

CITY OF VINITA, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
124 South Main Street
Miami, Oklahoma 74354

**CITY OF VINITA, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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**CITY OF VINITA, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
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CITY OF VINITA, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

June 30, 2013

City Council

Mayor	Pete Hiseley
Council President	Ronnie Starks
Ward I	Dale Haire Lynnda Sooter
Ward II	Carol Austin Ronnie Starks
Ward III	Skip Briley Lawana Downing
Ward IV	Denver Davenport Jim Wisdom
Treasurer	Merle Dixon
City Clerk	Linda Scott

OBER & ASSOCIATES INC., PC

CERTIFIED PUBLIC ACCOUNTANTS

124 South Main

Miami, Oklahoma 74354

918-542-4401

INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Vinita, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Vinita, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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, and each major fund of the City of Vinita, Oklahoma, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with 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 budgetary comparison information on pages 37 and 38 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 City of Vinita, Oklahoma's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of federal and state financial assistance is the responsibility of management and was derived from and relates 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

To the Mayor and City Council
City of Vinita, Oklahoma
Page 3

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014, on our consideration of the City of Vinita, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Vinita, Oklahoma's internal control over financial reporting and compliance.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
June 16, 2014

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements
- Fund financial statements:
 - Governmental funds
 - Proprietary (enterprise) fund
 - Fiduciary funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 1,168,709.27	\$ 279,907.82	\$ 1,448,617.09
Investments	525,700.00	-	525,700.00
Accounts receivable	-	418,508.48	418,508.48
Due from other governments	520,666.14	4,149.03	524,815.17
Accrued interest receivable	2,961.71	1,394.38	4,356.09
Total Current Assets	<u>2,218,037.12</u>	<u>703,959.71</u>	<u>2,921,996.83</u>
Non-Current Assets:			
Cash, restricted	-	41,686.94	41,686.94
Investments, restricted	-	178,328.00	178,328.00
Capital assets, net of accumulated depreciation	9,838,641.84	7,901,477.87	17,740,119.71
Total Non-Current Assets	<u>9,838,641.84</u>	<u>8,121,492.81</u>	<u>17,960,134.65</u>
Total ASSETS	<u>12,056,678.96</u>	<u>8,825,452.52</u>	<u>20,882,131.48</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	46,474.64	20,358.81	66,833.45
Payroll taxes payable	4,865.74	1,293.85	6,159.59
Accrued interest payable	-	17,519.52	17,519.52
Current portion of long-term debt	-	187,360.10	187,360.10
Current portion of capital lease payable	20,002.36	89,554.02	109,556.38
Total current liabilities	<u>71,342.74</u>	<u>316,086.30</u>	<u>387,429.04</u>
Noncurrent Liabilities:			
Payable from restricted assets:			
Meter deposits payable	-	180,805.00	180,805.00
Notes payable	-	1,617,474.48	1,617,474.48
Capital leases payable	17,450.60	793,052.06	810,502.66
Accrued compensated absences	40,185.86	9,261.73	49,447.59
Total noncurrent liabilities	<u>57,636.46</u>	<u>2,600,593.27</u>	<u>2,658,229.73</u>
Total LIABILITIES	<u>128,979.20</u>	<u>2,916,679.57</u>	<u>3,045,658.77</u>
NET POSITION			
Invested in capital assets, net of related debt	9,801,188.88	5,214,037.21	15,015,226.09
Restricted	1,602,414.21	39,209.94	1,641,624.15
Unrestricted	524,096.67	655,525.80	1,179,622.47
Total NET POSITION	<u>\$ 11,927,699.76</u>	<u>\$ 5,908,772.95</u>	<u>\$ 17,836,472.71</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
<i>General Government</i>							
Governing board	\$ 170,703.87	\$ -	\$ -	\$ -	\$ (170,703.87)		\$ (170,703.87)
General government	409,240.56	195,439.80	-	-	(213,800.76)		(213,800.76)
City clerk	289,789.68	-	-	-	(289,789.68)		(289,789.68)
City treasurer	30,034.39	-	-	-	(30,034.39)		(30,034.39)
Finance officer	18,652.66	-	-	-	(18,652.66)		(18,652.66)
Maintenance and operation	154,822.00	-	-	-	(154,822.00)		(154,822.00)
Capital outlay	215,379.73	-	-	-	(215,379.73)		(215,379.73)
Total General Government	<u>1,288,622.89</u>	<u>195,439.80</u>	<u>-</u>	<u>-</u>	<u>(1,093,183.09)</u>		<u>(1,093,183.09)</u>
<i>Public Safety and Judiciary</i>							
Ambulance	103,680.00	-	-	-	(103,680.00)		(103,680.00)
City Attorney	35,803.75	-	-	-	(35,803.75)		(35,803.75)
Code enforcement	48,948.64	-	-	-	(48,948.64)		(48,948.64)
Fire	647,242.18	17,020.48	337,843.35	-	(292,378.35)		(292,378.35)
Municipal court	19,620.58	-	-	-	(19,620.58)		(19,620.58)
Police	1,131,876.48	249,268.68	-	-	(882,607.80)		(882,607.80)
Zoning commission	-	-	-	-	-		-
Total Public Safety and Judiciary	<u>1,987,171.63</u>	<u>266,289.16</u>	<u>337,843.35</u>	<u>-</u>	<u>(1,383,039.12)</u>		<u>(1,383,039.12)</u>
<i>Transportation</i>							
Airport	31,971.02	8,255.00	-	-	(23,716.02)		(23,716.02)
Pelivan	39,900.00	-	-	-	(39,900.00)		(39,900.00)
Street and alley	442,454.58	-	-	-	(442,454.58)		(442,454.58)
Total Transportation	<u>514,325.60</u>	<u>8,255.00</u>	<u>-</u>	<u>-</u>	<u>(506,070.60)</u>		<u>(506,070.60)</u>
<i>Culture, Parks and Recreation</i>							
Cemetery	241,963.53	29,024.33	-	15,815.87	(197,123.33)		(197,123.33)
Emergency management	-	-	-	-	-		-
Library	139,468.28	-	15,005.12	10,000.00	(114,463.16)		(114,463.16)
Parks	20,440.35	-	-	-	(20,440.35)		(20,440.35)
Property sales	-	-	-	-	-		-
Senior citizens	63,059.33	-	-	-	(63,059.33)		(63,059.33)
Street lights	32,232.74	-	-	-	(32,232.74)		(32,232.74)
Swimming pool	42,190.38	9,152.00	-	-	(33,038.38)		(33,038.38)
Vinita sports complex	2,345.14	-	-	3,463.01	1,117.87		1,117.87
Total Culture, Parks and Recreation	<u>541,699.75</u>	<u>38,176.33</u>	<u>15,005.12</u>	<u>29,278.88</u>	<u>(459,239.42)</u>		<u>(459,239.42)</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government: continued							
Hotel/Motel tax	44,546.17	-	-	-	(44,546.17)		(44,546.17)
Storm reimbursement	-	-	-	-	-		-
Sanitation and solid waste	551,910.48	814,074.98	-	-	262,164.50		262,164.50
Total governmental activities	4,928,276.52	1,322,235.27	352,848.47	29,278.88	(3,223,913.90)		(3,223,913.90)
Business-type activities:							
Vinita Utility Authority	2,035,242.47	2,293,967.65	-	-	-	\$ 258,725.18	258,725.18
Total business-type activities	2,035,242.47	2,293,967.65	-	-	-	258,725.18	258,725.18
Total primary government	\$ 6,963,518.99	\$ 3,616,202.92	\$ 352,848.47	\$ 29,278.88	\$ (3,223,913.90)	258,725.18	\$ (2,965,188.72)
General revenues:							
Taxes:							
Sales tax					2,735,131.73	-	2,735,131.73
Use tax					109,528.31	-	109,528.31
Alcoholic beverage tax					70,622.20	-	70,622.20
Franchise tax					180,014.81	54,895.60	234,910.41
Cigarette tax					35,664.75	-	35,664.75
Hotel/Motel tax					52,192.28	-	52,192.28
Taxes restricted for transportation purposes:							
Motor vehicle tax					40,744.05	-	40,744.05
Gasoline tax					9,500.71	-	9,500.71
Interest income					11,966.22	1,923.49	13,889.71
Sale and rent of property					-	30,000.00	30,000.00
Penalties					-	-	-
Reimbursements					318,536.85	-	318,536.85
Loss on disposal of assets					(24,622.05)	-	(24,622.05)
Transfers - internal activities					249,145.69	(249,145.69)	-
Total general revenues, special items, and transfers					3,788,425.55	(162,326.60)	3,626,098.95
Change in net position					564,511.65	96,398.58	660,910.23
Net position - beginning					11,363,188.11	5,812,374.37	17,175,562.48
Net position - ending					\$ 11,927,699.76	\$ 5,908,772.95	\$ 17,836,472.71
					11,927,699.76		

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	General Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 115,703.39	\$ 472,208.28	\$ 580,797.60	\$ 1,168,709.27
Investments	80,000.00	315,000.00	130,700.00	525,700.00
Due from other governments	394,916.52	125,327.06	422.56	520,666.14
Accrued interest receivable	941.32	1,928.88	91.51	2,961.71
Total Assets	\$ 591,561.23	\$ 914,464.22	\$ 712,011.67	\$ 2,218,037.12
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 22,412.96	\$ 17,516.93	\$ 6,544.75	\$ 46,474.64
Accrued payables	4,865.74	-	-	4,865.74
Total Liabilities	27,278.70	17,516.93	6,544.75	51,340.38
Fund Balances:				
Assigned to:				
Capital improvements	-	896,947.29	-	896,947.29
Other purposes	-	-	705,466.92	705,466.92
Unassigned	564,282.53	-	-	564,282.53
Total Fund Balances	564,282.53	896,947.29	705,466.92	2,166,696.74
Total Liabilities and Fund Balances	\$ 591,561.23	\$ 914,464.22	\$ 712,011.67	

Reconciliation to Statement of Net Assets:

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

Capital assets used in governmental activities of \$12,627,601.93 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,788,960.09.	9,838,641.84
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease payable	(37,452.96)
Accrued compensated absences	(40,185.86)
Net assets of governmental activities	\$ 11,927,699.76

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	General Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales tax	\$ 1,988,864.71	\$ 746,267.02	\$ -	\$ 2,735,131.73
Use tax	109,528.31	-	-	109,528.31
Alcoholic beverage tax	70,622.20	-	-	70,622.20
Cigarette tax	35,664.75	-	-	35,664.75
Motor vehicle tax	40,744.05	-	-	40,744.05
Hotel/Motel tax	-	-	52,192.28	52,192.28
Gasoline tax	9,500.71	-	-	9,500.71
Franchise tax	180,014.81	-	-	180,014.81
Other:				
Admissions	9,152.00	-	-	9,152.00
Donations	-	-	29,278.88	29,278.88
Penalties	29,900.10	-	-	29,900.10
Variance/Zoning	5.00	-	-	5.00
Grants	-	-	352,848.47	352,848.47
Interest income	5,486.61	-	6,479.61	11,966.22
Garbage	722,987.74	-	91,087.24	814,074.98
Lot sales	37,279.33	-	912.00	38,191.33
Miscellaneous	150,159.20	-	-	150,159.20
Police fines	112,184.90	-	137,083.78	249,268.68
Outside fire revenues	4,600.48	-	12,420.00	17,020.48
Reimbursements	252,856.41	21,324.00	44,359.44	318,539.85
Licenses and permits	14,463.50	-	-	14,463.50
Total Revenues	<u>3,774,014.81</u>	<u>767,591.02</u>	<u>726,661.70</u>	<u>5,268,267.53</u>
Expenditures:				
General Government:				
Governing board	170,699.87	-	-	170,699.87
City clerk	289,710.64	-	-	289,710.64
City treasurer	30,038.64	-	-	30,038.64
General government	101,284.78	-	-	101,284.78
Finance officer	18,652.66	-	-	18,652.66
Maintenance and operations	154,822.00	-	36,704.22	191,526.22
Public Safety and Judiciary:				
Ambulance	103,680.00	-	-	103,680.00
City attorney	35,803.75	-	-	35,803.75
Code enforcement	49,393.58	-	-	49,393.58
Fire	605,239.38	3,600.00	372,026.28	980,865.66
Municipal court	19,620.58	-	-	19,620.58
Police	1,066,886.54	-	127,964.53	1,194,851.07
Transportation:				
Airport	2,743.02	29,228.00	-	31,971.02
Pelivan	39,900.00	-	-	39,900.00
Street and alley	396,607.40	170,317.18	-	566,924.58
Culture, Parks and Recreation:				
Cemetery	178,648.87	-	95,737.02	274,385.89
Library	123,160.51	-	16,132.49	139,293.00
Parks	18,217.87	2,225.48	-	20,443.35
Senior citizens	63,059.33	-	-	63,059.33
Street lights	32,232.74	-	-	32,232.74
Swimming pool	30,491.82	11,604.86	-	42,096.68
Vinita sports complex	-	-	2,345.14	2,345.14
Other expenses	-	344,565.47	22,458.66	367,024.13
Hotel and motel tax	-	-	44,546.17	44,546.17
Storm reimbursements	-	-	3,255.88	3,255.88
Sanitation and solid waste	505,091.46	39,900.00	129,069.63	674,061.09
Total Expenditures	<u>4,035,985.44</u>	<u>601,440.99</u>	<u>850,240.02</u>	<u>5,487,666.45</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Excess (deficiency) of revenues over expenditures	(261,970.63)	166,150.03	(123,578.32)	(219,398.92)
Other Financing Sources (Uses)				
Transfers in	251,313.08	-	0.81	251,313.89
Transfers out	-	(2,167.80)	(0.40)	(2,168.20)
Total Other Financing Sources (Uses)	<u>251,313.08</u>	<u>(2,167.80)</u>	<u>0.41</u>	<u>249,145.69</u>
Net change in fund balances	(10,657.55)	163,982.23	(123,577.91)	29,746.77
Fund balances - beginning	<u>574,940.08</u>	<u>732,965.06</u>	<u>829,044.83</u>	<u>2,136,949.97</u>
Fund balances - ending	<u>\$ 564,282.53</u>	<u>\$ 896,947.29</u>	<u>\$ 705,466.92</u>	<u>\$ 2,166,696.74</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ 29,746.77

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

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	803,998.21
Depreciation expense	<u>(271,866.64)</u>
	532,131.57

Cost of capital assets sold - Under the current financial resources measurement focus, in the funds, proceeds from the sale of capital assets are reported as a source of financing. In the tribe-wide statement, however, the assets sold had been capitalized previously and thus have a "book value" that needs to be removed.

Cost of capital assets sold	(44,306.00)
Accumulated depreciation on capital assets sold	<u>19,683.95</u>
	(24,622.05)

Repayment of notes payable is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balance because current financial resources have been used.

(22,456.05)

For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments made on notes payable	<u>22,456.05</u>
--	------------------

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>4,799.31</u>
------------------------------	-----------------

Change in Net Assets of Governmental Activities \$ 564,511.65

**CITY OF VINITA, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Utility Authority
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 279,907.82
Accounts receivable	418,508.48
Due from other governments	4,149.03
Accrued interest receivable	1,394.38
Total Current Assets	703,959.71
Noncurrent Assets:	
Cash, restricted	41,686.94
Investments, restricted	178,328.00
Capital assets, net of accumulated depreciation	7,901,477.87
Total Noncurrent Assets	8,121,492.81
Total Assets	8,825,452.52
LIABILITIES	
Current Liabilities:	
Accounts payable	20,358.81
Payroll taxes payable	1,293.85
Accrued interest payable	17,519.52
Current portion of long-term debt	187,360.10
Current portion of capital leases payable	89,554.02
Total Current Liabilities	316,086.30
Noncurrent Liabilities:	
Payable from restricted assets:	
Meter deposits payable	180,805.00
Notes payable	1,617,474.48
Capital leases payable	793,052.06
Compensated absences	9,261.73
Total Noncurrent Liabilities	2,600,593.27
Total Liabilities	2,916,679.57
NET POSITION	
Invested in capital assets, net of related debt	5,214,037.21
Restricted	39,209.94
Unrestricted	655,525.80
Total Net Position	\$5,908,772.95

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Utility Authority</u>
Operating Revenues:	
Sales - Water	\$1,501,421.39
Sales - Sewer	667,993.35
Fees	22,642.06
Tap fees	200.00
Reimbursements	101,710.85
Total Operating Revenues	<u>2,293,967.65</u>
Operating Expenses:	
Personal services	893,396.58
Chemicals	105,328.01
Gasoline	24,306.68
Maintenance and operations	432,122.42
Utilities	141,051.35
Workers compensation	35,022.00
Depreciation	295,006.26
Total Operating Expenses	<u>1,926,233.30</u>
Operating Income (Loss)	<u>367,734.35</u>
Non-operating Revenues (Expenses)	
Franchise tax	54,895.60
Rent revenue	30,000.00
Interest revenue	1,923.49
Interest expense	<u>(109,009.17)</u>
Total Non-operating Revenues (Expenses)	<u>(22,190.08)</u>
Net Income (Loss) Before Transfers	345,544.27
Transfers out to City of Vinita General Fund	<u>(249,145.69)</u>
Change in net position	96,398.58
Total net position - beginning	<u>5,812,374.37</u>
Total net position - ending	<u>\$5,908,772.95</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Utility Authority</u>
Cash flows from operating activities:	
Cash received from operations	\$ 2,341,627.35
Cash paid to employees for services	(895,589.39)
Cash paid to suppliers for goods and services	(736,205.20)
Net cash provided (used) by operating activities	<u>709,832.76</u>
Cash flows from non-capital financing activities:	
Franchise taxes received	55,268.07
Rent revenue received	30,000.00
Transfers to the City of Vinita General Fund	(249,145.69)
Net cash provided (used) in non-capital financing activities	<u>(163,877.62)</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(27,100.00)
Principal payments on capital debt	(270,025.35)
Interest paid on capital debt	(113,434.17)
Net cash provided (used) by capital and related financing activities	<u>(410,559.52)</u>
Cash flows from investing activities:	
Interest	749.59
Net cash provided (used) by investing activities	<u>749.59</u>
Net increase (decrease) in cash and cash equivalents	136,145.21
Beginning cash and cash equivalents	<u>363,777.55</u>
Ending cash and cash equivalents	<u>\$ 499,922.76</u>
Reconciliation of net income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 367,734.35
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	295,006.26
Change in assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	45,599.70
Increase (Decrease) in:	
Accounts payable	1,625.26
Payroll taxes payable	(3,456.58)
Compensated absences	1,263.77
Meter deposits payable	2,060.00
Net cash provided (used) by operating activities	<u>\$ 709,832.76</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013

	<u>Agency Type Funds</u>				<u>Total</u>
	<u>Kornegay Land Fund</u>	<u>Leforce Bequest</u>	<u>Winifred Marks Bequest</u>	<u>Vinita Civic Center</u>	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 25,462.72	\$ 5,630.02	\$ (16,148.36)	\$ 529.43	\$ 15,473.81
Investments	379,790.00	89,590.00	16,000.00	-	485,380.00
Accrued Interest Receivable	3,377.37	1,118.96	275.87	-	4,772.20
Total Assets	<u>408,630.09</u>	<u>96,338.98</u>	<u>127.51</u>	<u>529.43</u>	<u>505,626.01</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS					
Reserved	<u>408,630.09</u>	<u>96,338.98</u>	<u>127.51</u>	<u>529.43</u>	<u>505,626.01</u>
Total Net Position	<u>\$ 408,630.09</u>	<u>\$ 96,338.98</u>	<u>\$ 127.51</u>	<u>\$ 529.43</u>	<u>\$ 505,626.01</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Agency Type Funds</u>				<u>Total</u>
	<u>Kornegay Land Fund</u>	<u>LeForce Bequest</u>	<u>Winifred Marks Bequest</u>	<u>Vinita Civic Center</u>	
Additions:					
Interest income	\$ 3,667.02	\$ 817.29	\$ 80.22	\$ -	\$ 4,564.53
Deductions:					
Swimming pool	-	-	8,688.85	-	8,688.85
Total Deductions	-	-	8,688.85	-	8,688.85
Change in Net Assets	3,667.02	817.29	(8,608.63)	-	(4,124.32)
Net Position - July 1, 2012	404,963.07	95,521.70	8,736.13	529.43	509,750.33
Net Position - June 30, 2013	<u>\$ 408,630.09</u>	<u>\$ 96,338.99</u>	<u>\$ 127.50</u>	<u>\$ 529.43</u>	<u>\$ 505,626.01</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

The City of Vinita, Oklahoma complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principals (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For business-type activities and enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2013, the City implemented the new financial reporting requirements of GASB Statement No. 54, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

1.A. Financial Reporting Entity

The City's financial reporting entity is comprised of the following:

Primary Government:	City of Vinita, Oklahoma
Blended Component Unit:	Vinita Utilities Authority

In determining the financial reporting entity, the City complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units of which the City appointed a voting majority of the units' board and the City is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

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 City Council or the component unit provides services entirely to the City. The component unit's fund is blended into those of the City's by appropriate activity type to comprise the primary government presentation.

Blended Component Units

Component units that are blended into the reporting activity types of the City's reports are presented below:

Component Unit	Brief Description/Inclusive Criteria	Reporting
Vinita Utilities Authority	Created to finance, develop and operate the utility services activities. The current City Council serves as the governing body (Trustees). Any issuance of debt would require a two-thirds approval of the City Council.	Enterprise Fund

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.A. Financial Reporting Entity: continued

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Eliminations have been made to minimize the double-accounting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

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 which 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 City 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.

The funds of the financial reporting entity are described below:

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenues Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City.

Capital Projects Funds

Capital projects funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

Proprietary Funds

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund:

<u>Fund</u>	<u>Brief Description</u>
Vinita Utility Authority	Accounts for the activities of the public trust in providing water and sewer to the public.

Fiduciary Funds

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes the Kornegay Land Fund, the LeForce Bequest, the Winifred Marks Bequest and the Vinita Civic Center for agency funds. Since agency funds are custodial in nature, they do not involve the measurement of results of operations.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

Major and Non-Major Funds

<i>Major:</i>	General Fund	
	Capital Projects Fund:	
	Capital Improvements Plan Fund	Accounts for $\frac{3}{4}$ cent sales tax approved by the voters and restricted for capital projects.
	Proprietary Fund:	
	Vinita Utility Authority	Accounts for activities of the public trust in providing water and sewer services to the public
<i>Non-Major:</i>	Capital Projects Fund:	
	Capital Improvement Fund	See above for description
	Special Revenue Funds:	
	1993 Sales Tax Interest Fund	
	AB Southern Library	
	Airport Grant Fund	
	Bachman Bequest	
	Capital Improvement Beautification	
	CDBG Grant Fund	
	Cemetery Care Fund	
	Emergency Management Fund	
	Fire Equipment Fund	
	Hotel/Motel Tax Fund	
	Library Grants Fund	
	Municipal Court Fund	
	Police Drug Fund	
	Police Equipment Fund	
	Police Internet Security Fund	
	Police Training Fund	
	Property Sales Fund	
	Revolving Fund	
	Senior Citizens Grant Fund	
	Solid Waste Capital Fund	
	Storm Reimbursement Fund	
	Vinita Sports Complex Fund	

1.C. Measurement Focus and Basis of Accounting

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.C. Measurement Focus and Basis of Accounting: continued

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. 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.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results or operations, therefore, measurement focus is not applied to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlays) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity

Cash and Cash Equivalents

For the purpose of Statement of Net Position, "cash, including time deposits" includes all demand, savings accounts and certificates of deposit of the City. For the purposes of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales, use and franchise taxes. Business-type activities report water and sewer charges as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and other intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables.

Capital Assets

The accounting treatment over 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 as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

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 Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity: continued

Capital Assets: continued

The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	20 to 60 years
Improvements	20 to 60 years
Utility System	20 to 80 years
Infrastructure	20 to 80 years
Machinery and Equipment	3 to 20 years

Fund Financial Statements

In the fund financial statements, capital assets acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Position

Restricted position includes cash and investments of the proprietary fund that are legally restricted as to their use. Restricted position includes funds on deposit representing utility customer meter deposits which are refundable to the customer and funds on deposit required to be reserved by terms of promissory notes.

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 debt 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 and capitalized lease obligations.

Long-term debt arising from cash transactions 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 principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the government-

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

Compensated Absences: continued

wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Recent Accounting Pronouncements

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34* (GASB 61). GASB 61 modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that were previously required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also needs to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, GASB 61 clarifies the matter in which that determination should be made and the types of relationships that generally should be considered in making the determination.

GASB 61 amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantially the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit.

The City adopted GASB 61 on July 1, 2012, which did not have a significant impact on the City's financial statements.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). The objective of GASB 63 is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The pronouncement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statements elements by providing guidance where none previously existed. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2011. The City adopted GASB 63 effective July 1, 2012. The adoption of the statement required the City to adopt the term "net position" as required. In addition, as required by GASB 63, the City determined as of June 30, 2013, there were no items of deferred inflows or outflows of resources, as presently defined, to be reported.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). The objective of GASB 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows or resources or deferred inflows of resources, certain items that were previously reported as assets or

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

Recent Accounting Pronouncements: continued

liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this statement were effective for financial statements for periods beginning after December 15, 2012.

1.D. Assets, Liabilities and Equity: continued

Equity Classification

Government-Wide and Proprietary Statements:

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted – Consists of net position 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 – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes because the City Charter, the City Code, state or federal laws, or externally imposed conditions by grantors or creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution.
- d. Assigned – Amounts that are designated by the City’s intent to be used for specific purposes,
- e. Unassigned – All amounts not included in other spendable classifications.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.E. Revenues, Expenditures and Expenses

Sales Tax

The City presently levies a sales tax on taxable sales within the City. The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Oklahoma Tax Commission. The Tax Commission receives the sales tax approximately on month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in June and July (which represent sales for May and June) are received by the City in July and August have been accrued and are included under the caption "Due from other governments".

Use Tax

The City levies a use-tax on personal property purchased outside the City limits but stored, used or consumed within the City. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received by the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in June and July and received by the City in July and August are included under the caption "Due from other governments".

Operating Revenues and Expenses

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

Expenditures/Expenses

In the government-wide financial statements, expenses are reported on the accrual basis and 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:	Current (further classified by activity)
	Capital Outlay
	Debt Service

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.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies: continued

1.F. Interfund Transfers

Permanent re-allocations 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 have been eliminated.

1.G. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

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

2.A. Fund Accounting Requirements

The City complies, in all material respects, with state and local laws and regulations requiring the use of separate funds. The legally required funds used by the City include the following:

<u>Fund</u>	<u>Required By</u>
Vinita Utilities Authority Fund	Trust Indenture
Airport Fund	State Law
Cemetery Care Fund	State Law

2.B. Deposit and Investment Laws and Regulations

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 City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized for the fiscal year ended June 30, 2013.

Investments of the City (excluding Public Trusts) whose population exceeds 3,000 according to the latest census information are limited by state law to the following:

1. Direct obligations of the U.S. Government, its agencies or instrumentalities to the payment of which the full faith and credit of the Government of the United States is pledged, or obligations to the payment of which the full faith and credit of this state is pledged;

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Stewardship, Compliance and Accountability: continued

2.B. Deposit and Investment Laws and Regulations: continued

2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptance, prime commercial paper and repurchase agreements with certain limitations;
4. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district;
5. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligation of national mortgage associations;
6. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs 1., 2., 3., and 4.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2013, the City and its public trusts complied, in all material respects, with these investment restrictions.

2.C. Budgetary Accounting and Control

The City operates under the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"), as amended in 1991. The budget, as adopted by the City council, is filed with the State of Oklahoma office of the Auditor and Inspector and with the County Excise Board. Budget supplements made during the year are recommended by the City administrator and must be approved by the City council. Amendments are then filed with the two agencies mentioned above. The budget and actual comparisons presented in the financial statements include the legally amended budgets for the respective funds.

Prior to June 1, the Mayor and City administrator submit to the City council a proposed operating budget for the fiscal year commencing the following July 1 based on previous years revenue at 90%. The operating budget includes proposed expenditures and the means of financing them.

Formal budgetary integration is employed as a management control device during the year for all governmental funds.

Once the legal budget is adopted by the governing body, all budget amendments, including supplemental, decrease or transfer of appropriations, to the legal level of control as defined below, requires governing body approval.

The level of control at which expenditures may not legally exceed appropriations is at the account category level by department within a fund for each legally adopted fiscal operating budget.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Stewardship, Compliance and Accountability: continued

2.D. Revenue Restrictions

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

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Hotel/Motel Tax	Convention and Tourism
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2013 the City complied, in all material respects, with those revenue restrictions.

2.E. 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% of net assessed valuation. For the year ended June 30, 2013, the City 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 City (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 City incurred no such indebtedness.

2.F. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2013.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transaction Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues and expenditures/expenses.

3.A. Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2013, none of the City's investments were exposed to custodial credit risk.

3.B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Vinita Utilities Authority related to amounts held in trust for customer utility meter deposits.

The restricted assets as of June 30, 2013 are \$220,014.94 in meter deposits.

Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.C. Accounts Receivable

Accounts receivable of the governmental activities consists of franchise tax, occupation tax, sales tax, motor vehicle collections and gasoline tax, and alcoholic beverage tax. Accounts receivable of the business-type activities consists of utilities receivable.

Accounts receivable as of June 30, 2013 is as follows:

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<u>\$ 520,666.14</u>	<u>\$ 418,508.48</u>	<u>\$ 939,174.62</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance July 1	Additions	Retirements	Adjustments/ Transfers	Balance June 30
<i>Governmental Activities:</i>					
Non-depreciable assets					
Land	\$ 2,337,920.81	\$ -	\$ -	\$ -	\$ 2,337,920.81
Total Non-depreciable assets	<u>2,337,920.81</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,337,920.81</u>
Depreciable assets					
Buildings and improvements	1,564,522.89	-	-	-	1,564,522.89
Infrastructure	3,635,588.44	123,341.32	-	-	3,758,929.76
Trucks	1,485,617.73	322,192.00	-	-	1,807,809.73
Vehicles	555,119.79	73,300.00	-	-	628,419.79
Machinery, furniture and equipment	2,289,140.26	285,164.69	44,306.00	-	2,529,998.95
Total capital assets being depreciated	<u>9,529,989.11</u>	<u>803,998.01</u>	<u>44,306.00</u>	<u>-</u>	<u>10,289,681.12</u>
Less: accumulated depreciation for:					
Buildings and improvements	401,376.13	26,583.26	-	-	427,959.39
Infrastructure	249,074.99	45,950.54	-	-	295,025.53
Trucks	805,243.79	73,342.19	-	-	878,585.98
Vehicles	315,543.00	30,906.03	19,683.95	-	326,765.08
Machinery, furniture and equipment	765,539.49	95,084.62	-	-	860,624.11
Total accumulated depreciation	<u>2,536,777.40</u>	<u>271,866.64</u>	<u>19,683.95</u>	<u>-</u>	<u>2,788,960.09</u>
Governmental activities capital assets, net	<u>\$ 9,331,132.52</u>	<u>\$ 532,131.37</u>	<u>\$ 24,622.05</u>	<u>\$ -</u>	<u>\$ 9,838,641.84</u>

Depreciation expense was charged to governmental activities as follows:

Primary Government:	
Governmental Activities:	
General governmental	<u>\$ 271,866.64</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transaction Classes/Accounts: continued

3.D. Capital Assets: continued

	Balance July 1	Additions	Retirements	Adjustments/ Transfers	Balance June 30
<i>Business-type Activities:</i>					
Depreciable assets					
Utility System	\$ 8,854,643.81	\$ -	\$ -	\$ -	\$ 8,854,643.81
Buildings	602,837.76	-	-	-	602,837.76
Vehicles	89,885.00	-	-	-	89,885.00
Machinery, furniture and equipment	2,433,149.96	27,100.00	-	(210,986.37)	2,249,263.59
Total capital assets being depreciated	<u>11,980,516.53</u>	<u>27,100.00</u>	<u>-</u>	<u>(210,986.37)</u>	<u>11,796,630.16</u>
Less: accumulated depreciation:					
Utility System	2,270,058.89	166,403.86	-	-	2,436,462.75
Buildings	231,757.80	10,047.30	-	-	241,805.10
Vehicles	73,402.56	5,992.33	-	-	79,394.89
Machinery, furniture and equipment	1,024,926.78	112,562.77	-	-	1,137,489.55
Total accumulated depreciation	<u>3,600,146.03</u>	<u>295,006.26</u>	<u>-</u>	<u>-</u>	<u>3,895,152.29</u>
Business-type activities capital assets, net	<u>\$ 8,380,370.50</u>	<u>\$ (267,906.26)</u>	<u>\$ -</u>	<u>\$ (210,986.37)</u>	<u>\$ 7,901,477.87</u>

3.E. 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.

Governmental Activities

As of June 30, 2013, the governmental funds had one capital lease payable as follows:

The City entered into a capital equipment lease purchase agreement on April 29, 2009 with Welch State Bank for a 2009 Sterling L8500 Truck in the amount of \$110,800.00. Monthly payments of \$1,785.54 began on May 28, 2009 and include interest of 5.017%. The final lease payment is due on April 28, 2015.

The leases to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 20,002.36	\$ 1,424.12	\$ 21,426.48
2015	17,450.60	404.80	17,855.40
	<u>\$ 37,452.96</u>	<u>\$ 1,828.92</u>	<u>\$ 39,281.88</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transactions Classes/Accounts: continued

3.E. Long-Term Debt: continued

Business-Type Activities

1998 Clean Water State Revolving Fund Loan

The Utility Authority issued a promissory note dated September 15, 1998 payable in the aggregate principal amount not to exceed \$1,900,000.00 under the Oklahoma Water Resources Board Small Community SRF Program, to finance the costs of acquiring and construction improvements to the municipal sanitary. The note is secured by a pledge of revenues derived from the Authority's water and sanitary sewer systems.

The note will mature on the earlier of (i) the March 15 or September 15 next preceding the date, which is twenty (20) years after the completion of the construction of the Project, or (ii) March 15, 2018. The outstanding principal balance of the note, together with all accrued but unpaid interest and administrative fees shall be due and payable in full on said maturity date.

The Authority will pay the OWRB interest on the loan at the rate of 3.059% per annum, plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee payments shall be made on a semi-annual basis, commencing on March 15, 1998 and continuing each March 15 and September 15 thereafter for the term of the loan.

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2014	\$ 109,684.01	\$ 17,651.55	\$ 2,810.32	\$ 130,145.88
2015	113,622.40	14,256.46	2,267.02	130,145.88
2016	117,702.20	10,739.83	1,703.85	130,145.88
2017	122,386.48	6,669.29	1,090.11	130,145.88
2018	127,096.26	2,268.26	510.74	129,875.26
	<u>\$ 590,491.35</u>	<u>\$ 51,585.39</u>	<u>\$ 8,382.04</u>	<u>\$ 650,458.78</u>

2005 Clean Water State Revolving Fund Loan

The Utility Authority issued a promissory note dated August 31, 2005 payable in the aggregate principal amount not to exceed \$1,290,000.00 under the Oklahoma Water Resources Board Small Community SRF Program, to finance the costs of acquiring and constructing improvements to the municipal sanitary sewer system. The note is secured by a pledge of revenues derived from the Authority's water and sanitary sewer systems.

The note will mature on the earlier of (i) the March 15 or September 15 next preceding the date, which is twenty (20) years after completion of construction of the Project, or (ii) March 15, 2026. The outstanding principal balance of the note, together with all accrued but unpaid interest and administrative fees shall be due and payable in full on said maturity date.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transactions Classes/Accounts: continued

3.E. Long-Term Debt: continued

2005 Clean Water State Revolving Fund Loan: continued

The Authority will pay the OWRB interest on the loan at the rate of 2.6% per annum, plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee payments shall be made on a semi-annual basis, commencing on September 15, 2006, and continuing each March 15 and September 15 thereafter for the term of the loan.

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2014	\$ 53,411.65	\$ 21,512.20	\$ 4,136.97	\$ 79,060.82
2015	55,080.24	20,112.74	3,867.84	79,060.82
2016	56,800.97	18,669.55	3,590.30	79,060.82
2017	58,575.43	17,181.29	3,304.10	79,060.82
2018	60,405.37	15,646.51	2,857.93	78,909.81
2019 - 2023	331,540.01	53,479.56	10,284.53	395,304.10
2024 - 2026	225,186.55	10,003.45	1,992.46	237,182.46
	<u>\$ 841,000.22</u>	<u>\$ 156,605.30</u>	<u>\$ 30,034.13</u>	<u>\$ 1,027,639.65</u>

2005 Drinking Water State Revolving Fund Loan

The Utility Authority issued a promissory note dated August 31, 2005 payable in the aggregate principal amount not to exceed \$610,000.00 under the Oklahoma Water Resources Board Small Community SRF Program, to finance the costs of acquiring and construction improvements to the municipal sanitary. The note is secured by a pledge of revenues derived from the Authority's water and sanitary sewer systems.

The note will mature on the earlier of (i) the March 15 or September 15 next preceding the date, which is twenty (20) years after the completion of the construction of the Project, or (ii) September 15, 2025. The outstanding principal balance of the note, together with all accrued but unpaid interest and administrative fees shall be due and payable in full on said maturity date.

2005 Drinking Water State Revolving Fund Loan: continued

The Authority will pay the OWRB interest on the loan at the rate of 3.0% per annum, plus an administrative fee at the rate of 0.5% per annum on the outstanding balance of disbursed loan proceeds. Interest and the administrative fee payments shall be made on a semi-annual basis, commencing on March 15, 2006 and continuing each March 15 and September 15 thereafter for the term of the loan.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transactions Classes/Accounts: continued

3.E. Long-Term Debt: continued

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2014	\$ 24,264.44	\$ 11,014.60	\$ 1,835.76	\$ 37,114.80
2015	25,121.14	10,280.29	1,713.37	37,114.80
2016	26,008.04	9,520.07	1,586.69	37,114.80
2017	26,926.30	8,733.00	1,455.50	37,114.80
2018	27,876.97	7,918.13	1,319.70	37,114.80
2019 - 2023	154,861.95	26,324.61	4,387.44	185,574.00
2024 - 2026	88,284.17	3,834.39	668.44	92,787.00
	<u>\$ 373,343.01</u>	<u>\$ 77,625.09</u>	<u>\$ 12,966.90</u>	<u>\$ 463,935.00</u>

The Utility Authority executed a sublease agreement with the Community Communications Authority of Oklahoma and First Security Leasing, Inc. to purchase wireless internet equipment, communication system and new water meter reading equipment on September 12, 2006. The equipment was purchased for \$1,557,296.00, with interest in the amount of \$32,698.00 being capitalized, for a total lease of \$1,589,994.00. The interest rate is 5.326% and payments of \$12,575.00 are due monthly. The first payment was March 1, 2007 and the final payment will be due August 1, 2022.

On February 26, 2013 this note was refinanced in the amount of \$904,531.43. The interest rate is 1.75% and payments of \$8,690.30 are due monthly. The first payment was April 1, 2013 and the final payment will be due August 1, 2022.

The future payments are as follows:

Year Ending June 30	Principal	Interest	Total
2014	\$ 89,554.02	\$ 14,729.58	\$ 104,283.60
2015	91,133.86	13,149.74	104,283.60
2016	92,741.56	11,542.04	104,283.60
2017	94,377.61	9,905.99	104,283.60
2018	96,042.54	8,241.06	104,283.60
2019 - 2023	418,756.49	15,757.79	434,514.28
	<u>\$ 882,606.08</u>	<u>\$ 73,326.20</u>	<u>\$ 955,932.28</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detail Notes – Transactions Classes/Accounts: continued

3.E. Long-Term Debt: continued

Debt service requirements for all business-type activities are as follows:

Year Ending June 30	Principal	Interest	Fees	Total
2014	\$ 276,914.12	\$ 64,907.93	\$ 113,066.65	\$ 454,888.70
2015	284,957.64	57,799.23	112,131.83	454,888.70
2016	293,252.77	50,471.49	111,164.44	454,888.70
2017	302,265.82	42,489.57	110,133.31	454,888.70
2018	311,421.14	34,073.96	108,971.97	454,467.07
2019 - 2023	905,158.45	95,561.96	449,186.25	1,449,906.66
2024 - 2026	313,470.72	13,837.84	2,660.90	329,969.46
	<u>\$ 2,687,440.66</u>	<u>\$ 359,141.98</u>	<u>\$ 1,007,315.35</u>	<u>\$ 4,053,897.99</u>

Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2013:

	Amount Outstanding June 30, 2012	Issued	Retired	Amount Outstanding June 30, 2013
Business-Type Activities				
Notes Payable	\$ 1,985,819.35	\$ -	\$ 180,984.77	\$ 1,804,834.58
Lease Obligations	1,182,633.03	-	300,026.95	882,606.08
	<u>\$ 3,168,452.38</u>	<u>\$ -</u>	<u>\$ 481,011.72</u>	<u>\$ 2,687,440.66</u>

Note 4. Other Notes

4.A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The City purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Other Notes: continued

4.B. Employee Retirement System and Pension Plan

Description of the Plan

The City provides pension benefits for substantially all of its full time employees (excluding firemen who are covered under a separate state retirement system) through a defined benefit cost-sharing plan with the Oklahoma Municipal Retirement Fund (OMRF), an agent multiple employer defined benefit plan. An employee includes any person who, if last hired after July 1, 1971, had not reached his 60th birthday at the time of hiring. An employee is eligible to participate in the Plan on the employee's employment commencement date, which means the first day of the first pay period during which the employee receives wages as an employee from which federal taxes are withheld. An employee becomes fully vested after ten years. The Oklahoma Municipal Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information for the fund. The report may be obtained by writing to Oklahoma Municipal Retirement Fund, OK-1-4030, P.O. Box 25848, Oklahoma City, OK 73125, or by calling 1-888-394-6673.

Funding Policy

The required contribution rate for the 2012-2013 plan year was 23.94% of each participant's payroll. This consisted of 5.25% contributed by the employee and 18.69% contributed by the City. The required contribution rate changes each year, reflecting the investment earnings of the OMRF fund and the demographic experience of the participant group. Since the employee contribution rate is fixed by the terms of the plan, the City's required contribution rate is the amount necessary to bring the total contribution rate to at least the total required contribution rate. The total salary as reported on the Form W-2, paid to the employee during the year is used in computing the costs.

Annual Pension Cost

The City's annual pension cost was equal to the City's required and actual contributions. The required contributions was determined as part of the June 30, 2013 actuarial valuation. The liabilities and costs were determined using the aggregate entry age normal cost method, considering the unfunded past service requirements to be the excess of the present value of all benefits over the present value of future normal costs and current assets. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year. The actuarial value of OMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments by factoring the individual period adjustments, if any, for the current period and each of the nine preceding periods. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Other Notes: continued

4.B. Employee Retirement System and Pension Plan: continued

The required contribution from the City for this plan was \$291,170, \$215,346 and \$223,593 for 2013, 2012 and 2011 respectively.

Schedule of Funding Progress

(Unaudited)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Actuarial Value of Assets as a % of Actuarial Liability (Funded Ratio)	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Covered Payroll
Jan 1, 2004	4,114,808	5,177,731	1,062,923	79.5%	1,468,253	72.4%
Jan 1, 2005	4,457,157	5,315,575	858,418	83.9%	1,327,315	64.7%
Jan 1, 2006	4,663,577	5,553,813	890,236	84.0%	1,464,595	60.8%
Jan 1, 2007	5,042,364	5,709,389	667,025	88.3%	1,502,491	44.4%
Jan 1, 2008	5,474,450	6,318,409	843,959	86.6%	1,673,512	50.4%
Jan 1, 2009	5,316,615	6,826,429	1,509,814	77.9%	1,636,691	92.2%
Jan 1, 2010	5,582,172	7,317,435	1,735,263	76.3%	1,705,142	101.8%
Jan 1, 2011	6,031,254	7,867,517	1,836,263	76.7%	1,736,607	105.7%
Jan 1, 2012	6,259,597	8,201,964	1,942,367	76.3%	1,611,610	120.5%
Jan 1, 2013	6,708,968	8,610,600	1,901,632	77.9%	1,569,444	121.2%

Firefighters Pension and Retirement System

All full-time or volunteer firefighters hired before age 45 are covered by a statewide cost-sharing multi-employer defined benefit adopted under Oklahoma Statutes. The plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8% of base salary and the City contributes an additional 13% (\$60 for volunteer firemen). The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 N. Lincoln Blvd, Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4. Other Notes: continued

4.B. Employee Retirement System and Pension Plan: continued

Police Officers Pension Plan

All police officers covered by the Oklahoma Police Pension and Retirement System (OPPRS), which is a cost-sharing multiple-employer PERS, must be 21 but not more than 45 years of age at the time of initiation of participation in the system. They are required to complete a physical-medical exam, be approved for membership by the Board and work more than 25 hours per week. Under this plan, police department personnel contribute 8% of base salary and the City contributes an additional 13%. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Police Pension and Retirement System, 1001 Northwest 63rd St., Suite 305, Oklahoma City, OK 73116-7335, or by calling 1-800-347-6552.

4.C. Subsequent Events

Management has evaluated subsequent events up to and including May 17, 2013, which is the date the financial statements were available for issuance, and no additional disclosures are required.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information (RSI) includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Notes to RSI – Budgetary Comparison Schedule

**CITY OF VINITA, OKLAHOMA
BUDGET AND ACTUAL
BUDGETED GENERAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Charges for services	\$ 1,175,858.86	\$ 1,175,858.86	\$ 1,052,965.06	\$ -	\$ (122,893.80)
Local sources	765,664.36	765,664.36	574,560.93	-	(191,103.43)
State sources	2,049,161.99	2,049,161.99	2,194,260.73	-	145,098.74
Miscellaneous	136,838.38	136,838.38	210,473.97	-	73,635.59
Total Revenues	<u>4,127,523.59</u>	<u>4,127,523.59</u>	<u>4,032,260.69</u>	<u>-</u>	<u>(95,262.90)</u>
Expenditures:					
Governing Board	216,591.01	216,591.01	170,703.87	-	45,887.14
City Clerk	314,000.00	314,000.00	289,789.68	-	24,210.32
City Treasurer	30,038.64	30,038.64	30,034.39	-	4.25
City Attorney	55,000.00	55,000.00	35,803.75	-	19,196.25
Municipal Court	19,460.58	19,460.58	19,620.58	-	(160.00)
Library	123,166.49	123,166.49	122,961.02	-	205.47
Street Lights	37,000.00	37,000.00	32,232.74	-	4,767.26
Emergency Management	10,000.00	10,000.00	-	-	10,000.00
Airport	4,500.00	4,500.00	2,743.02	-	1,756.98
General Government	415,000.00	415,000.00	366,956.53	-	48,043.47
Street and Alley	395,009.85	395,009.85	396,671.28	-	(1,661.43)
Finance Officer	19,250.00	19,250.00	18,652.66	-	597.34
Cemetery	203,000.00	203,000.00	178,005.27	-	24,994.73
Code Enforcement	53,000.00	53,000.00	48,948.64	-	4,051.36
Park	20,500.00	20,500.00	18,214.87	-	2,285.13
Senior Citizens	55,039.04	55,039.04	53,059.33	-	1,979.71
Solid Waste	555,000.00	555,000.00	505,236.90	-	49,763.10
Pelivan	39,900.00	39,900.00	39,900.00	-	-
Police Department	1,067,000.00	1,067,000.00	1,066,578.01	-	421.99
Fire Department	619,500.00	619,500.00	602,271.90	-	17,228.10
Swimming Pool	40,000.00	40,000.00	30,585.52	-	9,414.48
Zoning Commission	750.00	750.00	-	-	750.00
Total Expenditures	<u>4,292,705.61</u>	<u>4,292,705.61</u>	<u>4,028,969.96</u>	<u>-</u>	<u>263,735.65</u>
Excess of Revenues over/(under) expenditures Before Other Sources/(Uses)	(165,182.02)	(165,182.02)	3,290.73	-	168,472.75
Fund Balance, beginning of year	191,163.66	191,163.66	191,163.66	-	-
Fund Balance, end of year	<u>\$ 25,981.64</u>	<u>\$ 25,981.64</u>	194,454.39	<u>\$ -</u>	<u>\$ 168,472.75</u>

Amounts reported for general fund cash fund in the Balance Sheet for Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Accrued interest receivable	941.32
Amounts due from other governments	394,916.52
Accounts payable	(22,412.96)
Accrued payables	(4,865.74)
Difference in ending cash balance budget and actual	<u>1,245.00</u>
Fund Balance - General Fund	<u>\$ 564,278.53</u>

CITY OF VINITA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Budgetary Accounting

The City prepares its budget for the General Fund on the cash basis of accounting. This differs from the accrual basis of accounting used in presenting the General Fund in the basic financial statements. All unexpended appropriations lapse at year-end.

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Combining Statements – Non-major governmental funds
- Schedule of Federal and State Financial Assistance

CITY OF VINITA, OKLAHOMA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	1993 Sales Tax Interest Fund	AB Southern Library Fund	Bachman Bequest	Boling Bequest	Capital Improvement Beutification Fund	CDBG Fund
ASSETS						
Cash and cash equivalents	\$ 18,333.87	\$ (5,420.11)	\$ 172,749.34	\$ 9,059.74	\$ 580.00	\$ 3.00
Investments	-	16,700.00	-	-	-	-
Due from other governments	-	-	-	-	-	-
Accrued interest receivable	-	91.51	-	-	-	-
Total Assets	<u>\$ 18,333.87</u>	<u>\$ 11,371.40</u>	<u>\$ 172,749.34</u>	<u>\$ 9,059.74</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,407.09	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>1,407.09</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved	16,926.78	11,371.40	172,749.34	9,059.74	580.00	3.00
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>16,926.78</u>	<u>11,371.40</u>	<u>172,749.34</u>	<u>9,059.74</u>	<u>580.00</u>	<u>3.00</u>
Total Liabilities and Fund Balances	<u>\$ 18,333.87</u>	<u>\$ 11,371.40</u>	<u>\$ 172,749.34</u>	<u>\$ 9,059.74</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Cemetary Care Fund</u>	<u>Emergency Management Fund</u>	<u>Fire Equipment Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Library Grant Fund</u>	<u>Municipal Court Fund</u>
ASSETS						
Cash and cash equivalents	\$ (29,043.03)	\$ 6,920.22	\$ 6,441.78	\$ 70,360.84	\$ 11,303.23	\$ 1,000.00
Investments	114,000.00	-	-	-	-	-
Due from other governments	-	-	-	422.56	-	-
Accrued interest receivable	-	-	-	-	-	-
Total Assets	<u>\$ 84,956.97</u>	<u>\$ 6,920.22</u>	<u>\$ 6,441.78</u>	<u>\$ 70,783.40</u>	<u>\$ 11,303.23</u>	<u>\$ 1,000.00</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,275.00	\$ -	\$ 2,672.96	\$ -	\$ -	\$ -
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>1,275.00</u>	<u>-</u>	<u>2,672.96</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved	83,681.97	6,920.22	3,768.82	70,783.40	11,303.23	1,000.00
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>83,681.97</u>	<u>6,920.22</u>	<u>3,768.82</u>	<u>70,783.40</u>	<u>11,303.23</u>	<u>1,000.00</u>
Total Liabilities and Fund Balances	<u>\$ 84,956.97</u>	<u>\$ 6,920.22</u>	<u>\$ 6,441.78</u>	<u>\$ 70,783.40</u>	<u>\$ 11,303.23</u>	<u>\$ 1,000.00</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Police Drug Fund	Police Equipment Fund	Police Internet Security Fund	Police Training Fund	Property Sales Fund	Revolving Fund
ASSETS						
Cash and cash equivalents	\$ 189,635.06	\$ 3,112.50	\$ 183.05	\$ 14,823.12	\$ 7,522.12	\$ 8,896.20
Investments	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Total Assets	<u>\$ 189,635.06</u>	<u>\$ 3,112.50</u>	<u>\$ 183.05</u>	<u>\$ 14,823.12</u>	<u>\$ 7,522.12</u>	<u>\$ 8,896.20</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved	189,635.06	3,112.50	183.05	14,823.12	7,522.12	8,896.20
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>189,635.06</u>	<u>3,112.50</u>	<u>183.05</u>	<u>14,823.12</u>	<u>7,522.12</u>	<u>8,896.20</u>
Total Liabilities and Fund Balances	<u>\$ 189,635.06</u>	<u>\$ 3,112.50</u>	<u>\$ 183.05</u>	<u>\$ 14,823.12</u>	<u>\$ 7,522.12</u>	<u>\$ 8,896.20</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Senior Citizens Grant Fund</u>	<u>Solid Waste Capital Fund</u>	<u>Storm Reimbursement Fund</u>	<u>Vinita Sports Complex Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ 87,879.23	\$ 4,136.56	\$ 2,320.88	\$ 580,797.60
Investments	-	-	-	-	130,700.00
Due from other governments	-	-	-	-	422.56
Accrued interest receivable	-	-	-	-	91.51
Total Assets	<u>\$ -</u>	<u>\$ 87,879.23</u>	<u>\$ 4,136.56</u>	<u>\$ 2,320.88</u>	<u>\$ 712,011.67</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,189.70	\$ -	\$ -	\$ 6,544.75
Accrued payables	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,189.70</u>	<u>-</u>	<u>-</u>	<u>6,544.75</u>
Fund Balances:					
Reserved	-	86,689.53	4,136.56	2,320.88	705,466.92
Unreserved	-	-	-	-	-
Total Fund Balances	<u>-</u>	<u>86,689.53</u>	<u>4,136.56</u>	<u>2,320.88</u>	<u>705,466.92</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 87,879.23</u>	<u>\$ 4,136.56</u>	<u>\$ 2,320.88</u>	<u>\$ 712,011.67</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	1993 Sales Tax Interest Fund	AB Southern Library Fund	Bachman Bequest	Boling Bequest	Capital Improvement Beautification Fund	CDBG Fund
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:						
Donations	-	-	-	10,000.00	-	-
Grants	-	-	-	-	-	-
Interest income	6,312.16	167.45	-	-	-	-
Garbage	-	-	-	-	-	-
Lot sales	-	-	-	-	-	-
Police fines	-	-	-	-	-	-
Outside fire revenues	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Total Revenues	<u>6,312.16</u>	<u>167.45</u>	<u>-</u>	<u>10,000.00</u>	<u>-</u>	<u>-</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	-	-	-
Public Safety and Judiciary:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Transportation:						
Airport	-	-	-	-	-	-
Culture, Parks and Recreation:						
Cemetery	-	-	75,542.80	-	-	-
Library	-	-	-	940.26	-	-
Vinita sports complex	-	-	-	-	-	-
Other expenses	22,081.89	-	-	-	-	-
Hotel and motel tax	-	-	-	-	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-
Total Expenditures	<u>22,081.89</u>	<u>-</u>	<u>75,542.80</u>	<u>940.26</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(15,769.73)	167.45	(75,542.80)	9,059.74	-	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(15,769.73)	167.45	(75,542.80)	9,059.74	-	-
Fund balances - beginning	<u>32,696.51</u>	<u>11,203.95</u>	<u>248,292.14</u>	<u>-</u>	<u>580.00</u>	<u>3.00</u>
Fund balances - ending	<u>\$ 16,926.78</u>	<u>\$ 11,371.40</u>	<u>\$ 172,749.34</u>	<u>\$ 9,059.74</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Cemetary Care Fund</u>	<u>Emergency Management Fund</u>	<u>Fire Equipment Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Library Grant Fund</u>	<u>Municipal Court Fund</u>
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ 52,192.28	\$ -	\$ -
Other:						
Donations	15,815.87	-	-	-	-	-
Grants	-	5,000.00	332,843.35	-	15,005.12	-
Interest income	-	-	-	-	-	-
Garbage	-	-	-	-	-	-
Lot sales	912.00	-	-	-	-	-
Police fines	-	-	-	-	-	-
Outside fire revenues	-	-	12,420.00	-	-	-
Reimbursements	-	-	-	-	-	-
Total Revenues	<u>16,727.87</u>	<u>5,000.00</u>	<u>345,263.35</u>	<u>52,192.28</u>	<u>15,005.12</u>	<u>-</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	-	-	-
Public Safety and Judiciary:						
Fire	-	11,521.72	360,504.56	-	-	-
Police	-	-	-	-	-	-
Transportation:						
Airport	-	-	-	-	-	-
Culture, Parks and Recreation:						
Cemetery	20,194.22	-	-	-	-	-
Library	-	-	-	-	15,192.23	-
Vinita sports complex	-	-	-	-	-	-
Other expenses	-	-	-	-	376.77	-
Hotel and motel tax	-	-	-	44,546.17	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-
Total Expenditures	<u>20,194.22</u>	<u>11,521.72</u>	<u>360,504.56</u>	<u>44,546.17</u>	<u>15,569.00</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(3,466.35)	(6,521.72)	(15,241.21)	7,646.11	(563.88)	-
Other Financing Sources (Uses)						
Transfers in	-	-	0.01	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>0.01</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(3,466.35)	(6,521.72)	(15,241.20)	7,646.11	(563.88)	-
Fund balances - beginning	<u>87,148.32</u>	<u>13,441.94</u>	<u>19,010.02</u>	<u>63,137.29</u>	<u>11,867.11</u>	<u>1,000.00</u>
Fund balances - ending	<u>\$ 83,681.97</u>	<u>\$ 6,920.22</u>	<u>\$ 3,768.82</u>	<u>\$ 70,783.40</u>	<u>\$ 11,303.23</u>	<u>\$ 1,000.00</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Police Drug Fund</u>	<u>Police Equipment Fund</u>	<u>Police Internet Security Fund</u>	<u>Police Training Fund</u>	<u>Property Sales Fund</u>	<u>Revolving Fund</u>
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:						
Donations	-	-	-	-	-	-
Grants	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Garbage	-	-	-	-	-	-
Lot sales	-	-	-	-	-	-
Police fines	112,314.59	-	-	24,769.19	-	-
Outside fire revenues	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	40,222.88
Total Revenues	<u>112,314.59</u>	<u>-</u>	<u>-</u>	<u>24,769.19</u>	<u>-</u>	<u>40,222.88</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	-	-	36,704.22
Public Safety and Judiciary:						
Fire	-	-	-	-	-	-
Police	98,296.73	-	183.05	29,484.75	-	-
Transportation:						
Airport	-	-	-	-	-	-
Culture, Parks and Recreation:						
Cemetery	-	-	-	-	-	-
Library	-	-	-	-	-	-
Vinita sports complex	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Hotel and motel tax	-	-	-	-	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-
Total Expenditures	<u>98,296.73</u>	<u>-</u>	<u>183.05</u>	<u>29,484.75</u>	<u>-</u>	<u>36,704.22</u>
Excess (deficiency) of revenues over expenditures	14,017.86	-	(183.05)	(4,715.56)	-	3,518.66
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	0.80	-
Transfers out	(0.40)	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(0.40)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.80</u>	<u>-</u>
Net change in fund balances	14,017.46	-	(183.05)	(4,715.56)	0.80	3,518.66
Fund balances - beginning	<u>189,635.46</u>	<u>3,112.50</u>	<u>183.05</u>	<u>5,703.87</u>	<u>7,521.32</u>	<u>5,377.54</u>
Fund balances - ending	<u>\$ 203,652.92</u>	<u>\$ 3,112.50</u>	<u>\$ -</u>	<u>\$ 988.31</u>	<u>\$ 7,522.12</u>	<u>\$ 8,896.20</u>

The accompanying notes are an integral part of these financial statements.

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Senior Citizens Grant Fund	Solid Waste Capital Fund	Storm Reimbursement Fund	Vinita Sports Complex Fund	Total Governmental Funds
Revenues:					
Taxes:					
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ 52,192.28
Other:					
Donations	-	-	-	3,463.01	29,278.88
Grants	-	-	-	-	352,848.47
Interest income	-	-	-	-	6,479.61
Garbage	-	91,087.24	-	-	91,087.24
Lot sales	-	-	-	-	912.00
Police fines	-	-	-	-	137,083.78
Outside fire revenues	-	-	-	-	12,420.00
Reimbursements	-	-	4,136.56	-	44,359.44
Total Revenues	<u>-</u>	<u>91,087.24</u>	<u>4,136.56</u>	<u>3,463.01</u>	<u>726,661.70</u>
Expenditures:					
General Government:					
Maintenance and operations	-	-	-	-	36,704.22
Public Safety and Judiciary:					
Fire	-	-	-	-	372,026.28
Police	-	-	-	-	127,964.53
Transportation:					
Airport	-	-	-	-	-
Culture, Parks and Recreation:					
Cemetery	-	-	-	-	95,737.02
Library	-	-	-	-	16,132.49
Vinita sports complex	-	-	-	2,345.14	2,345.14
Other expenses	-	-	-	-	22,458.66
Hotel and motel tax	-	-	-	-	44,546.17
Storm reimbursements	-	-	3,255.88	-	3,255.88
Sanitation and solid waste	-	129,069.63	-	-	129,069.63
Total Expenditures	<u>-</u>	<u>129,069.63</u>	<u>3,255.88</u>	<u>2,345.14</u>	<u>850,240.02</u>
Excess (deficiency) of revenues over expenditures	-	(37,982.39)	880.68	1,117.87	(123,578.32)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	0.81
Transfers out	-	-	-	-	(0.40)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.41</u>
Net change in fund balances	-	(37,982.39)	880.68	1,117.87	(123,577.91)
Fund balances - beginning	-	124,671.92	3,255.88	1,203.01	829,044.83
Fund balances - ending	<u>\$ -</u>	<u>\$ 86,689.53</u>	<u>\$ 4,136.56</u>	<u>\$ 2,320.88</u>	<u>\$ 705,466.92</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF VINITA, OKLAHOMA
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Grantor/Pass Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
Federal Awards:				
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
<u>Federal Emergency Management Agency</u>				
FY 2011 Assistance to Firefighters Grant	97.044	\$ 320,359.00	\$ 320,359.00	\$ 320,359.00
State of Oklahoma Programs:				
Passed through the Oklahoma Department of Agriculture				
Rural Fire Defense Grant		\$ 4,484.35	\$ 4,484.35	\$ 4,484.35
Passed through the Oklahoma Department of Libraries				
Collection Enhancement e-Book Grant		3,000.00	3,000.00	3,000.00
State Aid Grant		<u>11,240.00</u>	<u>11,240.00</u>	<u>11,240.00</u>
Total Expenditures of State Awards		<u>\$ 18,724.35</u>	<u>\$ 18,724.35</u>	<u>\$ 18,724.35</u>

The accompanying notes are an integral part of these financial statements.

INTERNAL CONTROL AND COMPLIANCE SECTION

OBER & ASSOCIATES INC., PC

CERTIFIED PUBLIC ACCOUNTANTS
124 South Main
Miami, Oklahoma 74354
918-542-4401

INDEPENDENT AUDITORS 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 Mayor and City Council
City of Vinita, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Vinita, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Vinita, Oklahoma's basic financial statements, and have issued our report thereon dated June 16, 2014.

Internal Control over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Vinita, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

To the Mayor and City Council
City of Vinita, Oklahoma
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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.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
June 16, 2014