

**ACCOUNTANT'S AUDIT REPORT**

**TOWN OF VELMA**

**JUNE 30, 2013**

BY



**Town of Velma**  
**Velma, Oklahoma**  
**Year Ended June 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Town of Velma  
Velma, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Velma, Oklahoma (the Town), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities (modified accrual

basis), each major fund, and the aggregate remaining fund information of the town of Velma, Oklahoma, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 3.

## **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 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.

The budgetary comparison information and related notes are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. The Schedule of Revenue, Expenditures and Changes in Fund Balance for the Special Revenue Funds are other supplemental information. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

### *Other Information*

As discussed in Note 3, the Town prepares its financial statements on the modified cash basis for governmental activities and the modified accrual basis for the enterprise fund which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2014, on our consideration of the Town of Velma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



FURRH & ASSOCIATES, PC  
Certified Public Accountants  
January 9, 2014

**Town of Velma**  
**Velma, Oklahoma**  
**Statement of Net Assets**  
**(Modified Accrual Basis)**  
**June 30, 2013**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 76,783	\$ 51,374	\$ 128,157
Investments	53,000	0	53,000
Accrued Interest Receivable	43	65	108
Capital Assets	856,313	44,122	900,435
Accumulated Depreciation	(514,832)	(35,233)	(550,065)
 Total Assets	 \$ 471,307	 \$ 60,328	 \$ 531,635
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 377	\$ 8,482	\$ 8,859
Payroll Taxes Payable	3,294	0	3,294
Retirement Payable	1,718	0	1,718
Accrued Payroll Liability	10,218	0	10,218
 Total Liabilities	 15,607	 8,482	 24,089
<b><u>Net assets</u></b>			
Invested in Capital, Net of Related Debt	341,481	8,889	350,370
Unreserved	114,219	42,957	157,176
 Total Net Assets	 455,700	 51,846	 507,546
 Total Net Assets and Liabilities	 \$ 471,307	 \$ 60,328	 \$ 531,635

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Statement of Activities**  
**(Modified Accrual Basis)**  
**Year Ended June 30, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business Type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
General Government	\$ 234,476	\$ 0	\$ 250	\$ 0	\$ (234,226)	\$ 0	\$ (234,226)	
Public Safety	384,977	19,387	13,574	38,864	(313,152)	0	(313,152)	
Cemetery	34,601	43,663	1,202	0	10,264	0	10,264	
Street and Public Works	125,389	0	0	0	(125,389)	0	(125,389)	
Culture and Recreation	81	0	0	0	(81)	0	(81)	
Total Governmental Activities	779,524	63,050	15,026	38,864	(662,584)	0	(662,584)	
Business Type Activities:								
Garbage	146,330	140,400	0	0	(5,930)		(5,930)	
Total Business Type Activities	146,330	140,400	0	0	(5,930)		(5,930)	
Total Primary Government	\$ 925,854	\$ 203,450	\$ 15,026	\$ 0	(662,584)	(5,930)	(668,514)	
<b>General Revenue</b>								
Taxes:								
Sales & Use Taxes					481,579	0	481,579	
Tobacco Tax					6,222	0	6,222	
Franchise Taxes					14,912	0	14,912	
Alcoholic Beverage Tax					2,716	0	2,716	
Vehicle/Gas Tax					5,558	0	5,558	
Investment Income					146	65	211	
Miscellaneous					43,809	0	43,809	
Transfers					53,758	(43,341)	10,417	
Total General Revenue					608,700	(43,276)	565,424	
Change in Net Assets					(53,884)	(49,206)	(103,090)	
Net Assets, June 30, 2012					509,584	101,052	610,636	
Net Assets, June 30, 2013					\$ 455,700	\$ 51,846	\$ 507,546	

Please see accompanying notes to the financial statements.

**Town of Velma  
Velma, Oklahoma  
Balance Sheet  
(Modified Cash Basis)  
Governmental Funds  
June 30, 2013**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 0	\$ 94,894	\$ 94,894
Investments	53,000	0	53,000
Accrued Interest Receivable	43	0	43
Total Assets	\$ 53,043	\$ 94,894	\$ 147,937
<b><u>Liabilities and Fund Balances</u></b>			
Cash and Cash Equivalents	\$ 18,111	\$ 0	\$ 18,111
Accrued Payroll Payable	10,218	0	10,218
Retirement Payable	1,718	0	1,718
Encumbrances Payable	0	377	377
Payroll Taxes Payable	3,294	0	3,294
Total Liabilities	33,341	377	33,718
Fund Balances			
Unreserved	19,702	94,517	114,219
Total Liabilities and Fund Balances	\$ 53,043	\$ 94,894	

**Reconciliation to Statement of Net Assets**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities of \$856,313, Net of Accumulated Depreciation of \$514,832, are not financial resources and, therefore, are not reported in the funds.

Net Assets of Governmental Activities

341,481

\$ 455,700

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Governmental Funds**  
**Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenue</u></b>			
Taxes	\$ 406,249	\$ 104,738	\$ 510,987
Cemetery Revenue	11,394	32,269	43,663
Ambulance Revenue	13,420	3,202	16,622
Reimbursements	37,987	0	37,987
Miscellaneous	1,966	3,856	5,822
Fines and Forfeitures	2,276	489	2,765
Contributions	250	14,776	15,026
Investment Income	146	0	146
Total Revenue	<u>473,688</u>	<u>159,330</u>	<u>633,018</u>
<b><u>Expenditures</u></b>			
General Government:			
General Government	207,243	0	207,243
Clerk-Treasurer	15,775	0	15,775
Municipal Court	714	0	714
Public Safety:			
Police	118,061	5,113	123,174
Ambulance	28,030	96,918	124,948
Fire	48,959	38,156	87,115
Fire--Volunteer	0	20,215	20,215
First Responders	0	3,216	3,216
Emergency Management	45,407	0	45,407
Cemetery:			
Cemetery	31,830	570	32,400
Street and Public Works:			
Streets	117,400	15	117,415
Culture and Recreation:			
Swimming Pool	(38)	0	(38)
Parks	1,518	0	1,518
Total Expenditures	<u>614,899</u>	<u>164,203</u>	<u>779,102</u>
Revenue Over (Under) Expenditures	<u>(141,211)</u>	<u>(4,873)</u>	<u>(146,084)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Grant Revenue	37,472	4,484	41,956
Grant Expenditures	0	(3,092)	(3,092)
Transfers In	34,731	19,027	53,758
Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>72,203</u>	<u>20,419</u>	<u>92,622</u>
<b><u>Net Changes in Fund Balance</u></b>	<b><u>(69,008)</u></b>	<b><u>15,546</u></b>	<b><u>(53,462)</u></b>
<b><u>Fund Balance, June 30, 2012</u></b>	<b><u>88,710</u></b>	<b><u>78,971</u></b>	<b><u>167,681</u></b>
<b><u>Fund Balance, June 30, 2013</u></b>	<b><u>\$ 19,702</u></b>	<b><u>\$ 94,517</u></b>	<b><u>\$ 114,219</u></b>

Please see accompanying notes to financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Governmental Funds**  
**Year Ended June 30, 2013**

**Reconciliation to the Statement of Activities**

Net Changes in Fund Balances - Total Governmental Funds \$ (53,462)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report Capital Outlay as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful life of the assets.

Capital Assets Purchase Capitalized	52,492
Depreciation Expense	<u>(52,914)</u>

Change in Net Assets of Governmental Activities	<u><u>\$ (53,884)</u></u>
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**Town of Velma**  
**Velma, Oklahoma**  
**Velma Public Works Authority**  
**Enterprise Fund**  
**Statement of Net Assets**  
**(Modified Accrual Basis)**  
**Year Ended June 30, 2013**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 51,374
Accrued Interest Receivable	<u>65</u>

Total Current Assets \$ 51,439

Noncurrent Assets:

Capital Assets	44,122
Accumulated Depreciation	<u>(35,233)</u>

Total Noncurrent Assets 8,889

Total Assets \$ 60,328

**LIABILITIES**

Current Liabilities-Accounts Payable	<u>\$ 8,482</u>
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Total Liabilities \$ 8,482

Net Assets

Invested in Capital Assets, Net of Related Debt	8,889
Unreserved	<u>42,957</u>

Total Net Assets 51,846

Total Net Assets and Liabilities \$ 60,328

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Velma Public Works Authority**  
**Enterprise Fund**

**Statement of Revenue, Expense, and Changes in Fund Net Assets**  
**(Modified Accrual Basis)**  
**Year Ended June 30, 2013**

**Operating Revenue**

Garbage Revenue Charges	\$ 140,400	
Total Operating Revenue		\$ 140,400

**Operating Expense**

Garbage Service Expense	130,687	
Office Supplies and Expense	8,405	
Utilities	2,720	
Depreciation	2,634	
Miscellaneous Expense	955	
Telephone	744	
Insurance & Bonds Expense	100	
Repairs & Maintenance - Equipment	85	
Total Operating Expense		<u>146,330</u>

Net Operating Income (Loss) (5,930)

**Nonoperating Revenue (Expense)**

Interest Income	65	
Transfers	(43,341)	
Net Nonoperating Revenue (Expense)		<u>(43,276)</u>

Net Revenue (Loss) (49,206)

Total Net Assets, June 30, 2012 101,052

Total Net Assets, June 30, 2013 \$ 51,846

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Velma Public Works Authority**  
**Statement of Cash Flows**  
**Enterprise Fund**  
**(Modified Accrual Basis)**  
**Year Ended June 30, 2013**

**Reconciliation of Operating Income (Loss) to Net Cash**

**Provided by Operating Activities**

Net Income		\$ (5,930)
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	\$ 2,634	
(Increase) Decrease in Current Assets	80	
Increase (Decrease) in Current Liabilities	8,482	
		11,196
Net Cash Provided by Operating Activities		5,266

**Cash Flows from Investing Activities**

Interest Received	65	
Net Cash Flow from Investing Activities		65

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

Interfund transfers	(43,341)	
Net Cash Provided (Used) by Capital and Related Financing Activities		(43,341)

Net Increase (Decrease) in Cash and Cash Equivalents (38,010)

Cash and Cash Equivalents, June 30, 2012 89,384

Cash and Cash Equivalents, June 30, 2013 \$ 51,374

**Cash Flows from Operating Activities**

Receipts from Customers plus		140,480
Payments for Garbage Service		(122,284)
Payments to Suppliers		(12,930)
Operating income		5,266
Net Cash provided by Operating Activities		\$ 5,266

Please see accompanying notes to the financial statements.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**Note 1 - Summary of Significant Accounting Policies**

For financial reporting purposes the Town of Velma, Oklahoma (the Town), includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive or legislative branches. Control by or dependence on the Town was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on an overall evaluation of the foregoing criteria, the Velma Public Works Authority (the Authority) is included in the Town's annual report. The Authority is a public trust created under Title 60 of the Oklahoma Statutes. The Town is sole beneficiary of the trust which was organized to provide utility services to the residents of the Town. The Authority's governing body is the current members of the Town's Board of Trustees. The Authority is accounted for as the Town's Enterprise Fund in these financial statements.

**Note 2 - Fund Accounting**

The accounts of the Town are organized on a basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are classified as governmental, proprietary and fiduciary fund types. The following fund types are used by the Town.

1. Governmental Fund Types

(a) General Fund

The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the General Fund.

(b) Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

The Town's current Special Revenue Funds include:

- Street and Alley Fund
- Firefighters Fund
- Law Enforcement Officers Training Fund
- Police Reserve Fund
- First Responders Fund
- Swimming Pool Fund
- Cemetery Care Fund
- Community Ambulance Fund
- Volunteer Firefighters Fund

2. Proprietary Fund Types

(c) Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The Velma Public Works Authority is accounted for as the Town's Enterprise Fund.

**Note 3 - Basis of Accounting**

The Town uses the modified cash basis of accounting for its governmental funds for preparing its financial statements. Generally accepted accounting principles would require the Town to use the accrual basis of accounting and to report its assets and infrastructures in its financial statements. The Town has elected to not follow generally accepted accounting principles and to continue to use the modified cash basis of accounting.

Basis of accounting refers to the time when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied.

The accounting records of the Enterprise Fund are kept on a modified accrual basis of accounting, under which customer revenues are recorded when measurable and billable, other revenues are recorded when received, and expenses are recorded when the liability is incurred. Uncollectible accounts receivable are charged to provision for bad debts at the time the accounts are estimated to be uncollectible, based upon an age analysis of the accounts.

If the books of the governmental fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recorded when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current fund liability is incurred. If the books of the proprietary fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recognized when earned and expenses would be recorded when the liability is incurred.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

The modified cash basis of accounting is an acceptable method of accounting under the budgetary laws of the State of Oklahoma.

**Note 4 - Reserves of Fund Equity**

Reserves are recorded to signify that a portion of the fund equity is legally segregated for future use or is not available for appropriation or expenditure.

**Note 5 - Fixed Assets**

Prior year expenditures for property and equipment of governmental fund types were recorded as fund expenditures; however, no detailed fixed asset records were maintained for such assets still in service.

Beginning in the year 2004/2005, in accordance with Governmental Accounting Standards Board Statement No. 34, the Town reports capital assets resulting from cash transactions and reports depreciation where appropriate.

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2012	\$ 803,821	\$ 461,918
Additions	52,492	52,914
Total	856,313	514,832
Disposals	0	0
Balance, June 30, 2013	\$ 856,313	\$ 514,832

Depreciation rates were applied as follows:

Buildings and Streets	2.50% - 5.00%
Equipment	10.0% - 20.0%

Depreciation for the current year was \$52,914.

Certain fixed assets acquired by the Enterprise Fund have been capitalized as property and equipment within the Fund, and contain a provision for depreciation expense. Depreciation has been provided over the estimated useful lives using the straight-line method.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

Changes in fixed assets of the Enterprise Fund during the year ended June 30, 2013, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2012	\$ 46,517	\$ 38,638
Additions	0	2,634
Total	46,517	41,272
Disposals	0	0
Balance, June 30, 2013	\$ 46,517	\$ 41,272

Depreciation rates were applied as follows:

Machinery and Equipment                      14.0% - 25.0%

Depreciation for the current year was \$2,634, which was charged to current operations.

The Town and Authority have adopted a capitalization policy of recording only items costing \$750 or more per unit for depreciation purposes.

**Note 6 - Deposits, Investments and Collateral**

- A. Oklahoma statutes generally provide for investment of excess funds in the following:
1. Direct obligations of the United States Government.
  2. Certificates of deposit of savings and loan associations, banks, and trust companies when the certificates of deposit are secured by acceptable collateral.
  3. Savings accounts or savings certificates of savings and loan associations, banks, and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Government.
  4. Negotiable certificates of deposits, prime bankers acceptance, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments must be fully collateralized in investments specified in paragraphs 1 through 3 above.
- B. Public trusts, such as the Velma Public Works Authority, may invest funds as directed by the trustees. The limitations noted above do not apply.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

C. The Oklahoma statutes generally provide that collateral to secure deposits of public funds must be:

1. U.S. Treasury bonds, notes or certificates.
2. State of Oklahoma bonds, notes or certificates.
3. Bonds issued by any county in Oklahoma.
4. Bonds issued by any school district or board of education in Oklahoma.
5. Bonds issued by any city or town where an ad valorem tax levy is pledged to the payment.
6. A surety bond.

**Note 7 - Lease Contracts**

The Town leases the land upon which the fire department building is situated from the Velma-Alma Public School. The lease is an annual lease with an automatic renewal provision unless terminated by written notice. In lieu of money rent, the Town provides ambulance service to the school at all high school home football games.

**Note 8 - Inventories**

The Town records materials and supplies inventory as expenditures at the time the inventory is purchased and at year-end such inventories are not considered material in amount. Therefore, no inventory balances for materials and supplies not yet consumed are reported in the basic financial statements.

**Note 9 - Budgetary Accounting and Control**

The Town's budgetary accounting and control procedures are discussed in the notes to supplementary information.

**Note 10 - Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) to be cash equivalents.

Certificates of deposit and other time deposits with a maturity or availability date of 90 days or less are considered cash equivalents.

Cash and Cash Equivalents as of June 30, 2013 are as follows:

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

Cash on Hand:		
General Fund	\$ 232	
Velma Public Works Authority	144	\$ 376
<hr/>		
Citizens Bank, Velma, Oklahoma		
First Responders Fund - Checking		20,684
Street and Alley Fund - Checking		17,871
Cemetery Care Fund		14,451
Firefighters Fund - Checking		6,375
Velma Public Works Authority - Special		4,057
General Fund - Special Savings		1,395
Grant Fund-Checking		1,251
Police Cash Fund - Checking		1,193
Swimming Pool Fund - Checking		705
LEOT Fund - Checking		90
Community Ambulance Fund-Checking		32,564
Fire Department Fund - Checking		(667)
Velma Public Works Authority - Checking		(2,946)
General Fund - Checking		(19,739)
<hr/>		
Total		<u>\$ 77,660</u>

**Note 11 - Investments**

Investments are stated at cost which approximates market. During the current year the Town had no investments other than time deposit cash accounts. Certificates of Deposit include the following:

General Fund:

Number	Maturity Date	Interest Rate	Current Value	Total
100094	09/27/13	0.40%	2,000	
100121	01/02/14	0.40%	2,000	
100147	03/05/14	0.35%	2,000	
100159	04/01/14	0.35%	2,000	
100536	08/25/13	0.20%	* 45,000	\$ 53,000

Velma Public Works Authority:

8539	10/05/13	0.45%	30,120	
100705	10/27/13	0.40%	20,000	50,120
<hr/>				
Total				<u>\$ 103,120</u>

\* This Certificate of Deposit was cashed in on 07/23/2013.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**Note 12 - Compensated Absences**

Under personnel policies, the Town and Authority employees are granted vacation and sick leave in varying amounts. In addition, the employees are allowed to accumulate up to 12 days sick leave. In the event of termination, an employee is not paid for accumulated sick leave. Vacation must be taken each year. The Town records compensated absence costs at the time the claim is paid. At June 30, 2013, the Town and the Authority had a combined unrecorded compensated absence liability of approximately \$19,357.

**Note 13 - Pension**

Effective January 1, 1996, the Town sponsored an employee retirement plan through the Oklahoma Municipal Retirement System. Employees of the Authority are included in the plan. Eligible employees include all regular, full-time employees except any policemen, firemen, and any other employees covered under a state retirement system. Eligible employees must be less than age 60 at date of hire. All eligible employees are required to participate in the plan as a condition of employment. Employees are fully vested in the plan after five (5) years of vesting service. Benefits are computed at 1.125% of final average compensation multiplied by the number of years of credited service. Final average compensation is the average of the five highest consecutive annual salaries out of the last ten calendar years of service. Normal retirement age is age 65 or completion of vesting service, if later.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of employee service to date. The pension benefit obligation of expected benefits as computed by Dean and Company, Consulting Actuaries, was as follows:

Actuarial Liability	\$	269,166
Value of Assets Available for Benefits at 12/31/12		229,010
<b>Underfunded Pension Benefit Obligation</b>		40,156
Contributions 1/1/13-6/30/13		(10,658)
<b>Underfunded Pension Benefit Obligation (Adjusted)</b>	<b>\$</b>	<b>29,498</b>

Plan contributions for the year 2012/2013 were 9.87% of gross payroll of eligible employees; 3.00% from employees through payroll deductions, and 6.87% employer matching contributions.

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

The total pension cost for the last three years is as follows:

	Employee	Employer		Total
6/30/11	4,713	10,862	\$	15,575
6/30/12	6,066	13,823		19,889
6/30/13	5,919	19,475		25,394
Total	\$ 16,698	\$ 44,160	\$	60,858

The covered payroll for the period 7/1/12-6/30/13 was approximately \$197,321.

The actuarial report can be obtained from:

Dean Actuaries, LLC  
5646 Milton Street, Suite 210  
Dallas, Texas 75206

The town also makes voluntary contributions for its volunteer firemen to the State Firefighters Pension Fund. The cost of contributions for the year ended June 30, 2013 was \$1,320.

**Note 14 - Insurance and Bond Coverage of Contingencies**

The Town and the Authority carry the following insurance coverage as protection against possible loss contingencies:

- Workers Compensation and Employer Liability
- Comprehensive General & Auto Liability
- Buildings and Contents Property Damage
- Automobile Physical Damage
- Equipment Physical Damage
- Fire Equipment Liability and Physical Damage
- Fire Vehicle Liability
- Public Official Position Bonds

**Note 15 - Public Entity Risk Pool**

The Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract agreements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 a.m. July 1, in any year and ends at Midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right

**Town of Velma, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

A municipality may apply and enter into agreement with the Plan to participate in the coverages and services that the Plan offers as outlined above. Upon acceptance into the Plan, a participant has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, a participant in the Plan is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have a right to the return of a Loss Funds set aside for claims, which have not been paid out as benefits.

The following list of funds is 010 being held by the Group for your municipality. These funds represent both current and past plan year participation with the Loss Fund balances in respect to your workers' compensation retention. CompSource Oklahoma 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 CompSource Oklahoma to honor its obligation could result in losses to the Plan. However, OMAG's evaluation of the financial condition of CompSource Oklahoma indicates that CompSource Oklahoma is presently sound and will be able to meet its contractual obligations.

MLPP Premium Due	\$15,896
MPPP Premium Due	6,175
Loss Fund Available:	
Year 2011	2,379
Year 2012	3,548
Year 2013	3,882

**Note 16 -Net Working Capital Summary**

The net working capital of the Enterprise Fund is summarized as follows:

	<u>06/30/12</u>	<u>06/30/13</u>	<u>Change</u>
Current Assets (Excluding Restricted Cash Accounts)	\$ 89,529	\$ 51,439	\$ (38,090)
Current Liabilities	<u>0</u>	<u>8,482</u>	<u>8,482</u>
Net Working Capital	<u>\$ 89,529</u>	<u>\$ 42,957</u>	<u>\$ (46,572)</u>



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Trustees  
Town of Velma  
Velma, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Velma, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Velma, Oklahoma's basic financial statements, and have issued our report thereon dated January 9, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Velma, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Velma, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Furrh and Associates, PC*

FURRH & ASSOCIATES, PC

Certified Public Accountants

January 9, 2014

**Town of Velma**  
**Velma, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<u>Budget Amount</u>		<u>Actual</u>	<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenue</u></b>				
Sales and Use Tax	\$ 286,252	\$ 317,000	\$ 314,879	\$ 2,121
Sales Tax - Ambulance	0	23,000	411	22,589
Sales Tax - Emergency	53,000	63,000	61,550	1,450
Franchise Tax	14,000	14,000	14,912	(912)
Tobacco Tax	6,000	6,000	6,222	(222)
Court Fines	3,000	2,000	2,276	(276)
Alcohol Beverage Tax	3,000	3,000	2,716	284
Interest Earned	500	0	146	(146)
Permits	1,000	0	220	(220)
Grant Revenue	0	50,000	37,472	12,528
Cemetery Revenue	15,000	9,000	11,394	(2,394)
Ambulance Revenue	0	0	13,421	(13,421)
Interfund Transfers	89,552	25,000	37,987	(12,987)
Vehicle and Gasoline Tax	0	5,000	5,558	(558)
Dues, Donations, Fund Raising	121,309	0	250	(250)
Miscellaneous Revenue	600	0	1,746	(1,746)
<b>Total Revenue</b>	<b>593,213</b>	<b>517,000</b>	<b>511,160</b>	<b>5,840</b>
<b><u>Expenditures</u></b>				
Town Clerk - Treasurer:				
Personal Services	4,000	15,600	15,545	55
Other Services and Charges	650	300	230	70
<b>Total</b>	<b>4,650</b>	<b>15,900</b>	<b>15,775</b>	<b>125</b>
Municipal Court:				
Other Services and Charges	4,000	1,000	714	286
Police Department:				
Personal Services	92,774	91,200	96,511	(5,311)
Capital Outlay	3,940	0	1,134	(1,134)
Other Services and Charges	5,000	1,400	2,132	(732)
Materials and Supplies	5,000	19,500	16,362	3,138
Repairs and Maintenance	3,150	1,400	1,922	(522)
<b>Total</b>	<b>\$ 109,864</b>	<b>\$ 113,500</b>	<b>\$ 118,061</b>	<b>\$ (4,561)</b>

Please see accompanying notes to the financial statements.

# Town of Velma

## Velma, Oklahoma

### General Fund

#### Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2013

<u>Expenditures (Continued)</u>	<u>Budget Amount</u>			<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire Department:				
Repairs and Maintenance	\$ 20,000	\$ 21,600	\$ 16,242	\$ 5,358
Materials and Supplies	35,000	36,400	29,755	6,645
Capital Outlay	20,000	0	0	0
Other Services and Charges	10,665	3,900	2,962	938
Total	85,665	61,900	48,959	12,941
Street Department:				
Personal Services	80,300	86,000	87,726	(1,726)
Materials and Supplies	12,000	21,100	22,321	(1,221)
Capital Outlay	30,000	0	0	0
Repairs and Maintenance	3,000	4,100	6,386	(2,286)
Other Services and Charges	2,000	1,000	967	33
Total	127,300	112,200	117,400	(5,200)
Park Department:				
Grant Expenditures	5,000	0	0	0
Capital Outlay	15,000	0	1,500	(1,500)
Materials and Supplies	0	0	18	(18)
Total	20,000	0	1,518	(1,518)
Ambulance Department:				
Personal Services	0	35,200	25,137	10,063
Other Services and Charges	0	0	43	(43)
Materials and Supplies	0	4,100	2,850	1,250
Total	0	39,300	28,030	11,270
Emergency Management Department:				
Capital Outlay	10,000	0	45,407	(45,407)
Other Services and Charges	500	0	0	0
Materials and Supplies	500	0	0	0
Total	11,000	0	45,407	(45,407)
Cemetery Department:				
Personal Services	31,350	30,900	31,792	(892)
Capital Outlay	4,800	0	0	0
Repairs and Maintenance	1,000	0	0	0
Other Services and Charges	1,000	0	0	0
Materials and Supplies	100	100	38	62
Total	\$ 38,250	\$ 31,000	\$ 31,830	\$ (830)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

<u>Expenditures (Continued)</u>	<u>Budget Amount</u>		<u>Actual</u>	<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>		
Pool Department:				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Materials and Supplies	0	0	60	(60)
Repairs and Maintenance	0	0	0	0
Other Services and Charges	0	0	(98)	98
Capital Outlay	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>(38)</u>	<u>38</u>
General Government:				
Other Services and Charges	120,000	104,216	153,448	(49,232)
Personal Services	34,000	33,800	33,939	(139)
Repairs and Maintenance	3,500	1,000	903	97
Capital Outlay	0	0	4,451	(4,451)
Materials and Supplies	2,500	15,700	14,502	1,198
Grant Expenditures	45,000	0	0	0
Total	<u>205,000</u>	<u>154,716</u>	<u>207,243</u>	<u>(52,527)</u>
Total Expenditures	<u>605,729</u>	<u>529,516</u>	<u>614,899</u>	<u>(85,383)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>(12,516)</u>	<u>(12,516)</u>	<u>(103,739)</u>	<u>(91,223)</u>
<u>Other Financing Sources (Uses)</u>				
Transfer Out	0	0	0	0
Transfer In	<u>0</u>	<u>0</u>	<u>34,731</u>	<u>(34,731)</u>
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>34,731</u>	<u>(34,731)</u>
<u>Revenue and Other Sources Over (Under)</u>				
<u>Expenditures and Other Uses</u>	<u>(12,516)</u>	<u>(12,516)</u>	<u>(69,008)</u>	<u>56,492</u>
<u>Fund Balance, June 30, 2012</u>	<u>12,516</u>	<u>12,516</u>	<u>88,710</u>	<u>(76,194)</u>
<u>Fund Balance, June 30, 2013</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 19,702</u>	<u>\$ (19,702)</u>

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2013**

**Note 1 - Notes to Required Supplemental Information**

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Materials and Supplies
3. Repairs and Maintenance
4. Other Services and Charges
5. Capital Outlays

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The Town prepares an annual operating budget for its General Fund and Special Revenue Funds. The operating budgets of the grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
 Balance Sheet  
 (Modified Cash Basis)  
 June 30, 2013

	Street and Alley Fund	Firefighters Fund	L.F.O.T. Fund	Police Reserve Fund	First Responders Fund	Grant Fund	Cemetery Care Fund	Swimming Pool	Community Ambulance Fund	Volunteer Firefighters Fund	Total Nonmajor Governmental Funds
<b>Assets</b>											
Cash in Bank	\$ 17,871	\$ 6,752	\$ 90	\$ 1,193	\$ 20,684	\$ 1,251	\$ 14,451	\$ 705	\$ 32,564	\$ (667)	\$ 94,894
Due from Other Funds	0	0	0	0	0	0	0	0	0	0	0
Total Assets	\$ 17,871	\$ 6,752	\$ 90	\$ 1,193	\$ 20,684	\$ 1,251	\$ 14,451	\$ 705	\$ 32,564	\$ (667)	\$ 94,894
<b>Liabilities</b>											
Encumbrances Payable	\$ 0	\$ 377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377
Total Liabilities	0	377	0	0	0	0	0	0	0	0	377
<b>Fund Equity</b>											
Fund Balance:											
Unreserved	17,871	6,375	90	1,193	20,684	1,251	14,451	705	32,564	(667)	94,517
Total Liabilities and Fund Equity	\$ 17,871	\$ 6,752	\$ 90	\$ 1,193	\$ 20,684	\$ 1,251	\$ 14,451	\$ 705	\$ 32,564	\$ (667)	\$ 94,894

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**

**Nonmajor Governmental Funds**

**Schedule of Revenue, Expenditures, and Changes in Fund Balance**

(Modified Cash Basis)

Year Ended June 30, 2013

	Street and Alley Fund	Firefighters Fund	L.E.O.T. Fund	Police Reserve Fund	First Responders Fund	Grant Fund	Cemetery Care Fund	Swimming Pool	Community Ambulance Fund	Volunteer Firefighters Fund	Total Nonmajor Governmental Funds
<b>Revenue</b>											
Ambulance Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,202	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,202
Cemetery Revenue	0	0	0	0	0	0	575	0	31,694	0	32,269
Contributions and Fund Raising (Net)	0	7,852	0	2,722	1,600	0	1,202	0	1,400	0	14,776
Grant Income	0	4,484	0	0	0	0	0	0	0	0	4,484
Misc Revenue	0	1,149	0	213	1,094	0	0	0	1,400	0	3,856
Police Fines	0	0	489	0	0	0	0	0	0	0	489
Interfund Transfers	15	8,995	0	0	0	0	219	0	9,798	0	19,027
Tax Revenue	0	0	0	0	0	0	0	0	85,190	19,548	104,738
<b>Total Revenue</b>	15	22,480	489	2,935	5,896	0	1,996	0	129,482	19,548	182,841
<b>Expenditures</b>											
Materials and Supplies	15	21,249	0	2,175	1,366	3,092	0	0	28,480	8,225	64,602
Personal Services	0	0	0	0	0	0	0	0	35,540	0	35,540
Other Services and Charges	0	15,023	437	2,501	1,850	0	570	0	25,959	5,703	52,043
Repairs & Maintenance	0	1,884	0	0	0	0	0	0	6,939	2,171	10,994
Capital Outlay	0	0	0	0	0	0	0	0	0	4,116	4,116
<b>Total Expenditures</b>	15	38,156	437	4,676	3,216	3,092	570	0	96,918	20,215	167,295
<b>Revenue Over (Under) Expenditures</b>	0	(15,676)	52	(1,741)	2,680	(3,092)	1,426	0	32,564	(667)	15,546
<b>Fund Balance, June 30, 2012</b>	17,871	22,051	38	2,934	18,004	4,343	13,025	705	0	0	78,971
<b>Fund Balance, June 30, 2013</b>	\$ 17,871	\$ 6,375	\$ 90	\$ 1,193	\$ 20,684	\$ 1,251	\$ 14,451	\$ 705	\$ 32,564	\$ (667)	\$ 94,517

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Street and Alley Fund</b>			<b>(Over) Under Budget</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b><u>Revenue</u></b>				
Gasoline Tax	\$ 1,500	\$ 0	\$ 0	\$ 0
Vehicle Tax	4,000	0	0	0
Interfund Transfers	0	0	15	(15)
<b>Total Revenue</b>	<b>5,500</b>	<b>0</b>	<b>15</b>	<b>(15)</b>
<b><u>Expenditures</u></b>				
Materials and Supplies	13,207	13,207	15	13,192
Repairs & Maintenance	10,000	5,000	0	5,000
Other Services and Charges	5,500	5,500	0	5,500
<b>Total Expenditures</b>	<b>28,707</b>	<b>23,707</b>	<b>15</b>	<b>23,692</b>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>(23,207)</b>	<b>(23,707)</b>	<b>0</b>	<b>(23,707)</b>
<b><u>Fund Balance, June 30, 2012</u></b>	<b>23,207</b>	<b>23,707</b>	<b>17,871</b>	<b>5,836</b>
<b><u>Fund Balance, June 30, 2013</u></b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 17,871</b>	<b>\$ (17,871)</b>

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Firefighters Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions and Fund Raising (Net)	\$ 26,000	\$ 3,000	\$ 7,852	\$ (4,852)
Grant Revenue	0	6,000	4,484	1,516
Miscellaneous Revenue	4,100	1,000	1,149	(149)
Tax Revenue	0	12,000	0	12,000
Interfund Transfers	0	0	8,995	(8,995)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	30,100	22,000	22,480	(480)
<b><u>Expenditures</u></b>				
Materials and Supplies	17,000	26,600	21,249	5,351
Other Services and Charges	7,738	13,748	15,023	(1,275)
Repairs and Maintenance	17,000	2,500	1,884	616
Capital Outlay	9,210	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	50,948	42,848	38,156	4,692
<b><u>Revenue Over (Under) Expenditures</u></b>	(20,848)	(20,848)	(15,676)	(5,172)
<b><u>Fund Balance, June 30, 2012</u></b>	<hr/>	<hr/>	<hr/>	<hr/>
	20,848	20,848	22,051	(1,203)
<b><u>Fund Balance, June 30, 2013</u></b>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 0	\$ 6,375	\$ (6,375)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<u>Law Enforcement Officers Training Fund</u>		
	<u>(1) Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Police Fines	\$ 0	\$ 489	\$ (489)
<b><u>Expenditures</u></b>			
Other Services and Charges	<u>38</u>	<u>437</u>	<u>(399)</u>
<u>Revenue Over (Under) Expenditures</u>	(38)	52	(90)
<u>Fund Balance, June 30, 2012</u>	<u>38</u>	<u>38</u>	<u>0</u>
<u>Fund Balance, June 30, 2013</u>	<u>\$ 0</u>	<u>\$ 90</u>	<u>\$ (90)</u>

(1) No designated budget.

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Police Reserve Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions and Fund Raising	\$ 3,600	\$ 2,000	\$ 2,722	\$ (722)
Miscellaneous Revenue	3,600	1,000	213	787
Transfer In	3,600	0	0	0
 Total Revenue	 10,800	 3,000	 2,935	 65
<b><u>Expenditures</u></b>				
Materials and Supplies	3,000	2,800	2,175	625
Repairs & Maintenance	2,000	263	0	263
Other Services and Charges	5,363	3,100	2,501	599
Capital Outlay	3,600	0	0	0
 Total Expenditures	 13,963	 6,163	 4,676	 1,487
 <u>Revenue Over (Under) Expenditures</u>	 (3,163)	 (3,163)	 (1,741)	 (1,422)
 <u>Fund Balance, June 30, 2012</u>	 3,163	 3,163	 2,934	 229
 <u>Fund Balance, June 30, 2013</u>	 \$ 0	 \$ 0	 \$ 1,193	 \$ (1,193)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>First Responders Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions and Fund Raising	\$ 8,808	\$ 0	\$ 1,600	\$ (1,600)
Ambulance Revenue	0	0	3,202	(3,202)
Miscellaneous Revenue	0	0	1,094	(1,094)
	8,808	0	5,896	(5,896)
<b><u>Expenditures</u></b>				
Materials and Supplies	20,000	1,800	1,366	434
Other Services and Charges	8,854	3,246	1,850	1,396
Repairs and Maintenance	10,000	25,000	0	25,000
Transfer Out	0	0	0	0
	38,854	30,046	3,216	26,830
<b><u>Revenue Over (Under) Expenditures</u></b>	(30,046)	(30,046)	2,680	(32,726)
<b><u>Fund Balance, June 30, 2012</u></b>	30,046	30,046	18,004	12,042
<b><u>Fund Balance, June 30, 2013</u></b>	\$ 0	\$ 0	\$ 20,684	\$ (20,684)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Cemetery Care Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions and Fund Raising	\$ 600	\$ 1,000	\$ 1,202	\$ (202)
Interfund Transfers	0	0	219	(219)
Cemetery Revenue	1,000	1,000	575	425
 Total Revenue	 1,600	 2,000	 1,996	 4
<b><u>Expenditures</u></b>				
Other Services & Charges	9,609	10,000	570	9,430
Capital Outlay	35,753	35,762	0	35,762
 Total Expenditures	 45,362	 45,762	 570	 45,192
 <u>Revenue Over (Under) Expenditures</u>	 (43,762)	 (43,762)	 1,426	 (45,188)
 <u>Fund Balance, June 30, 2012</u>	 43,762	 43,762	 13,025	 30,737
 <u>Fund Balance, June 30, 2013</u>	 \$ 0	 \$ 0	 \$ 14,451	 \$ (14,451)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Swimming Pool Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Pool Concessions	\$ 0	\$ 0	\$ 0	\$ 0
Pool Revenue	0	0	0	
Transfers In	0	0	0	0
Total Revenue	0	0	0	0
<b><u>Expenditures</u></b>				
Personnel Services	0	0	0	0
Materials and Supplies	0	0	0	0
Repairs and Maintenance	0	0	0	0
Total Expenditures	0	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	0	0	0
<u>Fund Balance, June 30, 2012</u>	0	0	705	(705)
<u>Fund Balance, June 30, 2013</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 705</u>	<u>\$ (705)</u>

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Volunteer Firefighters Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions and Fund Raising (Net)	\$ 0	\$ 2,000	\$ 0	\$ 2,000
Tax Revenue	0	39,000	19,548	19,452
<b>Total Revenue</b>	<b>0</b>	<b>41,000</b>	<b>19,548</b>	<b>21,452</b>
<b><u>Expenditures</u></b>				
Materials and Supplies	0	10,000	8,225	1,775
Repairs and Maintenance	0	10,000	2,171	7,829
Other Services and Charges	0	0	5,703	(5,703)
Capital Outlay	0	21,000	4,116	16,884
<b>Total Expenditures</b>	<b>0</b>	<b>41,000</b>	<b>20,215</b>	<b>20,785</b>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>0</b>	<b>0</b>	<b>(667)</b>	<b>667</b>
<b><u>Fund Balance, June 30, 2012</u></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Fund Balance, June 30, 2013</u></b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ (667)</b>	<b>\$ 667</b>

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**

	<b>Community Ambulance Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Tax Revenue	\$ 77,780	\$ 83,000	\$ 85,190	\$ (2,190)
Ambulance Revenue	26,000	40,000	31,694	8,306
Contributions and Fundraising	0	2,000	1,400	600
Interfund Transfers	0	0	9,798	(9,798)
Miscellaneous Revenue	0	1,000	1,400	(400)
Total Revenue	103,780	126,000	129,482	(3,482)
<b><u>Expenditures</u></b>				
Personal Services	34,770	35,000	35,540	(540)
Materials and Supplies	22,500	25,000	28,480	(3,480)
Capital Outlay	17,710	29,000	0	29,000
Other Services and Charges	16,500	25,000	25,959	(959)
Repairs and Maintenance	12,300	12,000	6,939	5,061
Total Expenditures	103,780	126,000	96,918	29,082
<u>Revenue Over (Under) Expenditures</u>	0	0	32,564	(32,564)
<u>Fund Balance, June 30, 2012</u>	0	0	0	0
<u>Fund Balance, June 30, 2013</u>	\$ 0	\$ 0	\$ 32,564	\$ (32,564)

Please see accompanying notes to the financial statements.

**Town of Velma**  
**Velma, Oklahoma**  
**REAP Grant Velma - 12**

**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2013**

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
Federal Grant	\$ 45,000	\$ 0	\$ 37,472	\$ 37,472	\$ 7,528
Local Funds	8,950	8,950	438	9,388	(438)
Total Revenues	53,950	8,950	37,910	46,860	7,090
<u>Expenditures</u>					
Equipment	53,950	8,950	45,407	54,357	(407)
Total Expenditures	53,950	8,950	45,407	54,357	(407)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (7,497)</u>	<u>\$ (7,497)</u>	<u>\$ 7,497</u>

Please see accompanying notes to the financial statements.