

ACCOUNTANT'S AUDIT REPORT

TOWN OF VELMA

JUNE 30, 2012

BY



Town of Velma
Velma, Oklahoma
Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Velma
Velma, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Velma, Oklahoma (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

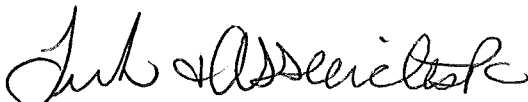
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (modified accrual basis), each major fund, and the aggregate remaining fund information of the Town of Velma, as of June 30 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year than ended in conformity with the basis of accounting described in Note 3.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although are 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the Town of Velma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



FURRH & ASSOCIATES, PC

Certified Public Accountants

December 5, 2012

Town of Velma
Velma, Oklahoma
Statement of Net Assets
(Modified Accrual Basis)
June 30, 2012

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 116,571	\$ 89,384	\$ 205,955
Investments	53,000	0	53,000
Accrued Interest Receivable	55	145	200
Capital Assets	803,821	46,517	850,338
Accumulated Depreciation	(461,918)	(38,638)	(500,556)
 Total Assets	 <u>\$ 511,529</u>	 <u>\$ 97,408</u>	 <u>\$ 608,937</u>
<u>Liabilities</u>			
Accounts Payable	\$ 11,194	\$ 0	\$ 11,194
Payroll Taxes Payable	5,928	0	5,928
Retirement Payable	487	0	487
 Total Liabilities	 <u>17,609</u>	 <u>0</u>	 <u>17,609</u>
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	341,903	7,879	349,782
Unreserved	169,626	89,529	259,155
 Total Net Assets	 <u>\$ 511,529</u>	 <u>\$ 97,408</u>	 <u>\$ 608,937</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Statement of Activities
(Modified Accrual Basis)
Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Business Type			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 206,960	\$ 465	\$ 16,482	\$ 0	\$ (190,013)	\$ 0	\$ (190,013)
Public Safety	300,352	22,596	36,632	0	(241,124)	0	(241,124)
Cemetery	33,832	22,693	1,335	0	(9,804)	0	(9,804)
Street and Public Works	114,738	0	0	0	(114,738)	0	(114,738)
Culture and Recreation	16,155	1,829	0	0	(14,326)	0	(14,326)
Total Governmental Activities	672,037	47,583	54,449	0	(570,005)	0	(570,005)
Business Type Activities:							
Garbage	106,719	132,049	0	0		25,330	25,330
Total Business Type Activities	106,719	132,049	0	0		25,330	25,330
Total Primary Government	\$ 778,756	\$ 179,632	\$ 54,449	\$ 0	(570,005)	25,330	(544,675)
General Revenue							
Taxes:							
Sales & Use Taxes					395,054	0	395,054
Tobacco Tax					5,807	0	5,807
Franchise Taxes					15,598	0	15,598
Alcoholic Beverage Tax					2,628	0	2,628
Vehicle Tax					4,257	0	4,257
Gasoline Tax					1,172	0	1,172
Investment Income					834	349	1,183
Miscellaneous					10,457	0	10,457
Transfers					42,746	(42,746)	0
Total General Revenue					478,553	(42,397)	436,156
Change in Net Assets					(91,452)	(17,067)	(108,519)
Net Assets, June 30, 2011					602,981	114,475	717,456
Net Assets, June 30, 2012					\$ 511,529	\$ 97,408	\$ 608,937

Please see accompanying notes to the financial statements.

**Town of Velma
Velma, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2012**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 37,223	\$ 79,348	\$ 116,571
Investments	53,000	0	53,000
Accrued Interest Receivable	55	0	55
 Total Assets	 \$ 90,278	 \$ 79,348	 \$ 169,626
 <u>Liabilities and Fund Balances</u>			
Accrued Payroll Payable	\$ 10,817	\$ 0	\$ 10,817
Retirement Payable	487	0	487
Encumbrances Payable	0	377	377
Payroll Taxes Payable	5,928	0	5,928
 Total Liabilities	 17,232	 377	 17,609
 Fund Balances			
Unreserved	73,046	78,971	152,017
 Total Liabilities and Fund Balances	 \$ 90,278	 \$ 79,348	

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 \$803,821, Net of Accumulated Depreciation of \$461,918, are not financial resources and, therefore, are not reported in the funds.

	341,903
<u>Net Assets of Governmental Activities</u>	\$ 511,529

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenue</u>			
Taxes	\$ 419,087	\$ 5,429	\$ 424,516
Cemetery Revenue	20,720	1,973	22,693
Charges for Services	17,036	5,095	22,131
Reimbursement	15,032	0	15,032
Miscellaneous	2,834	7,623	10,457
Fines and Forfeitures	2,721	38	2,759
Contributions	1,450	33,554	35,004
Investment Income	834	0	834
Total Revenue	479,714	53,712	533,426
<u>Expenditures</u>			
General Government:			
General Government	174,208	0	174,208
Clerk-Treasurer	7,964	0	7,964
Municipal Court	1,400	0	1,400
Public Safety:			
Police	136,316	5,507	141,823
Ambulance	61,304	9,884	71,188
Fire	45,116	36,373	81,489
Emergency Management	1,294	0	1,294
Cemetery:			
Cemetery	31,371	0	31,371
Street and Public Works:			
Streets	121,780	0	121,780
Culture and Recreation:			
Swimming Pool	2,278	12,020	14,298
Parks	20	0	20
Total Expenditures	583,051	63,784	646,835
Revenue Over (Under) Expenditures	(103,337)	(10,072)	(113,409)
<u>Other Financing Sources (Uses)</u>			
Grant Revenue	0	4,413	4,413
Grant Expenditures	0	(6,029)	(6,029)
Transfers In	42,146	1,548	43,694
Transfers Out	0	(5,679)	(5,679)
Total Other Financing Sources (Uses)	42,146	(5,747)	36,399
Net Changes in Fund Balance	(61,191)	(15,819)	(77,010)
Fund Balance, June 30, 2011	134,237	94,790	229,027
Fund Balance, June 30, 2012	\$ 73,046	\$ 78,971	\$ 152,017

Please see accompanying notes to financial statements.

Town of Velma
Velma, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2012

Reconciliation to the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds \$ (77,010)

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

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

Capital Assets Purchase Capitalized	55,110
Depreciation Expense	<u>(69,552)</u>

Change in Net Assets of Governmental Activities	<u>\$ (91,452)</u>
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Please see accompanying notes to financial statements.

Town of Velma
Velma, Oklahoma
Velma Public Works Authority
Enterprise Fund
Statement of Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2012

ASSETS

Current Assets:

Cash and Cash Equivalents	89,384	
Accrued Interest Receivable	\$ 145	

Total Current Assets		\$ 89,529
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Noncurrent Assets:

Capital Assets	46,517	
Accumulated Depreciation	(38,638)	

Total Noncurrent Assets		7,879
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Total Assets		\$ 97,408
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LIABILITIES

Current Liabilities	\$ 0	
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Total Liabilities		\$ 0
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Net Assets

Invested in Capital Assets, Net of Related Debt	7,879	
Unreserved	89,529	

Total Net Assets		97,408
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Total Net Assets and Liabilities		\$ 97,408
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Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Velma Public Works Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Fund Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2012

Operating Revenue

Garbage Revenue Charges	\$ 132,049	
Miscellaneous Revenue	<u>0</u>	
Total Operating Revenue		\$ 132,049

Operating Expense

Garbage Service Expense	93,700	
Office Supplies and Expense	4,889	
Depreciation	3,039	
Repairs & Maintenance - Equipment	2,416	
Utilities	1,452	
Telephone	783	
Miscellaneous Expense	412	
Returned Check Expense	330	
Supplies Expense	<u>321</u>	
Total Operating Expense		<u>107,342</u>

Net Operating Income (Loss) 24,707

Nonoperating Revenue (Expense)

Interest Income	349	
Transfers	<u>(42,746)</u>	
Net Nonoperating Revenue (Expense)		<u>(42,397)</u>

Net Revenue (Loss) (17,690)

Total Net Assets, June 30, 2011 115,098

Total Net Assets, June 30, 2012 \$ 97,408

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Velma Public Works Authority
Statement of Cash Flows
Enterprise Fund
(Modified Accrual Basis)
Year Ended June 30, 2012

Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities

Net Income		\$ 25,330
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	\$ 2,417	
(Increase) Decrease in Current Assets	0	
Increase (Decrease) in Current Liabilities	0	
	2,417	
Net Cash Provided by Operating Activities		27,747

Cash Flows from Investing Activities

Interest Received	204	
Net Cash Flow from Investing Activities		204

Cash Flows from Capital and Related Financing Activities

Interfund transfer to Town	(42,746)	
Net Cash Provided (Used) by Capital and Related Financing Activities		(42,746)

Net Increase (Decrease) in Cash and Cash Equivalents (14,795)

Cash and Cash Equivalents, June 30, 2011 104,179

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

Cash Flows from Operating Activities

Receipts from Customers		132,049
Payments for Garbage Service		(93,700)
Payments to Suppliers		(10,602)
Operating income		27,747
Net Cash provided by Operating Activities		\$ 27,747

Please see accompanying notes to the financial statements.

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

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

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

Note 2 - Fund Accounting

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

1. Governmental Fund Types

(a) General Fund

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

(b) Special Revenue Funds

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

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

The Town's current Special Revenue Funds include:

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

2. Proprietary Fund Types

(c) Enterprise Fund

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

Note 3 - Basis of Accounting

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

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

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

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

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

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 4 - Reserves of Fund Equity

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

Note 5 - Fixed Assets

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

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

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2011	\$ 748,711	\$ 392,366
Additions	55,110	69,552
Total	803,821	461,918
Disposals	0	0
Balance, June 30, 2012	\$ 803,821	\$ 461,918

Depreciation rates were applied as follows:

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

Depreciation for the current year was \$69,552.

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

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Changes in fixed assets of the Enterprise Fund during the year ended June 30, 2012, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2011	\$ 46,517	\$ 35,600
Additions	0	3,039
Total	46,517	38,639
Disposals	0	0
 Balance, June 30, 2012	 \$ 46,517	 \$ 38,639

Depreciation rates were applied as follows:

Machinery and Equipment	14.0% - 25.0%
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Depreciation for the current year was \$3,039, which was charged to current operations.

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

Note 6 - Deposits, Investments and Collateral

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

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Note 7 - Lease Contracts

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

Note 8 - Inventories

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

Note 9 - Budgetary Accounting and Control

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

Note 10 - Cash and Cash Equivalents

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

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

Cash and Cash Equivalents as of June 30, 2012 are as follows:

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Cash on Hand:		
General Fund	\$ 232	
Velma Public Works Authority	144	\$ 376
<hr/>		
Citizens Bank, Velma, Oklahoma		
General Fund - Special Savings		33,385
Firefighters Fund - Checking		22,428
First Responders Fund - Checking		18,004
Street and Alley Fund - Checking		17,871
Cemetery Care Fund		13,025
Velma Public Works Authority - Checking		5,070
Grant Fund-Checking		4,343
Velma Public Works Authority - Special		4,050
General Fund - Checking		3,607
Police Cash Fund - Checking		2,934
Swimming Pool Fund - Checking		705
LEOT Fund - Checking		38
<hr/>		
Total		<u><u>\$ 125,836</u></u>

Note 11 - Investments

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

General Fund:				
Number	Maturity Date	Interest Rate	Current Value	Total
100094	09/27/12	0.75%	2,000	
100121	01/02/13	0.45%	2,000	
100147	03/05/13	0.75%	2,000	
100159	04/01/13	0.75%	2,000	
100536	08/25/12	0.25%	45,000	\$ 53,000
<hr/>				
Velma Public Works Authority:				
8539	10/05/12	0.45%	30,120	
100704	10/27/12	0.25%	20,000	
100705	10/27/12	0.40%	20,000	
100706	04/27/13	0.70%	10,000	80,120
<hr/>				
Total				<u><u>\$ 133,120</u></u>

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

Note 12 - Compensated Absences

Under personnel policies, the Town and Authority employees are granted vacation and sick leave in varying amounts. In addition, the employees are allowed to accumulate up to 12 days sick leave. In the event of termination, an employee is not paid for accumulated sick leave. Vacation must be taken each year. The Town records compensated absence costs at the time the claim is paid. At June 30, 2012, the Town and the Authority had a combined unrecorded compensated absence liability of approximately \$20,676.

Note 13 - Pension

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

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

Actuarial Liability	\$	228,338
Value of Assets Available for Benefits at 12/31/11		199,739
Underfunded Pension Benefit Obligation		28,599
Contributions 1/1/12-6/30/12		(6,912)
Underfunded Pension Benefit Obligation (Adjusted)	\$	21,687

Plan contributions for the year 2011/2012 were 9.29% of gross payroll of eligible employees; 3.00% from employees through payroll deductions, and 6.29% employer matching contributions. The total pension cost for the last three years is as follows:

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

	Employee	Employer	Total
6/30/10	6,197	14,190	\$ 20,387
6/30/11	4,713	10,862	15,575
6/30/12	6,066	13,823	19,889
Total	\$ 16,976	\$ 38,875	\$ 55,851

The covered payroll for the period 7/1/11-6/30/12 was approximately \$202,209.

The actuarial report can be obtained from:

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

The town also makes voluntary contributions for its volunteer firemen to the State Firefighters Pension Fund. The cost of contributions for the year ended June 30, 2012 was \$1,440.

Note 14 - Insurance and Bond Coverage of Contingencies

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

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

Note 14 - Public Entity Risk Pool

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

Town of Velma
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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

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

MLPP Premium Due	\$15,688
MPPP Premium Due	6,140
Loss Fund Available:	
Year 2009	3,540
Year 2010	2,379
Year 2011	3,548

Note 16 -Net Working Capital Summary

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

	06/30/11	06/30/12	Change
Current Assets (Excluding Restricted Cash Accounts)	\$ 104,785	\$ 89,530	\$ (15,255)
Current Liabilities	0	0	0
Net Working Capital	\$ 104,785	\$ 89,530	\$ (15,255)



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

Board of Trustees
Town of Velma
Velma, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Velma, Oklahoma (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 5, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.


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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of management and regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.


FURRH & ASSOCIATES, PC
Certified Public Accountants
December 5, 2012

Town of Velma

Velma, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2012

	<u>Budget Amount</u>		<u>Actual</u>	<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenue</u>				
Sales and Use Tax	\$ 290,360	\$ 290,360	263,515	\$ 26,845
Sales Tax - Ambulance	81,130	81,130	79,011	2,119
Sales Tax - Emergency	55,510	55,510	52,528	2,982
Franchise Tax	13,500	13,500	15,598	(2,098)
Tobacco Tax	5,000	5,000	5,807	(807)
Court Fines	3,000	3,000	2,721	279
Alcohol Beverage Tax	3,000	3,000	2,628	372
Interest Earned	750	750	834	(84)
Permits	500	500	465	35
Grant Revenue	0	45,000	0	45,000
Cemetery Revenue	0	0	20,720	(20,720)
Reimbursements	0	0	15,032	(15,032)
Ambulance Revenue	0	0	16,571	(16,571)
Dues, Donations, Fund Raising	0	0	1,450	(1,450)
Miscellaneous Revenue	0	0	2,834	(2,834)
Total Revenue	452,750	497,750	479,714	18,036
<u>Expenditures</u>				
Town Clerk - Treasurer:				
Personal Services	24,159	26,575	7,698	18,877
Other Services and Charges	650	650	266	384
Total	24,809	27,225	7,964	19,261
Municipal Court:				
Other Services and Charges	3,000	3,000	1,400	1,600
Police Department:				
Personal Services	69,028	71,565	89,695	(18,130)
Capital Outlay	35,000	0	33,729	(33,729)
Other Services and Charges	7,000	7,000	924	6,076
Materials and Supplies	6,800	6,800	8,747	(1,947)
Repairs and Maintenance	3,500	3,500	3,221	279
Total	\$ 121,328	\$ 88,865	\$ 136,316	\$ (47,451)

Please see accompanying notes to the financial statements.

Town of Velma

Velma, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2012

<u>Expenditures (Continued)</u>	<u>Budget Amount</u>			<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire Department:				
Repairs and Maintenance	15,000	15,000	10,514	4,486
Materials and Supplies	\$ 12,450	\$ 29,732	\$ 24,999	\$ 4,733
Capital Outlay	5,000	5,000	4,588	412
Other Services and Charges	4,000	4,000	4,991	(991)
Personal Services	0		24	(24)
Total	<u>36,450</u>	<u>53,732</u>	<u>45,116</u>	<u>8,616</u>
Street Department:				
Personal Services	67,650	74,415	85,516	(11,101)
Materials and Supplies	11,500	11,500	13,960	(2,460)
Capital Outlay	6,000	6,000	14,665	(8,665)
Repairs and Maintenance	2,750	2,750	6,643	(3,893)
Other Services and Charges	2,000	2,000	996	1,004
Total	<u>89,900</u>	<u>96,665</u>	<u>121,780</u>	<u>(25,115)</u>
Park Department:				
Other Services and Charges	5,000	5,000	0	5,000
Capital Outlay	0	0	0	0
Materials and Supplies	0	0	20	(20)
Repairs and Maintenance	0	0	0	0
Total	<u>5,000</u>	<u>5,000</u>	<u>20</u>	<u>4,980</u>
Ambulance Department:				
Capital Outlay	27,000	27,000	2,127	24,873
Personal Services	25,000	27,500	31,056	(3,556)
Other Services and Charges	11,000	11,000	8,826	2,174
Materials and Supplies	6,500	6,500	16,042	(9,542)
Repairs and Maintenance	2,800	2,800	3,253	(453)
Total	<u>72,300</u>	<u>74,800</u>	<u>61,304</u>	<u>13,496</u>
Emergency Management Department:				
Capital Outlay	20,000	20,000	0	20,000
Other Services and Charges	500	500	0	500
Materials and Supplies	300	300	249	51
Repairs and Maintenance	0	0	1,045	(1,045)
Total	<u>20,800</u>	<u>20,800</u>	<u>1,294</u>	<u>19,506</u>
Cemetery Department:				
Personal Services	24,636	24,636	31,297	(6,661)
Capital Outlay	6,000	6,000	0	6,000
Repairs and Maintenance	2,000	2,000	0	2,000
Other Services and Charges	1,000	1,000	0	1,000
Materials and Supplies	100	100	74	26
Total	<u>\$ 33,736</u>	<u>\$ 33,736</u>	<u>\$ 31,371</u>	<u>\$ 2,365</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

<u>Expenditures (Continued)</u>	<u>Budget Amount</u>		<u>Actual</u>	<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>		
Pool Department:				
Personal Services	\$ 0	\$ 0	\$ 4,478	\$ (4,478)
Materials and Supplies	0	0	(1,625)	1,625
Repairs and Maintenance	0	0	0	0
Other Services and Charges	0	0	(575)	575
Capital Outlay	0	0	0	0
Total	<u>0</u>	<u>0</u>	<u>2,278</u>	<u>(2,278)</u>
General Government:				
Other Services and Charges	116,000	116,000	128,694	(12,694)
Personal Services	35,000	38,500	37,627	873
Repairs and Maintenance	3,750	3,750	1,401	2,349
Materials and Supplies	2,300	2,300	6,486	(4,186)
Grant Expenditures	0	45,000	0	45,000
Total	<u>157,050</u>	<u>205,550</u>	<u>174,208</u>	<u>31,342</u>
Total Expenditures	<u>564,373</u>	<u>609,373</u>	<u>583,051</u>	<u>26,322</u>
<u>Revenue Over (Under) Expenditures</u>	(111,623)	(111,623)	(103,337)	8,286
<u>Other Financing Sources (Uses)</u>				
Transfer Out	0	0	0	0
Transfer In	101,676	101,676	42,146	59,530
Total Other Financing Sources (Uses)	<u>101,676</u>	<u>101,676</u>	<u>42,146</u>	<u>59,530</u>
<u>Revenue and Other Sources Over (Under) Expenditures and Other Uses</u>	(9,947)	(9,947)	(61,191)	51,244
<u>Fund Balance, June 30, 2011</u>	<u>9,947</u>	<u>9,947</u>	<u>134,237</u>	<u>(124,290)</u>
<u>Fund Balance, June 30, 2012</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>73,046</u>	<u>\$ (73,046)</u>

Please see accompanying notes to the financial statements.

Town of Velma
Notes to Required Supplemental Information
Year Ended June 30, 2012

Note 1 - Notes to Required Supplemental Information

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

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

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

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

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

Town of Velma

Velma, Oklahoma

Nonmajor Governmental Funds

Balance Sheet

(Modified Cash Basis)

June 30, 2012

	Street and Alley Fund	Firefighters Fund	L.E.O.T. Fund	Police Reserve Fund	First Responders Fund	Cemetery Care Fund	Swimming Pool	Grant Fund	Total Nonmajor Governmental Funds
Assets									
Cash in Bank	\$ 17,871	\$ 22,428	\$ 38	\$ 2,934	\$ 18,004	\$ 13,025	\$ 705	\$ 4,343	\$ 79,348
Due from Other Funds	0	0	0	0	0	0	0	0	0
Total Assets	\$ 17,871	\$ 22,428	\$ 38	\$ 2,934	\$ 18,004	\$ 13,025	\$ 705	\$ 4,343	\$ 79,348
Liabilities									
Encumbrances Payable	\$ 0	\$ 377	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 377
Total Liabilities	0	377	0	0	0	0	0	0	377
Fund Equity									
Fund Balance:									
Unreserved	17,871	22,051	38	2,934	18,004	13,025	705	4,343	78,971
Total Liabilities and Fund Equity	\$ 17,871	\$ 22,428	\$ 38	\$ 2,934	\$ 18,004	\$ 13,025	\$ 705	\$ 4,343	\$ 79,348

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Jahoma

Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2012

Revenue	Street and Alley Fund	Firefighters Fund	L.E.O.T. Fund	Police Reserve Fund	First Responders Fund	Grant Fund	Cemetery Care Fund	Swimming Pool	Total Nonmajor Governmental Funds
Ambulance Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,266	\$ 0	\$ 0	\$ 0	\$ 3,266
Cemetery Revenue	0	0	0	0	0	0	1,973	0	1,973
Contributions and Fund Raising (Net)	0	25,979	0	3,837	2,403	0	1,335	0	33,554
Gasoline Tax	1,172	0	0	0	0	0	0	0	1,172
Franchise Tax	0	0	0	0	0	0	0	0	0
Grant Income	0	4,413	0	0	0	0	0	0	4,413
Misc Revenue	100	7,078	0	360	60	0	25	0	7,623
Police Fines	0	0	38	0	0	0	0	0	38
Pool Revenue	0	0	0	0	0	0	0	1,829	1,829
Transfer In	0	100	0	1,448	0	0	0	0	1,548
Vehicle Tax	4,257	0	0	0	0	0	0	0	4,257
Total Revenue	5,529	37,570	38	5,645	5,729	0	3,333	1,829	59,673
Expenditures									
Materials and Supplies	0	19,301	0	2,036	1,930	6,029	0	3,818	33,114
Personal Services	0	974	0	0	0	0	0	7,102	8,076
Other Services and Charges	0	9,348	38	3,353	7,954	0	0	0	20,693
Repairs & Maintenance	0	750	0	80	0	0	0	1,100	1,930
Capital Outlay	0	6,000	0	0	0	0	0	0	6,000
Transfer Out	5,529	0	0	0	1	0	149	0	5,679
Total Expenditures	5,529	36,373	38	5,469	9,885	6,029	149	12,020	75,492
<u>Revenue Over (Under) Expenditures</u>	0	1,197	0	176	(4,156)	(6,029)	3,184	(10,191)	(15,819)
<u>Fund Balance, June 30, 2011</u>	17,871	20,854	38	2,758	22,160	10,372	9,841	10,896	94,790
<u>Fund Balance, June 30, 2012</u>	\$ 17,871	\$ 22,051	\$ 38	\$ 2,934	\$ 18,004	\$ 4,343	\$ 13,025	\$ 705	\$ 78,971

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Street and Alley Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Gasoline Tax	\$ 1,250	\$ 1,250	\$ 1,172	\$ 78
Vehicle Tax	4,000	4,000	4,257	(257)
Miscellaneous Revenue	0	0	100	(100)
Total Revenue	5,250	5,250	5,529	(279)
<u>Expenditures</u>				
Materials and Supplies	13,500	13,500	0	13,500
Repairs & Maintenance	9,720	9,720	0	9,720
Transfer Out	0	0	5,529	(5,529)
Total Expenditures	23,220	23,220	5,529	17,691
<u>Revenue Over (Under) Expenditures</u>	(17,970)	(17,970)	0	(17,970)
<u>Fund Balance, June 30, 2011</u>	17,970	17,970	17,871	99
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 0	\$ 17,871	\$ (17,871)

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Firefighters Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Contributions and Fund Raising (Net)	\$ 20,000	\$ 20,000	\$ 25,979	\$ (5,979)
Grant Revenue	0	0	4,413	(4,413)
Miscellaneous Revenue	500	500	7,078	(6,578)
Miscellaneous Revenue	0	0	100	(100)
Total Revenue	20,500	20,500	37,570	(17,070)
Expenditures				
Materials and Supplies	20,000	20,000	19,301	699
Other Services and Charges	9,000	9,000	10,322	(1,322)
Repairs and Maintenance	18,500	18,500	750	17,750
Capital Outlay	78,542	78,542	6,000	72,542
Grant Expenditures	20,000	20,000	0	20,000
Total Expenditures	146,042	146,042	36,373	109,669
Revenue Over (Under) Expenditures	(125,542)	(125,542)	1,197	(126,739)
Fund Balance, June 30, 2011	125,542	125,542	20,854	104,688
Fund Balance, June 30, 2012	\$ 0	\$ 0	\$ 22,051	\$ (22,051)

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	<u>Law Enforcement Officers Training Fund</u>		
	<u>(1) Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Police Fines	\$ 0	\$ 38	\$ (38)
<u>Expenditures</u>			
Other Services and Charges	<u>38</u>	<u>38</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	(38)	0	(38)
<u>Fund Balance, June 30, 2011</u>	<u>38</u>	<u>38</u>	<u>0</u>
<u>Fund Balance, June 30, 2012</u>	<u><u>\$ 0</u></u>	<u><u>\$ 38</u></u>	<u><u>\$ (38)</u></u>

(1) No designated budget.

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Police Reserve Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>				
Contributions and Fund Raising	\$ 3,100	\$ 3,100	\$ 3,837	\$ (737)
Miscellaneous Revenue	0	0	360	(360)
Transfer In	0	0	1,448	(1,448)
Total Revenue	3,100	3,100	5,645	(2,545)
<u>Expenditures</u>				
Materials and Supplies	0	0	2,036	(2,036)
Repairs & Maintenance	355	355	80	275
Other Services and Charges	3,650	3,650	3,353	297
Total Expenditures	4,005	4,005	5,469	(1,464)
<u>Revenue Over (Under) Expenditures</u>	(905)	(905)	176	(1,081)
<u>Fund Balance, June 30, 2011</u>	905	905	2,758	(1,853)
<u>Fund Balance, June 30, 2012</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,934</u>	<u>\$ (2,934)</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	First Responders Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Contributions and Fund Raising	\$ 750	\$ 750	\$ 2,403	\$ (1,653)
Ambulance Revenue	3,000	3,000	3,266	(266)
Miscellaneous Revenue	0	0	60	(60)
	<u>3,750</u>	<u>3,750</u>	<u>5,729</u>	<u>(1,979)</u>
<u>Expenditures</u>				
Materials and Supplies	3,000	3,000	1,930	1,070
Other Services and Charges	3,572	3,572	7,954	(4,382)
Transfer Out	0	0	1	(1)
	<u>6,572</u>	<u>6,572</u>	<u>9,885</u>	<u>(3,313)</u>
<u>Revenue Over (Under) Expenditures</u>	(2,822)	(2,822)	(4,156)	1,334
<u>Fund Balance, June 30, 2011</u>	<u>2,822</u>	<u>2,822</u>	<u>22,160</u>	<u>(19,338)</u>
<u>Fund Balance, June 30, 2012</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,004</u>	<u>\$ (18,004)</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Cemetery Care Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Contributions and Fund Raising	\$ 4,505	\$ 4,505	\$ 1,335	\$ 3,170
Miscellaneous Revenue	0	0	25	(25)
Cemetery Revenue	6,395	6,395	1,973	4,422
Total Revenue	10,900	10,900	3,333	7,567
<u>Expenditures</u>				
Other Services & Charges	0	3,300	0	3,300
Capital Outlay	15,609	15,609	0	15,609
Transfer Out	0	0	149	(149)
Total Expenditures	15,609	18,909	149	18,760
<u>Revenue Over (Under) Expenditures</u>	(4,709)	(8,009)	3,184	(11,193)
<u>Fund Balance, June 30, 2011</u>	8,009	8,009	9,841	(1,832)
<u>Fund Balance, June 30, 2012</u>	\$ 3,300	\$ 0	\$ 13,025	\$ (13,025)

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2011

	Pool Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Pool Concessions	\$ 500	\$ 500	\$ 586	\$ (86)
Pool Revenue	700	700	1,243	
Transfers In	16,600	16,600	0	16,600
Total Revenue	17,800	17,800	1,829	16,514
<u>Expenditures</u>				
Personnel Services	13,500	13,500	7,102	6,398
Materials and Supplies	2,500	2,500	3,818	(1,318)
Repairs and Maintenance	1,800	1,800	1,100	700
Total Expenditures	17,800	17,800	12,020	5,780
<u>Revenue Over (Under) Expenditures</u>	0	0	(10,191)	10,191
<u>Fund Balance, June 30, 2011</u>	0	0	10,896	(10,896)
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 0	\$ 705	\$ (705)

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
OK Department of Agriculture
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 4,413	\$ 4,413	\$ 0
<u>Expenditures</u>			
Fire Department Supplies	<u>4,413</u>	<u>4,413</u>	<u>0</u>
Total Expenditures	<u>4,413</u>	<u>4,413</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
REAP Grant Velma - 12
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Federal Grant	\$ 45,000	\$ 0	\$ 45,000
Local Funds	8,950	8,950	0
Total Revenues	53,950	8,950	45,000
<u>Expenditures</u>			
Equipment	53,950	8,950	45,000
Total Expenditures	53,950	8,950	45,000
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (45,000)</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma
FEMA Firefighters Grant
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Federal Grant	\$ 213,750	\$ 213,750	\$ 0
Local Funds	<u>11,250</u>	<u>22,500</u>	<u>(11,250)</u>
Total Revenues	225,000	236,250	(11,250)
<u>Expenditures</u>			
Equipment	<u>225,000</u>	<u>225,978</u>	<u>(978)</u>
Total Expenditures	<u>225,000</u>	<u>225,978</u>	<u>(978)</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 10,272</u>	<u>\$ (10,272)</u>

Grant: EMW-20090FV-03857

Please see accompanying notes to the financial statements.