</u>	Actual function expenses
Total maintenance & operations	<u>315,786</u>	<u>79,666</u>	<u>129,819</u>	<u>106,301</u>	
Bad debt write-offs	2,610	600	1,122	888	Relative revenue ratios (23% / 43% / 34%)
Interest expense	175,012	-	175,012	-	All sewer system
Depreciation	<u>164,956</u>	<u>22,564</u>	<u>138,050</u>	<u>4,342</u>	Asset depreciation schedule
Totals	\$ <u>1,103,119</u>	<u>227,361</u>	<u>630,800</u>	<u>244,958</u>	

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
8/15/2015	\$ 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	124,225	311	124,536
Totals	\$ 4,426,232	1,376,616	\$ 5,802,848

See accompanying notes to the financial statements.

Tom of Calera, Oklahoma
Schedule of Federal Award Programs
For the Year Ended June 30, 2015

Grantor/Program Title	Federal CRPA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/Expend Payable or (Rev Recvbl) at 7-1-14	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-15
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FEDERAL AWARD PROGRAMS

U.S. Dept. of Justice

Passed through Okla. D. A. Council							
Stop Violence Against Women	16.588	VAWA-2013	\$ 45,351	\$ -	26,068	26,068	\$ -
Stop Violence Against Women	16.558	VAWA-2014	44,883	-	20,365	20,365	-
COPS Hiring Program	16.710	2011-UM-WK-0149	91,150	-	5,378	5,378	-
Local Law Enforcement (JAG-ILS)	16.738	JAG-ILS-2013	9,010	9,010	-	9,010	-
Local Law Enforcement (JAG-ILS)	16.738	JAG-ILS-2014	8,888	-	8,888	8,888	-
Total Dept. of Justice				<u>9,010</u>	<u>60,699</u>	<u>69,709</u>	<u>-</u>

U.S. Dept. of Transportation

Passed through Okla. Highway Safety Office							
Nat'l Hwy Safety - Speed Enforcement	20.600	SE-14-03-01-06	\$ 24,000	-	11,679	11,679	-
Nat'l Hwy Safety - Speed Enforcement	20.600	SE-15-03-02-07	62,000	-	43,777	43,777	-
Total Dept. of Transportation				<u>-</u>	<u>55,456</u>	<u>55,456</u>	<u>-</u>

TOTAL FEDERAL AWARD PROGRAMS

			<u>\$ 2,010</u>		<u>116,155</u>	<u>125,165</u>	<u>\$ -</u>
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See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Schedule of State and Other Award Programs
For the Year Ended June 30, 2015

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 7-1-14	Contract Receipts or Revenue Recognized	Contract Disbursements/Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-15
<u>STATE AWARD PROGRAMS</u>							
<u>Okl. Dept. of Agriculture</u>							
Rural Fire Dept. Assistance	-	-	\$ 4,484	\$ -	4,484	4,484	\$ -
<u>Okl. Dept. of Emergency Management</u>							
Emergency Response System Stabilization	-	-	\$ 3,500	1,000	2,500	3,500	-
<u>OTHER AWARDS</u>							
<u>Calera Public Schools</u>							
School Resource Police Officer	-	-	\$ 13,000	(6,500)	19,500	13,000	-
TOTAL STATE AND OTHER AWARD PROGRAMS				\$ (15,500)	26,484	20,984	\$ -

See accompanying notes to the financial statements.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<u>Cash in Bank & CD's</u>					
General Fund	\$ 371,814	327,140	439,978	321,097	251,471
Street & Alley	383,993	157,983	314,802	286,998	254,176
Police Reserves	1,397	3,367	6,284	4,859	9,638
Volunteer Fire Dept.	96,911	92,141	66,036	64,075	66,239
Cemetery Revenue	35,318	35,436	54,869	45,756	38,452
Cemetery Care	32,507	29,764	26,749	22,966	20,474
Police Special	50,105	23,275	42,920	43,410	35,831
Municipal Court Bonds	2,417	6,017	1,737	1,717	2,037
Public Works Authority					
Unrestricted	400,939	396,158	385,211	270,945	304,762
Customer Deposits	86,957	77,066	61,892	60,611	54,226
Debt Service & Reserves	89,500	89,799	90,025	91,590	92,037
<u>General Fund</u>					
Sales Tax Revenues	310,127	277,823	233,823	206,139	220,647
Other Tax Revenues	74,378	72,274	69,930	71,369	68,048
Grant Proceeds	126,767	102,757	217,583	170,799	131,029
Fines & Forfeitures	388,073	455,999	388,531	478,300	544,992
Other Revenues	<u>29,737</u>	<u>11,009</u>	<u>9,255</u>	<u>10,516</u>	<u>21,355</u>
Total General Fund Revenues	<u>929,082</u>	<u>919,862</u>	<u>919,122</u>	<u>937,123</u>	<u>986,071</u>
Personal Services	548,684	492,350	481,847	447,724	489,784
Maintenance & Operations	346,552	332,372	320,363	328,688	323,056
Capital Outlay	<u>65,481</u>	<u>65,214</u>	<u>68,235</u>	<u>183,101</u>	<u>60,274</u>
Total Gen Fund Expenditures	<u>960,717</u>	<u>889,936</u>	<u>870,445</u>	<u>959,513</u>	<u>873,114</u>
<u>Special Revenue Funds</u>					
Sales Tax Revenues	369,025	326,164	259,072	206,139	220,646
Other Tax Revenues	20,644	20,745	19,514	18,720	16,058
Grant Proceeds	15,872	233,174	13,448	4,413	24,020
Fines & Forfeitures	32,806	35,813	30,800	41,824	50,395
Cemetery Charges	10,850	11,949	15,000	9,800	7,350
Other Revenues	<u>11,558</u>	<u>393,371</u>	<u>23,627</u>	<u>29,677</u>	<u>45,657</u>
Total Special Revenues	<u>460,755</u>	<u>1,021,216</u>	<u>361,461</u>	<u>310,573</u>	<u>364,126</u>
Personal Services	-	-	-	-	-
Maintenance & Operations	134,906	107,126	96,920	81,342	163,609
Capital Outlay	<u>184,901</u>	<u>1,036,404</u>	<u>205,087</u>	<u>138,994</u>	<u>183,793</u>
Total Special Rev. Expenditures	<u>319,807</u>	<u>1,143,530</u>	<u>302,007</u>	<u>220,336</u>	<u>347,402</u>
<u>Public Works Authority</u>					
Water Charges	259,457	265,860	245,016	234,842	229,340
Sewer Charges	432,160	429,798	408,261	412,741	389,774
Sanitation Charges	329,418	323,717	311,316	306,585	291,224
Other Revenues	<u>12,257</u>	<u>5,389</u>	<u>50,967</u>	<u>21,078</u>	<u>32,270</u>
Total PWA Revenues	<u>1,033,292</u>	<u>1,024,764</u>	<u>1,015,560</u>	<u>975,246</u>	<u>942,608</u>
Personal Services	444,755	422,896	397,914	426,570	378,674
Maintenance & Operations	318,396	359,617	279,685	282,160	278,973
Depreciation	164,956	161,445	158,627	157,258	160,417
Interest Expense	175,012	190,268	178,793	182,052	202,309
Bond Issue Costs (Amortized)	-	-	-	4,653	5,500
Total PWA Expenses	<u>1,103,119</u>	<u>1,134,226</u>	<u>1,015,019</u>	<u>1,052,693</u>	<u>1,025,873</u>

See accompanying notes to the financial statements.

Russell & Williams CPA's, P.C.

Casey J. Russell, C.P.A., M.B.A.
Autumn L. Williams, C.P.A., Esq.
Member AICPA & OSCPA

2812 NW 57th St., Ste. 102
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743
Fax: (405) 607-8744
Email: caseycpa@hotmail.com

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, 2015, 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.

Basis for Qualified Opinion on Governmental And Business-Type Activities

Management has not adopted GASB 68 requiring the reporting of net pension assets/liabilities. Accounting principles generally accepted in the United States of America require that net pension asset/liability be reflected on financial statements, which would decrease or increase fund balances. The amount by which this departure would affect the financial statements and fund balances has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion on Governmental and Business-Type Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Governmental and Business-Type Activities of the Town of Calera, as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Calera, as of June 30, 2015, 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.

Russell & Williams CPA's, P.C.

Russell & Williams CPA's, P.C.
Oklahoma City, OK
January 29, 2016

Russell & Williams CPA's, P.C.

Casey J. Russell, C.P.A., M.B.A.
Autumn L. Williams, C.P.A., Esq.
Member AICPA & OSCPA

2812 NW 57th St., Ste. 102
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743
Fax: (405) 607-8744
Email: caseycpa@hotmail.com

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, 2015, 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 January 29, 2016.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1.

Town of Calera's Response to Findings

The Town of Calera's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. These responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Russell & Williams CPA's, P.C.

Russell & Williams CPA's, P.C.
Oklahoma City, OK
January 29, 2016

Schedule of Findings and Responses

2015-1 Indebtedness Extending Beyond Fiscal Year End

CONDITION: The Town obtained a loan that stretched beyond the fiscal year end without obtaining three-fifths of the voters consent.

CRITERIA: Article 10 §26(a) of the Oklahoma Constitution states that, "Except as herein otherwise provided, no county, city, town, township, school district, or other political corporation, or subdivision of the state, shall be allowed to become indebted, in any manner, or for any purpose, to an amount exceeding, in any year, the income and revenue provided for such year without the assent of three-fifths of the voters thereof, voting at an election, to be held for that purpose."

CAUSE OF CONDITION: During the course of the year, the Town purchased property for a new fire station. The Town requested a lease-purchase agreement with the local bank to finance this property. When the bank initiated this loan instead of it being a lease-purchase agreement it was issued as a traditional mortgage. This mortgage was then approved by the board which violated Article 10 §26(a) of the Oklahoma Constitution.

EFFECT OF CONDITION: The Town is violating the Oklahoma Constitution.

RECOMMENDATION: Either pay off the loan in full or have it refinanced as a lease-purchase agreement.

MANAGEMENT RESPONSE: The Town is in the process of correcting this error. They are diligently working to have the issuing bank convert this to a lease-purchase agreement which is authorized under 62 O.S. §430.1. If the bank is unwilling to do this they will seek financing elsewhere.