

TOWN OF CALERA, OKLAHOMA

Financial Statements and Independent Auditor's Report
For Year Ended June 30, 2013

TOWN OF CALERA, OKLAHOMA
JUNE 30, 2013

TABLE OF CONTENTS

Page No.

Management's Discussion and Analysis 1-10

Basic Financial Statements

Exh. A	Statement of Net Position – Government-wide	11
Exh. B	Statement of Activities – Government-wide	12
Exh. C	Balance Sheet – Governmental Funds	13
Exh. D	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	14
Exh. E	Statement of Net Position – Proprietary Fund	15
Exh. F	Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	16
Exh. G	Statement of Cash Flows – Proprietary Fund	17
Exh. H	Statement of Fiduciary Net Position – Fiduciary Fund	18
Exh. I	Statement of Changes in Fiduciary Net Position – Fiduciary Fund	19
-	Notes to the Financial Statements	20-41

Required Supplementary Information

Exh. J	Budgetary Comparison Schedule – General Fund	42
Exh. K	Budgetary Comparison Schedule – Street & Alley Fund	43
Exh. L	Budgetary Comparison Schedule – Volunteer Fire Dept. Fund	44
Exh. M	Budgetary Comparison Schedule – Police Special Fund	45
Exh. N	Budgetary Comparison Schedule – Public Works Authority	46
Exh. O	Employee Pension and Retirement Plan Information	47

TOWN OF CALERA, OKLAHOMA
JUNE 30, 2013

TABLE OF CONTENTS (CONTINUED)

Page No.

Other Supplementary Information

Sch. 1	Combining Statement of Net Position – Governmental Activities	48
Sch. 2	Combining Balance Sheet – Non-major Governmental Funds	49
Sch. 3	Combining Statement of Revenues, Expenditures and Changes in Fund Balances- Non-major Governmental Funds	50
Sch. 4	Schedule of Capital Asset Activity – Governmental Activities & Business-Type Activities.....	51
Sch. 5	Allocation of Fund Expenses to Statement of Activities– Governmental Activities and Summary of Charges for Services Revenue	52
Sch. 6	Allocation of Fund Expenses to Statement of Activities– Business-type Activities	53
Sch. 7	Calera Public Works Authority OWRB Loan Future Debt Service Obligations	54
Sch. 8	Schedule of Federal Award Programs	55
Sch. 9	Schedule of State and Other Award Programs	56
Sch. 10	Historical Comparison of Key Financial Information	57

Independent Auditor's Reports

-	Independent Auditor's Report	58-59
-	Report on Compliance and Internal Control Over Financial Reporting	60-61

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWN OF CALERA, OKLAHOMA
JUNE 30, 2013

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, 2013. 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 assets increased from \$4,280,108 to \$4,504,236. The increase of \$224,128 was comprised of the following:

Governmental activities	increased 6.8%	\$ 188,587
Business-type activities	increased 2.3%	<u>35,541</u>
		<u>\$ 224,128</u>
- During the year, the Town's program related expenses were \$428,040 more than revenues, and the Town received general, non-program revenues of \$652,168, resulting in the above increase in net assets.
- The Town's financial statements now reflect capital assets for governmental activities (\$1,674,829) as well as for business-type activities (\$4,664,145).
- General Fund revenues were \$24,937 more than budgeted and expenditures were \$173,862 less than budgeted
- Public Works Authority operating revenues were \$66,535 more than budgeted and operating expenses were \$93,953 less than budgeted.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

Condensed government-wide statement of net position – June 30, 2013 and 2012:

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 1,435,094	1,346,430	455,798	342,526	\$ 1,890,892	1,688,956
Restricted assets	-	-	151,917	152,201	151,917	152,201
Capital assets	1,674,829	1,570,087	4,664,145	4,816,517	6,338,974	6,386,604
Other assets	-	-	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>
Total assets	<u>3,109,923</u>	<u>2,916,517</u>	<u>5,290,860</u>	<u>5,330,244</u>	<u>8,400,783</u>	<u>8,246,761</u>
Deferred outflows	-	-	<u>1,154,782</u>	<u>1,200,365</u>	<u>1,154,782</u>	<u>1,200,365</u>
Current liabilities	97,239	62,582	202,359	154,060	299,598	216,642
Long-term debt	23,156	55,242	4,569,000	4,742,583	4,592,156	4,797,825
Other liabilities	<u>54,050</u>	<u>51,802</u>	<u>105,525</u>	<u>100,749</u>	<u>159,575</u>	<u>152,551</u>
Total liabilities	<u>174,445</u>	<u>169,626</u>	<u>4,876,884</u>	<u>4,997,392</u>	<u>5,051,329</u>	<u>5,167,018</u>
Net position						
Invested in capital assets	1,601,920	1,484,213	1,121,927	1,022,919	2,723,847	2,507,132
Restricted	424,040	322,032	90,025	91,590	514,065	413,622
Unrestricted	<u>909,518</u>	<u>940,646</u>	<u>356,806</u>	<u>418,708</u>	<u>1,266,324</u>	<u>1,359,354</u>
Total net position	<u>\$2,935,478</u>	<u>2,746,891</u>	<u>1,568,758</u>	<u>1,533,217</u>	<u>\$4,504,236</u>	<u>4,280,108</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, 2013 and 2012:

	Governmental Activities		Business-type Activities		Totals All Activities	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues						
Charges for services	\$ 447,650	566,615	964,593	954,168	\$ 1,412,243	1,520,783
Grants and awards	231,031	175,212	-	-	231,031	175,212
General revenues						
Sales taxes	492,895	412,277	-	-	492,895	412,277
Other taxes	89,444	90,089	-	-	89,444	90,089
Interest earnings	1,280	2,538	1,025	1,596	2,305	4,134
Other revenues	17,582	964	49,942	19,482	67,524	20,446
Total revenues	<u>1,279,882</u>	<u>1,247,695</u>	<u>1,015,560</u>	<u>975,246</u>	<u>2,295,442</u>	<u>2,222,941</u>
Expenses						
General government	115,324	109,040	-	-	115,324	109,040
Law enforcement	702,094	683,743	-	-	702,094	683,743
Fire protection	116,232	104,026	-	-	116,232	104,026
Street maintenance	85,589	72,520	-	-	85,589	72,520
Community services	32,660	27,175	-	-	32,660	27,175
Cemetery	4,396	2,394	-	-	4,396	2,394
Water utility services	-	-	194,154	204,541	194,154	204,541
Sewer utility services	-	-	594,545	615,047	594,545	615,047
Sanitation services	-	-	226,320	238,059	226,320	238,059
Total expenses	<u>1,056,295</u>	<u>998,898</u>	<u>1,015,019</u>	<u>1,057,647</u>	<u>2,071,314</u>	<u>2,056,545</u>
Revenues over (under) expenses	223,587	248,797	541	(82,401)	224,128	166,396
Operating transfers	(35,000)	40,036	35,000	(40,036)	-	-
Capital transfers	-	-	-	-	-	-
Increase (decrease) in net position	\$ <u>188,587</u>	<u>288,833</u>	<u>35,541</u>	<u>(122,437)</u>	\$ <u>224,128</u>	<u>166,396</u>

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

	2013		2012	
	Amount	Percent of Total	Amount	Percent of Total
Sales taxes	\$ 492,895	22%	\$ 412,277	19%
Franchise taxes	49,785	2%	52,735	2%
Other taxes	39,659	2%	37,354	2%
Law enforcement revenues	422,796	18%	520,441	23%
Charges for utility service	964,593	42%	954,168	43%
Charges for other services	24,854	1%	46,174	2%
Grants	231,031	10%	175,212	8%
Investment earnings	2,305	- %	4,134	- %
Other revenues	67,524	3%	20,446	1%
	<u>\$ 2,295,442</u>	<u>100%</u>	<u>\$ 2,222,941</u>	<u>100%</u>

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

The composition of total functional expenses was as follows:

	2013		2012	
	Amount	Percent of Total	Amount	Percent of Total
General government	\$ 115,324	6%	\$ 109,040	5%
Law enforcement	702,094	34%	683,743	33%
Fire protection	116,232	6%	104,026	5%
Street maintenance	85,589	4%	72,520	4%
Community services	32,660	1%	27,175	1%
Cemetery	4,396	- %	2,394	-%
Public utilities	<u>1,015,019</u>	<u>49%</u>	<u>1,057,647</u>	<u>52%</u>
	<u>\$ 2,071,314</u>	<u>100%</u>	<u>\$ 2,056,545</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 significant decrease in law enforcement related revenues. The most significant capital expenditures during the year were equipment purchases and a street improvement project. Further, operating expenses were generally consistent with prior years.

Business-type activities

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

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 \$27,934, primarily as a result of not completing a major street improvement project as planned.
- Police Special Fund received 10% of all municipal fine revenue for a total of \$27,675 and received property forfeitures of \$3,125. The fund purchased \$89,345 in new equipment, including purchases through capital lease agreements.
- Volunteer Fire Department Fund now receives a ½-cent sales tax designated for truck and equipment purchases for a total of \$58,456 and an equal share of a designated county-wide sales tax for a total of \$25,249. The fund purchased \$25,934 in new equipment, including purchases through capital lease agreements.
- All funds ended the year with positive fund balances.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE (CONTINUED)

Condensed financial summary of individual funds:

	General Fund	Street & Alley	Volunteer Fire Dept.	Police Reserves	Police Special	Cemetery Revenue	Cemetery Care	Public Works	Municipal Court
Current assets	\$ 857,395	\$ 331,745	\$ 71,139	\$ 6,284	\$ 86,913	\$ 54,869	\$ 26,749	\$ 455,798	\$ 1,737
Restricted assets	-	-	-	-	-	-	-	151,917	-
Capital assets	618,534	467,499	399,706	-	125,299	47,791	16,000	4,664,145	-
Other assets	-	-	-	-	-	-	-	19,000	-
Total assets	<u>1,475,929</u>	<u>799,244</u>	<u>470,845</u>	<u>6,284</u>	<u>212,212</u>	<u>102,660</u>	<u>42,749</u>	<u>5,290,860</u>	<u>1,737</u>
Deferred outflows	-	-	-	-	-	-	-	1,154,782	-
Current liabilities	41,893	4,746	33,166	-	17,434	-	-	202,359	-
Long-term liabilities	<u>54,050</u>	-	<u>9,986</u>	-	<u>13,170</u>	-	-	<u>4,674,525</u>	-
Total liabilities	<u>95,943</u>	<u>4,746</u>	<u>43,152</u>	-	<u>30,604</u>	-	-	<u>4,876,884</u>	-
Net position	<u>\$ 1,379,986</u>	<u>\$ 794,498</u>	<u>\$ 427,693</u>	<u>\$ 6,284</u>	<u>\$ 181,608</u>	<u>\$ 102,660</u>	<u>\$ 42,749</u>	<u>\$ 1,568,758</u>	<u>\$ 1,737</u>
Revenues	\$ 919,120	\$ 197,307	\$ 91,793	\$ 3,465	\$ 53,164	\$ 11,250	\$ 3,783	\$ 1,015,560	\$ 8,297
Expenditures	(848,244)	(85,589)	(74,395)	(2,040)	(41,631)	(4,396)	-	(1,015,019)	(8,277)
Transfers, net	<u>(11,000)</u>	<u>(35,000)</u>	<u>11,000</u>	-	-	-	-	<u>35,000</u>	-
Net change	59,876	76,718	28,398	1,425	11,533	6,854	3,783	35,541	20
Net position, beginning	<u>1,320,110</u>	<u>717,780</u>	<u>399,295</u>	<u>4,859</u>	<u>170,075</u>	<u>95,806</u>	<u>38,966</u>	<u>1,533,217</u>	<u>1,717</u>
Net position, ending	<u>\$ 1,379,986</u>	<u>\$ 794,498</u>	<u>\$ 427,693</u>	<u>\$ 6,284</u>	<u>\$ 181,608</u>	<u>\$ 102,660</u>	<u>\$ 42,749</u>	<u>\$ 1,568,758</u>	<u>\$ 1,737</u>

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, 2013:

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance</u>
Revenues	\$ 856,256	\$ 37,929	\$ 894,185	\$ 919,122	\$ 24,937
Expenditures by department					
General government	190,443	-	190,443	139,942	50,501
Law enforcement	702,498	28,500	730,998	663,575	67,423
Fire protection	55,500	9,429	64,929	42,331	22,598
Community services	33,000	-	33,000	24,597	8,403
Total expenditures	<u>981,441</u>	<u>37,929</u>	<u>1,019,370</u>	<u>870,445</u>	<u>148,925</u>
Revenues over (under) expenditures	(125,185)	-	(125,185)	48,677	173,862
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(11,000)	(11,000)
Beginning fund balance	<u>764,322</u>	<u>-</u>	<u>764,322</u>	<u>777,825</u>	<u>13,503</u>
Ending fund balance	\$ <u>639,137</u>	\$ <u>-</u>	\$ <u>639,137</u>	\$ <u>815,502</u>	\$ <u>176,365</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the Town had invested \$6,338,974 (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, 2013, the Town spent \$262,078 on capitalized assets.

Summary of capital assets at June 30, 2013:

	Governmental		Business-type		Totals	
	Activities		Activities		All Activities	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 46,167	46,167	\$ 46,807	46,807	\$ 92,974	92,974
Buildings and improvements	395,882	354,308	35,084	35,084	430,966	389,392
Equipment	1,581,720	1,475,015	351,882	345,628	1,933,602	1,820,643
Infrastructure network	568,683	514,222	5,596,764	5,596,764	6,165,447	6,110,986
Accumulated depreciation	<u>(917,623)</u>	<u>(819,625)</u>	<u>(1,366,392)</u>	<u>(1,207,766)</u>	<u>(2,284,015)</u>	<u>(2,027,391)</u>
Total	\$ <u>1,674,829</u>	<u>1,570,087</u>	\$ <u>4,664,145</u>	<u>4,816,517</u>	\$ <u>6,338,974</u>	<u>6,386,604</u>

This year's major capital asset additions included:

- Computer equipment at \$5,160 purchased by the General Fund,
- Police office remodel at \$23,118 purchased by the General Fund,
- Speed limit notification trailer at \$8,500 purchased by the General Fund,
- Firefighting equipment at \$10,986 purchased by the General Fund,
- Fire station doors at \$1,858 purchased by the General Fund,
- Community building air conditioning unit at \$2,015 purchased by the General Fund,
- Ballpark concession stand at \$16,598 purchased by the General Fund,
- Bucket lift truck at \$17,850 purchased by the Street and Alley Fund,
- Street improvement project at \$54,462 purchased by the Street and Alley Fund,
- Firefighting equipment at \$25,934 purchased by the Volunteer Fire Department Fund,
- Three (3) Ford Crown Victoria police cars at \$75,475 purchased by the Police Special Fund,
- Law enforcement equipment at \$2,156 purchased by the Police Special Fund,
- Police Department office equipment at \$11,714 purchased by the Police Special Fund, and
- Sanitation poly carts at \$6,254 purchased by the Public Works Authority.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At June 30, 2013, the Town had \$4,769,909 in outstanding notes payable and capital lease obligations, which is a decrease from the June 30, 2012, balance of \$4,906,874.

Summary of outstanding long-term debt:				
	<u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>June 30, 2013</u>
<u>Police Special Fund</u>				
First United Bank				
Police vehicles	\$ -	41,987	(11,383)	\$ 30,604
<u>Vol. Fire Dept. Fund</u>				
Kansas St. Bank				
Fire truck	79,190	-	(36,885)	42,305
First United Bank				
Poly water tanks	6,684	-	(6,684)	-
<u>Public Works Authority</u>				
2007 Bond/OWRB loan				
Sewer treatment plant	<u>4,821,000</u>	<u>-</u>	<u>(124,000)</u>	<u>4,697,000</u>
Totals	\$ <u>4,906,874</u>	<u>41,987</u>	<u>(178,952)</u>	\$ <u>4,769,909</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 2013-2014 budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

Summary of 2013-2014 budget:

	General Fund	Other Governmental Funds	Public Works	Total
Resources				
Beginning Fund Balance	\$ 841,825	505,854	443,213	\$ 1,790,892
Revenues	762,600	341,530	946,350	2,050,480
Grant Proceeds	97,510	154,400	-	251,910
Transfers	-	-	135,000	135,000
Total Resources	<u>1,701,935</u>	<u>1,001,784</u>	<u>1,524,563</u>	<u>4,228,282</u>
Appropriations				
General Government	228,943	-	-	228,943
Law Enforcement	725,194	86,359	-	811,553
Fire & Emergency Management	33,000	147,514	-	180,514
Street	-	601,433	-	601,433
Community Services	21,000	-	-	21,000
Cemetery	-	91,296	-	91,296
Utility Operations	-	-	498,720	498,720
Water	-	-	175,000	175,000
Sewer	-	-	110,000	110,000
Sanitation	-	-	90,000	90,000
Debt Service	-	-	259,300	259,300
Transfers	100,000	35,000	-	135,000
Total Appropriations	<u>1,108,137</u>	<u>961,602</u>	<u>1,133,020</u>	<u>3,202,759</u>
Ending Fund Balance	<u>\$ 593,798</u>	<u>40,182</u>	<u>391,543</u>	<u>\$ 1,025,523</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, 2013

	Governmental Activities (Sch. 1)	Business-type Activities (Exh. E)	Total Primary Government
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 867,580	273,590	1,141,170
Certificates of deposit	84,058	111,622	195,680
Receivables (net)	<u>483,456</u>	<u>70,586</u>	<u>554,042</u>
Total current assets	<u>1,435,094</u>	<u>455,798</u>	<u>1,890,892</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	151,917	151,917
Land	46,167	46,807	92,974
Capital assets, net of depreciation	1,628,662	4,617,338	6,246,000
Prepaid expenses	<u>-</u>	<u>19,000</u>	<u>19,000</u>
Total noncurrent assets	<u>1,674,829</u>	<u>4,835,062</u>	<u>6,509,891</u>
Total assets	<u>3,109,923</u>	<u>5,290,860</u>	<u>8,400,783</u>
<u>Deferred Outflows of Resources</u>			
Unamortized deferred loss on OWRB debt refunding	<u>-</u>	<u>1,154,782</u>	<u>1,154,782</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	47,486	25,475	72,961
Accrued interest payable	-	48,884	48,884
Notes payable, current portion	<u>49,753</u>	<u>128,000</u>	<u>177,753</u>
Total current liabilities	<u>97,239</u>	<u>202,359</u>	<u>299,598</u>
Noncurrent liabilities			
Notes payable, less current portion	23,156	4,569,000	4,592,156
Customer deposits payable	-	60,809	60,809
Compensated absences	<u>54,050</u>	<u>44,716</u>	<u>98,766</u>
Total noncurrent liabilities	<u>77,206</u>	<u>4,674,525</u>	<u>4,751,731</u>
Total liabilities	<u>174,445</u>	<u>4,876,884</u>	<u>5,051,329</u>
<u>Net Position</u>			
Net investment in capital assets	1,601,920	1,121,927	2,723,847
Restricted for:			
Debt service	-	90,025	90,025
Other purposes	424,040	-	424,040
Unrestricted	<u>909,518</u>	<u>356,806</u>	<u>1,266,324</u>
Total net position	<u>\$ 2,935,478</u>	<u>1,568,758</u>	<u>4,504,236</u>

See accompanying notes to the financial statements.

Exhibit B

**Town of Calera, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013**

Functions / Programs Primary government:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses (Sch. 6 & 7)	Operating		Capital Grants and Contributions	Primary Government		Total
		Charges for Services	Contributions		Governmental Activities	Business-type Activities	
Governmental activities							
General government	\$ 115,324	6,250	100,000	-	(9,074)	-	(9,074)
Law enforcement	702,094	422,796	117,583	8,964	(152,751)	-	(152,751)
Fire protection	116,232	3,604	4,484	-	(108,144)	-	(108,144)
Street maintenance	85,589	-	-	-	(85,589)	-	(85,589)
Community services	32,660	-	-	-	(32,660)	-	(32,660)
Cemetery	4,396	15,000	-	-	10,604	-	10,604
Total governmental activities	\$ 1,056,295	447,650	222,067	8,964	(377,614)	-	(377,614)
Business-type activities							
Water	194,154	245,016	-	-	-	50,862	50,862
Sewer	594,545	408,261	-	-	-	(186,284)	(186,284)
Sanitation	226,320	311,316	-	-	-	84,996	84,996
Total business-type activities	\$ 1,015,019	964,593	-	-	-	(50,426)	(50,426)
Total primary government	\$ 2,071,314	1,412,243	222,067	8,964	(377,614)	(50,426)	(428,040)

General Revenues:	
Taxes:	
Sales taxes	492,895
Franchise taxes	49,785
Alcoholic beverage tax	14,517
Commercial vehicle tax	15,532
Gasoline excise tax	3,983
Cigarette tax	5,627
Interest earnings	1,280
Miscellaneous income	17,582
Transfers	(35,000)
Total general revenues	566,201
Change in net position	188,587
Contributed capital	-
Net position - beginning	2,746,891
Prior period adjustment to beginning net position	-
Net position - ending	\$ 2,935,478

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2013

	<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>
Assets						
Cash and cash equivalents	\$ 355,920	314,802	66,036	42,920	87,903	867,581
Certificates of deposit	84,058	-	-	-	-	84,058
Receivables, net	417,417	16,943	5,103	43,993	-	483,456
Due from other funds	-	-	-	-	-	-
Total assets	<u>857,395</u>	<u>331,745</u>	<u>71,139</u>	<u>86,913</u>	<u>87,903</u>	<u>1,435,095</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	41,893	4,746	847	-	-	47,486
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>41,893</u>	<u>4,746</u>	<u>847</u>	<u>-</u>	<u>-</u>	<u>47,486</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	326,999	70,292	-	26,749	424,040
Committed	-	-	-	86,913	-	86,913
Assigned	-	-	-	-	61,154	61,154
Unassigned	<u>815,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,502</u>
Total fund balances	<u>815,502</u>	<u>326,999</u>	<u>70,292</u>	<u>86,913</u>	<u>87,903</u>	<u>1,387,609</u>
Total liabilities and fund balances	<u>\$ 857,395</u>	<u>331,745</u>	<u>71,139</u>	<u>86,913</u>	<u>87,903</u>	

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.	1,674,829
Long-term note payable obligations on capital assets are not reported in the fund amounts above.	(72,909)
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.	(54,050)
Whole dollar rounding adjustment	<u>(1)</u>
Net position of governmental activities	<u>\$ 2,935,478</u>

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, 2013

	General Fund	Street and Alley Fund	Vol. Fire Dept. Fund	Police Special Fund	Other Governmental Funds (Sch. 3)	Total Governmental Funds
Revenues						
Sales taxes	\$ 233,823	175,367	83,705	-	-	492,895
Franchise taxes	49,785	-	-	-	-	49,785
Other taxes	20,145	19,514	-	-	-	39,659
Fines and forfeitures	344,016	-	-	30,800	-	374,816
Court pass-through fees	44,515	-	-	-	-	44,515
Charges for services	6,250	-	3,604	-	18,465	28,319
Intergovernmental grants	217,583	-	4,484	8,964	-	231,031
Investment earnings	1,248	-	-	-	33	1,281
Miscellaneous	1,757	2,425	-	14,100	-	18,282
Total revenues	<u>919,122</u>	<u>197,306</u>	<u>91,793</u>	<u>53,864</u>	<u>18,498</u>	<u>1,280,583</u>
Expenditures						
General government	111,664	-	-	-	-	111,664
Law enforcement	655,075	-	-	1,589	2,040	658,704
Fire protection	29,487	-	29,138	-	-	58,625
Street maintenance	-	62,061	-	-	-	62,061
Community services	5,984	-	-	-	-	5,984
Cemetery	-	-	-	-	2,092	2,092
Capital outlay	68,235	72,311	73,343	59,433	-	273,322
Total expenditures	<u>870,445</u>	<u>134,372</u>	<u>102,481</u>	<u>61,022</u>	<u>4,132</u>	<u>1,172,452</u>
Revenues over (under) expenditures	48,677	62,934	(10,688)	(7,158)	14,366	108,131
Other financing sources (uses)						
Transfers in	-	-	11,000	-	-	11,000
Transfers out	(11,000)	(35,000)	-	-	-	(46,000)
Net change in fund balance	37,677	27,934	312	(7,158)	14,366	73,131
Fund balances - beginning	777,825	299,065	69,980	94,071	73,537	1,314,478
Prior period adjustments	-	-	-	-	-	-
Fund balances - ending	<u>\$ 815,502</u>	<u>326,999</u>	<u>70,292</u>	<u>86,913</u>	<u>87,903</u>	<u>1,387,609</u>

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

Net change in fund balances - total governmental funds above	\$ 73,131
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.	273,322
Interest expense on fixed asset note obligations is charged as a function expense in the government-wide financial statements, but is included in capital expenditures in the fund financial statement amounts above.	(5,232)
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.	(150,386)
The net change in accrued employee compensated absence liability is recorded as a function expense in the government-wide financial statements, but is not recorded as an expenditure in the fund financial statement amounts above.	(2,247)
Whole dollar rounding adjustment	(1)
Change in net position per government-wide statement of activities	<u>\$ 188,587</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Statement of Net Position
Proprietary Fund
June 30, 2013

	Calera Public Works Authority
<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 273,590
Certificates of Deposit	111,622
Receivables, net	<u>70,586</u>
Total current assets	<u>455,798</u>
Noncurrent assets	
Restricted cash - customer deposits	61,892
Restricted cash - debt service	90,025
Land	46,807
Equipment	351,882
Buildings	35,084
Water and sewer systems	5,596,764
Less accumulated depreciation	(1,366,392)
Prepaid sludge removal fees	<u>19,000</u>
Total noncurrent assets	<u>4,835,062</u>
Total assets	<u>5,290,860</u>
<u>Deferred Outflows of Resources</u>	
Unamortized deferred loss on OWRB debt refunding	<u>1,154,782</u>
<u>Liabilities</u>	
Current liabilities	
Accounts payable	25,475
Accrued interest payable	48,884
Notes payable, current portion (OWRB)	<u>128,000</u>
Total current liabilities	<u>202,359</u>
Noncurrent liabilities	
Compensated absences	44,716
Customer utility deposits	60,809
Notes payable, less current portion (OWRB)	<u>4,569,000</u>
Total noncurrent liabilities	<u>4,674,525</u>
Total liabilities	<u>4,876,884</u>
<u>Net Position</u>	
Net investment in capital assets	1,121,927
Restricted for debt service	90,025
Unrestricted	<u>356,806</u>
Total net position	<u>\$ 1,568,758</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, 2013

	Calera Public Work Authority
Operating Revenues	
Water sales, charges and fees	\$ 245,016
Sewer charges and fees	408,261
Sanitation charges	311,316
Miscellaneous	<u>49,942</u>
Total operating revenues	<u>1,014,535</u>
Operating Expenses	
Personal services - before function allocation	397,914
Combined maintenance & operations	56,638
Water Dept. - maintenance & operations	50,158
Sewer Dept. - maintenance & operations	89,541
Sanitation Dept. - maintenance & operations	77,236
Bad debts	<u>6,112</u>
Total operating expenses	<u>677,599</u>
Operating income (loss)	<u>336,936</u>
Nonoperating Revenues (Expenses)	
Depreciation expense	(158,627)
Interest earnings	1,025
Interest expense	(178,793)
Transfer from other funds	35,000
Transfer to other funds	<u>-</u>
Total nonoperating revenues (expenses)	<u>(301,395)</u>
Change in net position before capital contributions	35,541
Total net position - beginning	1,655,728
Prior period adjustment to beginning net position	<u>(122,511)</u>
Total net position - ending	\$ <u>1,568,758</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2013

Cash Flows from Operating Activities

Received from utility customers	\$ 937,378
Received from other operating revenues	33,059
Received from customers for utility deposits	25,050
Refunded or applied for utility deposits	(2,015)
Payments to / for employees	(377,160)
Payments to suppliers and vendors	<u>(269,868)</u>
Net cash provided by operating activities	<u>346,444</u>

Cash Flows from Capital and Related Financing Activities

Acquisition of capital assets	(6,254)
Prior year capital asset acquisition with accounts payable	(3,455)
Principal paid on OWRB loan	(124,000)
Interest paid on OWRB loan	<u>(134,777)</u>
Net cash (used) by capital and related financing activities	<u>(268,486)</u>

Cash Flows from Investing Activities

Interest and investment earnings	1,025
Transfers to General Fund	-
Transfers from Street & Alley Fund	<u>35,000</u>
Net cash provided (used) by investing activities	<u>36,025</u>

Net increase (decrease) in cash and cash equivalents 113,983

Cash and cash equivalents - beginning of the year 423,145

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

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

Operating income	336,936
Adjustments for non-cash and non-operating items:	
Decrease (increase) in net receivables	996
Decrease (increase) in prepaid expenses	-
Increase (decrease) in accounts payable	284
Accounts payable for capital asset purchase	3,455
Increase (decrease) in compensated absences payable	3,494
Increase (decrease) in customer utility deposits payable	1,282
Whole dollar rounding adjustment	<u>(3)</u>

Net cash provided by operating activities 346,444

Schedule of cash and cash equivalents

Petty cash	400
Cash in bank - operating checking account	172,646
Cash in bank - customer utility deposits	61,892
Cash in bank - debt service account	90,025
Cash in trust - OMAG escrow account	41,620
Cash in bank - savings account	58,924
Cash in bank - certificate of deposit	<u>111,621</u>

Total cash and cash equivalents - end of the year \$ 537,128

Town of Calera, Oklahoma
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2013

	<u>Municipal Court Bond Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 1,737
NSF returned checks receivable	<u> -</u>
Total assets	<u> 1,737</u>
<u>Liabilities</u>	
Accounts payable	<u> -</u>
<u>Net Position</u>	
Restricted for pending court cases	1,620
Unrestricted	<u> 117</u>
Total net position	\$ <u> 1,737</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, 2013

	<u>Municipal Court Bond Fund</u>
Additions	
Bonds posted for citations issued	\$ <u>8,297</u>
Deductions	
Bond refunds	2,480
Bond forfeitures	5,797
Miscellaneous	<u>-</u>
Total deductions	<u>8,277</u>
Change in net assets	20
Net position - beginning	<u>1,717</u>
Net position - ending	\$ <u><u>1,737</u></u>

See accompanying notes to the financial statements

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

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

Fiduciary Fund

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

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

1C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

a. Governmental funds –

All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013

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, 2013

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, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1E. REVENUES, EXPENDITURES AND EXPENSES

Sales and Use Tax

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

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

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

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

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

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

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds, if any, would be eliminated. Note 8 discusses such transfers for the year ended June 30, 2013.

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1F. ESTIMATES

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

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

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

1G. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

For the fiscal year ended June 30, 2013, the Town implemented the new financial reporting requirements of the following GASB statements:

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

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

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2A. FUND ACCOUNTING REQUIREMENTS

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

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

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

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2B. DEFICIT FUND NET ASSETS

During the year ended June 30, 2013, 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, 2013, 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, 2013

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

2G. DEBT RESTRICTIONS AND COVENANTS

General Obligation Debt

Article 10, Sections 26 and 27, of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10 percent of net assessed valuation. For the year ended June 30, 2013, the Town had no outstanding general obligation debt.

Other Long-term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue without first obtaining voter approval. For the year ended June 30, 2013, 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, 2013.

Requirement	Level of Compliance
a. Note Payable Coverage:	For the year ended June 30, 2013, net operating revenues were \$372,961; the average annual debt service is \$258,535. Actual coverage ratio is 1.44 times .
1. Net operating revenues (excluding transfers, interest and depreciation) of the Authority must equal 1.25 times the average annual debt service.	

Net operating revenues of \$372,961 includes \$35,000 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, 2013

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, 2013, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 9,309	7,857	\$ 17,166
Employer Contributions	<u>21,660</u>	<u>18,279</u>	<u>39,939</u>
Total Contributions	<u>\$ 30,969</u>	<u>26,136</u>	<u>\$ 57,105</u>

Exhibit O on page 47 provides additional information on the provisions of the plan and the plan's funding status at June 30, 2013.

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 2012-2013 was \$1,500 and covered 25 volunteers.

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, the Town's deposits, categorized by level of risk, were as follows:

	Category (1)	Category (2)	Category (3)	Total Carrying Amount
Town – Governmental & Fiduciary				
First United Bank & Trust	\$ 250,000	643,639	-	\$ 893,639
Okla. Municipal Assurance Group	-	-	41,620	41,620
Bryan County Treasurer	-	-	17,416	17,416
Petty Cash	-	-	700	700
Total	<u>\$ 250,000</u>	<u>643,639</u>	<u>59,736</u>	<u>\$ 953,375</u>
Public Works Authority				
First United Bank & Trust	\$ 250,000	155,083	-	\$ 405,083
First United Bank Trust Accounts	-	-	90,025	90,025
Okla. Municipal Assurance Group	-	-	41,620	41,620
Petty Cash	-	-	400	400
Total	<u>\$ 250,000</u>	<u>155,083</u>	<u>132,045</u>	<u>\$ 537,128</u>

At June 30, 2013, collateral pledged by First United Bank & Trust consisted of the following securities:

Town of Calera:	
FHLB Letter of Credit	\$ <u>1,200,000</u>
Public Works Authority:	
FHLB Letter of Credit	\$ 200,000
First United Bank Trust Debt Pool	
FHLB, FNMA, FFCB, FHLMIC	<u>90,025</u>
	<u>\$ 291,590</u>

Calera Public Works Authority trust account balances are held in trust by First United Bank. Such accounts are collateralized by various government bonds pledged by the trustee institution in a collective pool for all trust accounts under the trustee's management. As such, these collateral securities are not pledged specifically or exclusively to Calera Public Works Authority. At June 30, 2013, 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, 2013

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	313,600
OMAG Escrow Account	41,620
Certificates of Deposit	<u>84,058</u>
Total General Fund	439,978
Street & Alley Fund	314,802
Police Reserves Fund	6,284
Police Special Fund	42,920
Volunteer Fire Dept. Fund, operating account	48,620
Volunteer Fire Dept. Fund, county sales tax holdings	17,416
Cemetery Revenue Fund	54,869
Cemetery Care Fund	26,749
Municipal Court Fund	<u>1,737</u>
Total Town Cash and Investments	\$ <u>953,375</u>
Calera Public Works Authority	
Petty Cash on Hand	\$ 400
Operating Account	172,646
Savings Account	58,924
Certificate of Deposit	111,621
OMAG Escrow Account	41,620
Customer Deposits	61,892
Debt Service Trustee	<u>90,025</u>
Total Public Works Authority	\$ <u>537,128</u>

NOTE 4. RESTRICTED CASH

At June 30, 2013, 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	\$ 61,892
b) Public Works Authority	
Funds held in trust accounts for OWRB debt service payments	<u>90,025</u>
Total Restricted Cash in Bank	\$ <u>151,917</u>

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, 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	\$ 20,411	-	\$ 20,411
Sales Tax – Street & Alley	15,308	-	15,308
Sales Tax –Volunteer Fire Dept. Fund	5,103	-	5,103
Other Taxes – General Fund	1,067	-	1,067
Other Taxes – Street and Alley Fund	1,635	-	1,635
Police Fines – General Fund	395,939	-	395,939
Police Fines – Police Special	43,993	-	43,993
Utilities Charges	-	76,698	76,698
Allowance for Doubtful	<u>-</u>	<u>(6,112)</u>	<u>(6,112)</u>
Net Accounts Receivable	<u>\$ 483,456</u>	<u>70,586</u>	<u>\$ 554,042</u>

The Town expects to collect all of the above fines and, as such, no allowance for uncollectibles has been recorded. However, an additional \$162,371 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, 2013.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, 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	-	-	\$ 46,167
Buildings & improvements	354,308	41,574	-	395,882
Infrastructure network	514,222	54,461	-	568,683
Equipment	1,475,015	159,789	(53,084)	1,581,720
Accumulated depreciation	<u>(819,625)</u>	<u>(150,382)</u>	<u>52,384</u>	<u>(917,623)</u>
Net capital assets	<u>\$ 1,570,087</u>	<u>105,442</u>	<u>(700)</u>	<u>\$ 1,674,829</u>
Business-type activities				
Land (not depreciated)	\$ 46,807	-	-	\$ 46,807
Buildings & improvements	35,084	-	-	35,084
Equipment	345,628	6,254	-	351,882
Infrastructure network	5,596,764	-	-	5,596,764
Accumulated depreciation	<u>(1,207,766)</u>	<u>(158,626)</u>	<u>-</u>	<u>(1,366,392)</u>
Net capital assets	<u>\$ 4,816,517</u>	<u>(152,372)</u>	<u>-</u>	<u>\$ 4,664,145</u>

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6. CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 3,660
Law enforcement	40,450
Fire protection	53,766
Street maintenance	23,527
Community services	26,676
Cemetery	<u>2,303</u>
	\$ <u>150,382</u>
Business-type activities	
Water	\$ 12,355
Sewer	137,518
Sanitation	<u>8,753</u>
	\$ <u>158,626</u>

NOTE 7. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. At June 30, 2013, the outstanding long-term debt obligations consisted of the following:

Governmental activities:

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

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

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

Business-type activities:

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

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

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7. LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2013, the changes in long-term debt were as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Governmental activities</u>				
Capital lease payable to First United Bank for police vehicles	\$ -	41,987	11,383	\$ 30,604
Capital lease payable to First United Bank for two poly tanks	6,684	-	6,684	-
Capital lease payable to Kansas State Bank for one fire truck	79,190	-	36,885	42,305
Compensated absences, net change only	<u>51,803</u>	<u>2,247</u>	<u>-</u>	<u>54,050</u>
Total governmental activities	<u>\$ 137,677</u>	<u>44,234</u>	<u>54,952</u>	<u>\$ 126,959</u>
<u>Business-type activities</u>				
Revenue bond issue/OWRB note for sewer treatment plant	\$ 4,821,000	-	124,000	\$ 4,697,000
Compensated absences, net change only	<u>41,222</u>	<u>3,494</u>	<u>-</u>	<u>44,716</u>
Total business-type activities	<u>\$ 3,661,857</u>	<u>3,494</u>	<u>124,000</u>	<u>\$ 4,741,716</u>

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

Governmental activities

<u>Year</u> <u>Ending</u>	<u>FIRST UNITED BANK</u> (Police cars)		<u>KANSAS ST. BANK</u>		<u>TOTALS</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
6-30-14	\$ 17,434	566	32,319	1,256	\$ 49,753	1,822
6-30-15	<u>13,170</u>	<u>136</u>	<u>9,986</u>	<u>89</u>	<u>23,156</u>	<u>225</u>
Totals	<u>\$ 30,604</u>	<u>702</u>	<u>42,305</u>	<u>1,345</u>	<u>\$ 72,909</u>	<u>2,047</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.

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8. INTERFUND TRANSACTIONS AND BALANCES

During the year ended June 30, 2013, the Street and Alley Fund transferred \$35,000 to the Calera Public Works Authority to reimburse personal service costs related to street maintenance and improvement projects provided by employees paid through the Public Works Authority.

During the year ended June 30, 2013, the General Fund transferred \$11,000 to the Volunteer Fire Dept. Fund to provide resources for a one-time loan principal payment on the outstanding obligation owed to Kansas State Bank as discussed in Note 7. above.

NOTE 9. FUND EQUITIES

The following shows the net position restrictions at June 30, 2013, 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	\$ 326,999
Cemetery Care Fund	State law	26,749
Volunteer Fire Dept. Fund	Local ordinance	<u>70,292</u>
		<u>\$ 424,040</u>
<u>Business-type Activities</u>	<u>Restricted By</u>	<u>Amount</u>
Public Works Authority	Debt covenants	<u>\$ 90,025</u>

NOTE 10. EMPLOYEE HEALTH INSURANCE

The Town and Public Works Authority provide medical insurance coverage to electing full-time employees. The Town or Public Works Authority pays for all of the cost of coverage for the employee and one-half of the cost of the employees' family coverage. For the year ending June 30, 2013, the following amounts were paid for such coverage:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 380	10,879	\$ 11,259
Employer Contributions	<u>41,708</u>	<u>57,997</u>	<u>99,705</u>
Total Contributions	<u>\$ 42,088</u>	<u>68,876</u>	<u>\$ 110,964</u>

In addition, the Public Works Authority participated in a state health insurance reimbursement program (OEPIC) whereby a portion of qualifying premiums was reimbursed. For the year ended June 30, 2013, the Public Works Authority received reimbursements totaling \$17,228.

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 11. EMPLOYEE COMPENSATED ABSENCES

Sick leave: All full-time employees accrue paid sick leave time at the rate of eight hours per month, cumulative to a maximum of 700 hours (400 hours for employees hired after July 1, 2012 and all other employees once accumulated hours in excess of 400 have been used). If an employee terminates service on good terms, one-half (50%) of any accumulated unused sick leave is paid to the employee as severance wages at the employee's normal rate of pay. The remaining one-half of accumulated unused sick leave is forfeited.

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

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

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

Holidays: Paid holidays are established annually by the Town Board. Full-time employees are paid for such holidays at the regular base rate of pay. Unused holidays are forfeited if not used within 60 days of the specified holiday. At June 30, 2013, the recorded liabilities for unused compensated absences were as follows:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Governmental activities			
Police Department	\$ 16,806	13,535	\$ 30,341
Administration	<u>11,562</u>	<u>12,147</u>	<u>23,709</u>
Total	<u>\$ 28,368</u>	<u>25,682</u>	<u>\$ 54,050</u>
Business-type activities			
Public Works Authority	<u>\$ 24,260</u>	<u>20,456</u>	<u>\$ 44,716</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, 2013, 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 November 30, 2013, 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, 2013

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, 2013, for the Town of Calera and Calera Public Works Authority:

Escrow (General Fund & Public Works)	\$ 83,240
Rate Stabilization Reserve (RSR)	-
Loss Fund	44,663

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, 2013

NOTE 13. RISK MANAGEMENT (CONTINUED)

At June 30, 2013, 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: 11/1/12 to 11/1/13

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: 3/07/13 to 3/07/14

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: 7/31/12 to 7/31/13

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: 7/01/12 to 6/30/13
7/01/13 to 6/30/14

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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 in an amount equal to 10% of the total revenue collections remitted to the Town. For the year ended June 30, 2013, the Town paid the Water District \$11,293 in fees on collected revenues of \$114,319.

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, 2013, 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 2.76% payable in semi-annual payments of approximately \$130,000 beginning February 15, 2011 with a final maturity of August 15, 2038. The Authority's sewer system and treatment facility serve as collateral for this loan.

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

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

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

(continued)

TOWN OF CALERA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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

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

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. PRIOR PERIOD ADJUSTMENT

In accordance with Governmental Accounting Standards Board (GASB) Statements 63 and 65, \$122,511 of unamortized loan issue costs incurred in connection with the OWRB loan discussed in Note 15. above have been written off as a prior period adjustment to the Public Works Authority's beginning net position.

Town of Calera, Oklahoma
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2013

	Budget Amounts			Actual	Variance
	Original	Adjustments	Final	Amounts Budget Basis (Exh. D)	Positive Negative
Revenues					
Sales taxes	\$ 200,000	-	200,000	233,823	33,823
Franchise taxes	51,000	-	51,000	49,785	(1,215)
Other taxes	17,400	-	17,400	20,145	2,745
Fines and forfeitures	439,150	-	439,150	344,016	(95,134)
Court pass-through fees	52,000	-	52,000	44,515	(7,485)
Charges for services	5,000	-	5,000	6,250	1,250
Grant proceeds	87,706	28,500	116,206	217,583	101,377
Interest earnings	2,000	-	2,000	1,248	(752)
Miscellaneous	2,000	9,429	11,429	1,757	(9,672)
Total revenues	<u>856,256</u>	<u>37,929</u>	<u>894,185</u>	<u>919,122</u>	<u>24,937</u>
Expenditures					
General government					
Personal services	18,943	-	18,943	18,776	167
Maintenance & operations	96,000	-	96,000	92,888	3,112
Capital outlay	75,500	-	75,500	28,278	47,222
Total general government	<u>190,443</u>	<u>-</u>	<u>190,443</u>	<u>139,942</u>	<u>50,501</u>
Law enforcement					
Personal services	477,998	20,000	497,998	460,171	37,827
Maintenance & operations	115,000	-	115,000	103,816	11,184
Court related costs	23,000	-	23,000	20,190	2,810
Jail & dispatch	33,500	-	33,500	27,107	6,393
Court pass-thru fees	53,000	-	53,000	43,791	9,209
Capital outlay	-	8,500	8,500	8,500	-
Total law enforcement	<u>702,498</u>	<u>28,500</u>	<u>730,998</u>	<u>663,575</u>	<u>67,423</u>
Fire protection					
Personal services	3,000	-	3,000	2,900	100
Maintenance & operations	27,500	-	27,500	26,587	913
Capital outlay	25,000	9,429	34,429	12,844	21,585
Total fire protection	<u>55,500</u>	<u>9,429</u>	<u>64,929</u>	<u>42,331</u>	<u>22,598</u>
Community services					
Personal services	-	-	-	-	-
Maintenance & operations	10,000	-	10,000	5,984	4,016
Capital outlay	23,000	-	23,000	18,613	4,387
Total community services	<u>33,000</u>	<u>-</u>	<u>33,000</u>	<u>24,597</u>	<u>8,403</u>
Total expenditures	<u>981,441</u>	<u>37,929</u>	<u>1,019,370</u>	<u>870,445</u>	<u>148,925</u>
Revenues over (under) expenditures	(125,185)	-	(125,185)	48,677	173,862
Transfers from other funds	-	-	-	-	-
Transfers to other funds	-	-	-	(11,000)	(11,000)
Budgetary fund balance - beginning of year	<u>764,322</u>	<u>-</u>	<u>764,322</u>	<u>777,825</u>	<u>13,503</u>
Budgetary fund balance - end of year	\$ <u>639,137</u>	<u>-</u>	<u>639,137</u>	<u>815,502</u>	<u>176,365</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Budgetary Comparison Schedule
Street and Alley Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<u>Amounts</u>	
				<u>Budget</u>	<u>Positive</u>
				<u>Basis</u>	<u>(Negative)</u>
				<u>(Exh. D)</u>	
Revenues					
Sales taxes	\$ 150,000	-	150,000	175,367	25,367
Commercial vehicle tax	13,000	-	13,000	15,532	2,532
Gasoline excise tax	4,000	-	4,000	3,982	(18)
Intergovernmental grants	-	-	-	-	-
Miscellaneous	-	-	-	2,425	2,425
Total revenues	<u>167,000</u>	<u>-</u>	<u>167,000</u>	<u>197,306</u>	<u>30,306</u>
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	75,000	-	75,000	62,061	12,939
Capital outlay	<u>368,924</u>	<u>-</u>	<u>368,924</u>	<u>72,311</u>	<u>296,613</u>
Total expenditures	<u>443,924</u>	<u>-</u>	<u>443,924</u>	<u>134,372</u>	<u>309,552</u>
Revenues over (under) expenditures	(276,924)	-	(276,924)	62,934	339,858
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(35,000)	-	(35,000)	(35,000)	-
Budgetary fund balance - beginning of year	<u>311,924</u>	<u>-</u>	<u>311,924</u>	<u>299,065</u>	<u>(12,859)</u>
Budgetary fund balance - end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>326,999</u>	<u>326,999</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, 2013

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<u>Amounts</u>	
				<u>Budget</u>	<u>Positive</u>
				<u>Basis</u>	<u>(Negative)</u>
				<u>(Exh. D)</u>	
Revenues					
Sales taxes	\$ 50,000	-	50,000	83,705	33,705
Charges for services	26,000	-	26,000	3,604	(22,396)
Grant proceeds	4,400	-	4,400	4,484	84
Interest income	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>80,400</u>	<u>-</u>	<u>80,400</u>	<u>91,793</u>	<u>11,393</u>
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	30,000	-	30,000	29,138	862
Capital outlay	<u>120,478</u>	<u>-</u>	<u>120,478</u>	<u>73,343</u>	<u>47,135</u>
Total expenditures	<u>150,478</u>	<u>-</u>	<u>150,478</u>	<u>102,481</u>	<u>47,997</u>
Revenues over (under) expenditures	(70,078)	-	(70,078)	(10,688)	59,390
Transfers from other funds	-	-	-	11,000	11,000
Budgetary fund balance - beginning of year	<u>70,078</u>	<u>-</u>	<u>70,078</u>	<u>69,980</u>	<u>(98)</u>
Budgetary fund balance - end of year	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>70,292</u>	<u>70,292</u>

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Budgetary Comparison Schedule
Police Special Fund
For the Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>	<u>Amounts</u>	
				<u>Budget</u>	<u>Positive</u>
				<u>Basis</u>	<u>(Negative)</u>
				<u>(Exh. D)</u>	
Revenues					
Fines & forfeitures	\$ 40,000	-	40,000	30,800	(9,200)
Charges for services	-	-	-	-	-
Grant proceeds	-	8,964	8,964	8,964	-
Interest income	-	-	-	-	-
Miscellaneous	10,000	11,350	21,350	14,100	(7,250)
Total revenues	50,000	20,314	70,314	53,864	(16,450)
Expenditures					
Personal services	-	-	-	-	-
Maintenance and operations	6,000	-	6,000	1,589	4,411
Capital outlay	72,500	20,314	92,814	59,433	33,381
Total expenditures	78,500	20,314	98,814	61,022	37,792
Revenues over (under) expenditures	(28,500)	-	(28,500)	(7,158)	21,342
Budgetary fund balance - beginning of year	101,074	-	101,074	94,071	7,003
Budgetary fund balance - end of year	\$ 72,574	-	72,574	86,913	28,345

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, 2013

	Budgeted Amounts			Actual	Variance
	Original	Adjustments	Final	Budget Basis (Exh. F)	Positive (Negative)
Operating Revenues					
Water sales, charges and fees	\$ 238,000	-	238,000	245,016	7,016
Sewer charges and fees	399,000	-	399,000	408,261	9,261
Sanitation charges	295,000	-	295,000	311,316	16,316
Miscellaneous	16,000	-	16,000	49,942	33,942
Total operating revenues	948,000	-	948,000	1,014,535	66,535
Operating Expenses					
Personal services - before function allocation	451,552	-	451,552	397,914	53,638
Combined maintenance & operations	65,000	-	65,000	56,638	8,362
Water Dept. - maintenance & operations	70,000	-	70,000	50,158	19,842
Sewer Dept. - maintenance & operations	100,000	-	100,000	89,541	10,459
Sanitation Dept. - maintenance & operations	85,000	-	85,000	77,236	7,764
Bad debts (*) (see note below)	-	-	-	6,112	(6,112)
Total operating expenses	771,552	-	771,552	677,599	93,953
Operating income	\$ 176,448	-	176,448	336,936	160,488
Other Budgeted Revenues and Receipts (* Note)					
Interest earnings	\$ 1,000	-	1,000	1,025	25
Grant proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Transfers from other funds	35,000	-	35,000	35,000	-
Total other budgeted revenues and receipts	\$ 36,000	-	36,000	36,025	25
Other Budgeted Expenses and Disbursements (* Note)					
Debt service payments	\$ 259,188	-	259,188	258,342	846
Capital expenditures	16,500	-	16,500	6,254	10,246
Transfers to other funds	-	-	-	-	-
Total other budgeted expenses & disbursements	\$ 275,688	-	275,688	264,596	11,092

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

Town of Calera, Oklahoma
Employee Pension & Retirement Plan Information
June 30, 2013

As of January 1, 1998, the Town and the Authority began participation in a defined benefit retirement plan for full-time employees which is administered by the Oklahoma Municipal Retirement Fund. The plan provisions call for employee contributions of 3.0% of gross wages each year. The Town and the Authority then make additional contributions on behalf of the employee for an amount equal to 6.98% of the employee's gross wages. For the year ending June 30, 2013, the following contributions were made:

	<u>Town</u>	<u>Authority</u>	<u>Total</u>
Employee Contributions	\$ 9,309	7,857	\$ 17,166
Employer Contributions	<u>21,660</u>	<u>18,279</u>	<u>39,939</u>
Total Contributions	<u>\$ 30,969</u>	<u>26,136</u>	<u>\$ 57,105</u>

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

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

At June 30, 2013, actuarial calculations provided by the Oklahoma Municipal Retirement Fund for the Town's portion of the plan were as follows:

Actuarial Pension Benefit Obligation	\$ 781,697
Value of Assets Available for Benefits	(493,438)
Unfunded Obligation Liability	<u>\$ 288,259</u>

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/99	26,969	129,126	102,157	20.9%	205,635	49.7%
1/1/00	42,801	125,228	82,426	34.2%	192,670	42.8%
1/1/01	54,709	209,952	155,243	26.1%	218,553	71.0%
1/1/02	69,429	213,782	144,353	32.5%	257,904	56.0%
1/1/03	79,970	219,075	139,104	36.5%	289,503	48.0%
1/1/04	96,044	188,242	92,197	51.0%	305,859	30.1%
1/1/05	120,083	210,261	90,178	57.1%	327,848	27.5%
1/1/06	152,115	316,473	164,358	48.1%	418,320	39.3%
1/1/07	198,827	362,326	163,498	54.9%	461,180	35.5%
1/1/08	232,124	394,679	162,555	58.8%	462,112	35.2%
1/1/09	248,501	417,225	168,724	59.6%	469,813	35.9%
1/1/10	291,580	456,068	164,488	63.9%	602,405	27.3%
1/1/11	351,052	634,182	283,130	55.4%	577,166	49.1%
1/1/12	415,193	706,702	291,509	58.7%	549,902	53.0%
1/1/13	493,438	781,697	288,259	63.1%	562,040	51.3%

Additional information about the plan is provided in the 2013 actuarial valuation report which is available from the Town Clerk.

Town of Calera, Oklahoma
Combining Statement of Net Position
Governmental Activities
June 30, 2013

	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	\$ 355,920	314,802	42,920	6,284	66,036	54,869	26,749	867,580
Certificates of deposit	84,058	-	-	-	-	-	-	84,058
Receivables (net)	417,417	16,943	43,993	-	5,103	-	-	483,456
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total current assets	857,395	331,745	86,913	6,284	71,139	54,869	26,749	1,435,094
Noncurrent assets:								
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-
Land	-	-	-	-	-	30,167	16,000	46,167
Capital assets, net of depreciation	618,534	467,499	125,299	-	399,706	17,624	-	1,628,662
Total noncurrent assets	618,534	467,499	125,299	-	399,706	47,791	16,000	1,674,829
Total assets	1,475,929	799,244	212,212	6,284	470,845	102,660	42,749	3,109,923
Liabilities								
Current liabilities:								
Accounts payable	41,893	4,746	-	-	847	-	-	47,486
Accrued interest	-	-	-	-	-	-	-	-
Notes payable, current portion	-	-	17,434	-	32,319	-	-	49,753
Intergovernmental payable	-	-	-	-	-	-	-	-
Total current liabilities	41,893	4,746	17,434	-	33,166	-	-	97,239
Noncurrent liabilities:								
Notes payable	-	-	13,170	-	9,986	-	-	23,156
Compensated absences	54,050	-	-	-	-	-	-	54,050
Total noncurrent liabilities	54,050	-	13,170	-	9,986	-	-	77,206
Total liabilities	95,943	4,746	30,604	-	43,152	-	-	174,445
Net Position								
Net investment in capital assets	618,534	467,499	94,695	-	357,401	47,791	16,000	1,601,920
Restricted for:								
Capital projects	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Other purposes	-	326,999	-	-	70,292	-	26,749	424,040
Unrestricted	761,452	-	86,913	6,284	-	54,869	-	909,518
Total net position	\$ 1,379,986	794,498	181,608	6,284	427,693	102,660	42,749	2,935,478

See accompanying notes to the financial statements

Town of Calera, Oklahoma
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	<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	\$ 6,284	54,870	26,749	87,903
Certificates of deposit	-	-	-	-
Receivables, net	-	-	-	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>6,284</u>	<u>54,870</u>	<u>26,749</u>	<u>87,903</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ -	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable	-	-	-	-
Restricted	-	-	26,749	26,749
Committed	-	-	-	-
Assigned	6,284	54,870	-	61,154
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>6,284</u>	<u>54,870</u>	<u>26,749</u>	<u>87,903</u>
Total liabilities and fund balances	\$ <u>6,284</u>	<u>54,870</u>	<u>26,749</u>	<u>87,903</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, 2013

	<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	3,465	11,250	3,750	18,465
Intergovernmental grants	-	-	-	-
Investment earnings	-	-	33	33
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	3,465	11,250	3,783	18,498
Expenditures				
General government	-	-	-	-
Law enforcement	2,040	-	-	2,040
Fire protection	-	-	-	-
Street maintenance	-	-	-	-
Community services	-	-	-	-
Cemetery	-	2,092	-	2,092
Capital outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	2,040	2,092	-	4,132
Revenues over (under) expenditures	1,425	9,158	3,783	14,366
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	1,425	9,158	3,783	14,366
Fund balances - beginning	4,859	45,712	22,966	73,537
Prior period adjustments (rounding)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 6,284	54,870	26,749	87,903

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Schedule of Capital Asset Activity
For the Year Ended June 30, 2013

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
General Fund				
Buildings and improvements	\$ 354,308	41,574	-	395,882
Equipment	400,603	26,660	-	427,263
Infrastructure network	<u>61,233</u>	<u>-</u>	<u>-</u>	<u>61,233</u>
Total capital assets at historical cost	816,144	68,234	-	884,378
Less accumulated depreciation	<u>(222,057)</u>	<u>(43,787)</u>	<u>-</u>	<u>(265,844)</u>
Net capital assets, General Fund	<u>594,087</u>	<u>24,447</u>	<u>-</u>	<u>618,534</u>
Street and Alley Fund				
Equipment	90,126	17,850	-	107,976
Infrastructure network	<u>435,352</u>	<u>54,461</u>	<u>-</u>	<u>489,813</u>
Total capital assets at historical cost	525,478	72,311	-	597,789
Less accumulated depreciation	<u>(106,763)</u>	<u>(23,527)</u>	<u>-</u>	<u>(130,290)</u>
Net capital assets, Street and Alley Fund	<u>418,715</u>	<u>48,784</u>	<u>-</u>	<u>467,499</u>
Police Special Fund				
Equipment, at historical cost	312,928	89,345	(53,084)	349,189
Less accumulated depreciation	<u>(236,925)</u>	<u>(39,349)</u>	<u>52,384</u>	<u>(223,890)</u>
Net capital assets, Police Special Fund	<u>76,003</u>	<u>49,996</u>	<u>(700)</u>	<u>125,299</u>
Volunteer Fire Dept Fund				
Equipment, at historical cost	653,261	25,934	-	679,195
Less accumulated depreciation	<u>(238,073)</u>	<u>(41,416)</u>	<u>-</u>	<u>(279,489)</u>
Net capital assets, Vol. Fire Dept Fund	<u>415,188</u>	<u>(15,482)</u>	<u>-</u>	<u>399,706</u>
Cemetery Revenue Fund				
Equipment	18,097	-	-	18,097
Land, not being depreciated	30,167	-	-	30,167
Infrastructure network	<u>17,637</u>	<u>-</u>	<u>-</u>	<u>17,637</u>
Total capital assets at historical cost	65,901	-	-	65,901
Less accumulated depreciation	<u>(15,807)</u>	<u>(2,303)</u>	<u>-</u>	<u>(18,110)</u>
Net capital assets, Cemetery Revenue Fund	<u>50,094</u>	<u>(2,303)</u>	<u>-</u>	<u>47,791</u>
Cemetery Care Fund				
Land, not being depreciated	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Net capital assets, governmental activities	<u>\$ 1,570,087</u>	<u>105,442</u>	<u>(700)</u>	<u>1,674,829</u>
<u>Business-type Activities:</u>				
Public Works Authority				
Land, not being depreciated	\$ 46,807	-	-	46,807
Buildings and improvements	35,084	-	-	35,084
Equipment	345,628	6,254	-	351,882
Water and sewer infrastructure network	<u>5,596,764</u>	<u>-</u>	<u>-</u>	<u>5,596,764</u>
Total capital assets at historical cost	6,024,283	6,254	-	6,030,537
Less accumulated depreciation	<u>(1,207,766)</u>	<u>(158,626)</u>	<u>-</u>	<u>(1,366,392)</u>
Net capital assets, business-type activities	<u>\$ 4,816,517</u>	<u>(152,372)</u>	<u>-</u>	<u>4,664,145</u>

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Allocation of Fund Expenses to Statement of Activities Functions - Governmental Activities
For the Year Ended June 30, 2013

	General Fund		Street and Alley	Police Special	Police Reserves	Volunteer Fire Dept	Cemetery Revenue	Cemetery Care	Totals
	Personal Services	Maintenance & Operations							
Primary government:									
Governmental activities									
General government	\$ 18,776	92,888	-	-	-	-	-	-	115,324
Law enforcement	462,418	194,904	-	41,631	2,040	-	-	-	702,094
Fire protection	2,900	26,587	-	-	-	74,395	-	-	116,232
Street maintenance	-	-	85,589	-	-	-	-	-	85,589
Community services	-	5,984	-	-	-	-	-	-	32,660
Cemetery	-	-	-	-	-	-	4,396	-	4,396
Total governmental activities	\$ 484,094	320,363	85,589	41,631	2,040	74,395	4,396	-	1,056,295

Summary of Revenues
For the Year Ended June 30, 2013

	General Fund	Street and Alley	Police Special	Police Reserves	Volunteer Fire Dept	Cemetery Revenue	Cemetery Care	Totals
Primary government:								
Governmental activities								
Charges for services								
General government	\$ 6,250	-	-	-	-	-	-	6,250
Law enforcement	388,531	-	30,800	3,465	-	-	-	422,796
Fire protection	-	-	-	-	3,604	-	-	3,604
Street maintenance	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	11,250	3,750	15,000
Total charges for services	394,781	-	30,800	3,465	3,604	11,250	3,750	447,650
Sales tax revenue	233,823	175,367	-	-	83,705	-	-	492,895
Franchise taxes	49,785	-	-	-	-	-	-	49,785
Alcoholic beverage tax	14,517	-	-	-	-	-	-	14,517
Commercial vehicle tax	-	15,532	-	-	-	-	-	15,532
Gasoline excise tax	-	3,983	-	-	-	-	-	3,983
Cigarette tax	5,627	-	-	-	-	-	-	5,627
Operating grants	217,583	-	-	-	4,484	-	-	222,067
Capital grants	1,247	-	8,964	-	-	-	-	8,964
Interest & investment income	1,757	2,425	13,400	-	-	-	33	1,280
Miscellaneous income	-	-	-	-	-	-	-	-
Total revenues	\$ 919,120	197,307	53,164	3,465	91,793	11,250	3,783	1,279,882

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, 2013

	Total	Water	Sewer	Sanitation	Basis for Allocation
Business-type activities					
Personal services	\$ 397,914	111,416	167,124	119,374	Employee hour ratios (28% / 42% / 30%)
Maintenance & operations					
Combined / indirect	56,638	18,879	18,880	18,879	One-third to each function
Direct	216,935	50,158	89,541	77,236	Actual function expenses
Total maintenance & operations	273,573	69,037	108,421	96,115	
Bad debt write-offs	6,112	1,345	2,689	2,078	Relative revenue ratios (22% / 44% / 34%)
Interest expense	178,793	-	178,793	-	All sewer system
Depreciation	158,627	12,356	137,518	8,753	Asset depreciation schedule
Totals	\$ 1,015,019	194,154	594,545	226,320	

See accompanying notes to the financial statements.

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

Payment Date	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/15/2013	\$ 64,000	65,179	\$ 129,179
2/15/2014	64,000	65,356	129,356
8/15/2014	66,000	63,403	129,403
2/15/2015	66,000	63,522	129,522
8/15/2015	68,000	61,571	129,571
2/15/2016	68,000	61,632	129,632
8/15/2016	69,000	60,013	129,013
2/15/2017	70,000	59,700	129,700
8/15/2017	72,000	57,755	129,755
2/15/2018	72,000	57,696	129,696
8/15/2018	74,000	55,756	129,756
2/15/2019	74,000	55,637	129,637
8/15/2019	76,000	53,703	129,703
2/15/2020	76,000	53,521	129,521
8/15/2020	78,000	51,879	129,879
2/15/2021	78,000	51,348	129,348
8/15/2021	80,000	49,429	129,429
2/15/2022	80,000	49,119	129,119
8/15/2022	82,000	47,209	129,209
2/15/2023	83,000	46,834	129,834
8/15/2023	85,000	44,919	129,919
2/15/2024	85,000	44,464	129,464
8/15/2024	87,000	42,795	129,795
2/15/2025	87,000	42,038	129,038
8/15/2025	89,000	40,145	129,145
2/15/2026	90,000	39,555	129,555
8/15/2026	92,000	37,661	129,661
2/15/2027	92,000	36,988	128,988
8/15/2027	94,000	35,108	129,108
2/15/2028	95,000	34,363	129,363
8/15/2028	97,000	32,665	129,665
2/15/2029	98,000	31,655	129,655
8/15/2029	100,000	29,779	129,779
2/15/2030	101,000	28,862	129,862
8/15/2030	102,000	26,990	128,990
2/15/2031	103,000	25,999	128,999
8/15/2031	105,000	24,145	129,145
2/15/2032	106,000	23,064	129,064
8/15/2032	108,000	21,335	129,335
2/15/2033	109,000	20,046	129,046
8/15/2033	111,000	18,206	129,206
2/15/2034	113,000	16,942	129,942
8/15/2034	114,000	15,098	129,098
2/15/2035	116,000	13,740	129,740
8/15/2035	118,000	11,906	129,906
2/15/2036	119,000	10,439	129,439
8/15/2036	121,000	8,665	129,665
2/15/2037	122,000	7,053	129,053
8/15/2037	124,000	5,245	129,245
2/15/2038	126,000	3,583	129,583
8/15/2038	<u>128,000</u>	<u>1,776</u>	<u>129,776</u>
Totals	\$ <u>4,697,000</u>	<u>1,905,491</u>	\$ <u>6,602,491</u>

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Schedule of Federal Award Programs
 For the Year Ended June 30, 2013

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 7-1-12	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-13
<u>FEDERAL AWARD PROGRAMS</u>							
<u>U.S. Dept. of Justice</u>							
Passed through Okla. D. A. Council							
Stop Violence Against Women	16.588	V11-018	\$ 39,327	\$ -	21,589	21,589	\$ -
Stop Violence Against Women	16.558	VAWA-2012	39,327	-	18,277	18,277	-
COPS Hiring Program	16.710	2011-UM-WX-0149	91,150	-	35,858	35,858	-
Local Law Enforcement (JAG-LLE)	16.738	JAG-LLE-2012	8,964	-	8,964	8,964	-
Total Dept. of Justice				-	84,688	84,688	-
<u>U.S. Dept. of Housing & Urban Devel.</u>							
Passed through Okla. Dept. of Commerce							
Comm. Dev. Block Grant	14.228	15099-CDBG-11	\$ 150,000	-	-	-	-
<u>U.S. Dept. of Transportation</u>							
Passed through Okla. Highway Safety Office							
Nat'l Hwy Safety - Police Services	20.600	PT-12-03-05-04	\$ 19,500	-	3,063	3,063	-
Nat'l Hwy Safety - Alcohol	20.600	K8-12-03-06-04	12,000	-	2,497	2,497	-
Nat'l Hwy Safety - Speed Enforcement	20.600	SE-13-03-02-05	20,500	-	16,495	16,495	-
Nat'l Hwy Safety - Alcohol	20.600	K8-13-03-05-05	8,000	-	1,804	1,804	-
Total Dept. of Transportation				-	23,859	23,859	-
TOTAL FEDERAL AWARD PROGRAMS				\$ -	108,547	108,547	\$ -

See accompanying notes to the financial statements.

Town of Calera, Oklahoma
Schedule of State and Other Award Programs
For the Year Ended June 30, 2013

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 7-1-12	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Cash/Expend Payable or (Rev Recvbl) at 6-30-13
<u>STATE AWARD PROGRAMS</u>							
Okla. Dept. of Agriculture	-	-	\$ 4,413	\$ -	4,484	4,484	\$ -
Rural Fire Dept. Assistance							
Okla. Dept. of Emergency Management	-	-	\$ 100,000	-	100,000	100,000	-
Storm Damage Cleanup & Recovery							
<u>OTHER AWARDS</u>							
Calera Public Schools	-	-	\$ 13,000	-	13,000	13,000	-
School Resource Police Officer							
Choctaw Nation	-	-	\$ 5,000	-	5,000	5,000	-
Police Dispatch Assistance							
TOTAL STATE AND OTHER AWARD PROGRAMS				\$ -	122,484	122,484	\$ -

See accompanying notes to the financial statements.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Cash in Bank & CD's</u>					
General Fund	\$ 439,978	321,097	251,471	316,154	358,611
Street & Alley	314,802	286,998	254,176	271,718	225,716
Police Reserves	6,284	4,859	9,638	7,220	4,752
Volunteer Fire Dept.	66,036	64,075	66,239	35,314	38,824
Cemetery Revenue	54,869	45,756	38,452	35,220	30,185
Cemetery Care	26,749	22,966	20,474	18,583	31,971
Police Special	42,920	43,410	35,831	30,461	45,830
Municipal Court Bonds	1,737	1,717	2,037	3,166	1,495
Public Works Authority					
Unrestricted	385,211	270,945	304,762	279,994	281,316
Customer Deposits	61,892	60,611	54,226	50,309	45,487
Debt Service & Reserves	90,025	91,590	92,037	197,559	195,325
Construction	-	-	-	179,737	176,944
 <u>General Fund</u>					
Sales Tax Revenues	233,823	206,139	220,647	210,493	194,060
Other Tax Revenues	69,930	71,369	68,048	67,133	65,289
Grant Proceeds	217,583	170,799	131,029	372,740	54,222
Fines & Forfeitures	388,531	478,300	544,992	584,004	446,396
Other Revenues	<u>9,255</u>	<u>10,516</u>	<u>21,355</u>	<u>19,659</u>	<u>23,647</u>
Total General Fund Revenues	<u>919,122</u>	<u>937,123</u>	<u>986,071</u>	<u>1,254,029</u>	<u>783,614</u>
Personal Services	481,847	447,724	489,784	507,896	371,256
Maintenance & Operations	320,363	328,688	323,056	345,184	281,031
Capital Outlay	<u>68,235</u>	<u>183,101</u>	<u>60,274</u>	<u>52,749</u>	<u>3,933</u>
Total Gen Fund Expenditures	<u>870,445</u>	<u>959,513</u>	<u>873,114</u>	<u>905,829</u>	<u>656,220</u>
 <u>Special Revenue Funds</u>					
Sales Tax Revenues	259,072	206,139	220,646	210,492	194,060
Other Tax Revenues	19,514	18,720	16,058	15,874	15,828
Grant Proceeds	13,448	4,413	24,020	135,413	16,436
Fines & Forfeitures	30,800	41,824	50,395	48,339	40,780
Cemetery Charges	15,000	9,800	7,350	9,950	9,400
Other Revenues	<u>23,627</u>	<u>29,677</u>	<u>45,657</u>	<u>40,341</u>	<u>25,838</u>
Total Special Revenues	<u>361,461</u>	<u>310,573</u>	<u>364,126</u>	<u>460,409</u>	<u>302,342</u>
Personal Services	-	-	-	-	-
Maintenance & Operations	96,920	81,342	163,609	105,283	103,366
Capital Outlay	<u>205,087</u>	<u>138,994</u>	<u>183,793</u>	<u>339,417</u>	<u>89,158</u>
Total Special Rev. Expenditures	<u>302,007</u>	<u>220,336</u>	<u>347,402</u>	<u>444,700</u>	<u>192,524</u>
 <u>Public Works Authority</u>					
Water Charges	245,016	234,842	229,340	220,535	221,979
Sewer Charges	408,261	412,741	389,774	357,386	337,459
Sanitation Charges	311,316	306,585	291,224	270,107	261,689
Other Revenues	<u>50,967</u>	<u>21,078</u>	<u>32,270</u>	<u>29,945</u>	<u>35,192</u>
Total PWA Revenues	<u>1,015,560</u>	<u>975,246</u>	<u>942,608</u>	<u>877,973</u>	<u>856,319</u>
Personal Services	397,914	426,570	378,674	353,104	331,005
Maintenance & Operations	279,685	282,160	278,973	287,392	256,442
Depreciation	158,627	157,258	160,417	159,920	108,942
Interest Expense	178,793	182,052	202,309	224,940	225,255
Bond Issue Costs (Amortized)	-	<u>4,653</u>	<u>5,500</u>	<u>7,167</u>	<u>7,166</u>
Total PWA Expenses	<u>1,015,019</u>	<u>1,052,693</u>	<u>1,025,873</u>	<u>1,025,523</u>	<u>928,810</u>

See accompanying notes to the financial statements.

Casey J. Russell CPA, Inc.

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

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Calera, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-10 and 42-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Calera's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Casey J. Russell CPA, Inc.
Oklahoma City, OK
November 30, 2013

Casey J. Russell CPA, Inc.

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

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, 2013, 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 November 30, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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



Casey J. Russell CPA, Inc.
Oklahoma City, OK
November 30, 2013