

ACCOUNTANT'S AUDIT REPORT

TOWN OF VELMA

JUNE 30, 2014

BY



Town of Velma
Velma, Oklahoma
Year Ended June 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

basis), each major fund, and the aggregate remaining fund information of the town of Velma, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting as described in Note 3.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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



FURRH & ASSOCIATES, PC
Certified Public Accountants
November 17, 2014

Town of Velma
Velma, Oklahoma
Statement of Net Assets
(Modified Accrual Basis)
June 30, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 191,313	\$ 26,021	\$ 217,334
Investments	8,000	50,120	58,120
Due from other Funds	27,492	0	27,492
Prepaid Insurance	1,120	0	1,120
Accrued Interest Receivable	12	65	77
Capital Assets	858,176	46,517	904,693
Accumulated Depreciation	(562,801)	(43,756)	(606,557)
Total Assets	<u>\$ 523,312</u>	<u>\$ 78,967</u>	<u>\$ 602,279</u>
<u>Liabilities</u>			
Accrued Payroll Payable	\$ 14,377	\$ 0	\$ 14,377
Accounts Payable	11,892	10,008	21,900
Payroll Taxes Payable	3,392	0	3,392
Retirement Payable	1,737	0	1,737
Total Liabilities	<u>31,398</u>	<u>10,008</u>	<u>41,406</u>
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	295,375	2,761	298,136
Unreserved	196,539	66,198	262,737
Total Net Assets	<u>491,914</u>	<u>68,959</u>	<u>560,873</u>
Total Net Assets and Liabilities	<u>\$ 523,312</u>	<u>\$ 78,967</u>	<u>\$ 602,279</u>

Please see accompanying notes to the financial statements.

Town of Velma
Velma, Oklahoma

Statement of Activities
(Modified Accrual Basis)
Year Ended June 30, 2014

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
Primary Government					
Governmental Activities:					
General Government	\$ 143,112	\$ 215	\$ 7,797	\$ 0	\$ (135,100)
Public Safety	353,749	27,270	34,627	0	(291,852)
Cemetery	33,300	9,180	10,236	0	(13,884)
Street and Public Works	130,844	0	0	0	(130,844)
Culture and Recreation	776	0	0	0	(776)
Total Governmental Activities	661,781	36,665	52,660	0	(572,456)
Business Type Activities:					
Garbage	128,753	137,697	0	0	8,944
Total Business Type Activities	128,753	137,697	0	0	8,944
Total Primary Government	\$ 790,534	\$ 174,362	\$ 52,660	\$ 0	(563,512)

General Revenue

Taxes:	
Sales & Use Taxes	544,908
Tobacco Tax	5,986
Franchise Taxes	16,645
Alcoholic Beverage Tax	2,825
Vehicle/Gas Tax	5,827
Investment Income	16
Miscellaneous	31,361
Transfers	1,631
Total General Revenue	609,199
Change in Net Assets	36,743
Net Assets, June 30, 2013	455,171
Net Assets, June 30, 2014	\$ 491,914

Please see accompanying notes to the financial statements.

**Town of Velma
Velma, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2014**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 59,681	\$ 131,632	\$ 191,313
Investments	8,000	0	8,000
Due from Other Funds	27,492	0	27,492
Prepaid Insurance	1,120	0	1,120
Accrued Interest Receivable	12	0	12
	\$ 96,305	\$ 131,632	\$ 227,937
 <u>Liabilities and Fund Balances</u>			
Accrued Payroll Payable	14,377	0	14,377
Accounts Payable	11,892	0	11,892
Payroll Taxes Payable	3,392	0	3,392
Retirement Payable	1,737	0	1,737
	31,398	0	31,398
 Fund Balances			
Unreserved	64,907	131,632	196,539
	\$ 96,305	\$ 131,632	

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 \$858,176, Net of Accumulated Depreciation of \$562,801, are not financial resources and, therefore, are not reported in the funds.

295,375

Net Assets of Governmental Activities

\$ 491,914

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, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenue</u>			
Taxes	\$ 435,312	\$ 140,879	\$ 576,191
Miscellaneous	30,279	1,297	31,576
Contributions	9,203	35,960	45,163
Cemetery Revenue	8,074	1,106	9,180
Grant Revenue	7,497	0	7,497
Fines and Forfeitures	5,880	494	6,374
Investment Income	16	0	16
Ambulance Revenue	0	20,896	20,896
Total Revenue	<u>496,261</u>	<u>200,632</u>	<u>696,893</u>
<u>Expenditures</u>			
General Government:			
General Government	120,924	0	120,924
Clerk-Treasurer	10,244	0	10,244
Municipal Court	1,600	0	1,600
Public Safety:			
Police	128,265	2,346	130,611
Ambulance	3,841	106,624	110,465
Fire	30,865	26,018	56,883
Fire--Volunteer	0	27,821	27,821
First Responders	0	2,400	2,400
Cemetery:	30,893	0	30,893
Street and Public Works:	123,114	0	123,114
Culture and Recreation:			
Swimming Pool	0	705	705
Parks	15	0	15
Total Expenditures	<u>449,761</u>	<u>165,914</u>	<u>615,675</u>
Revenue Over (Under) Expenditures	46,500	34,718	81,218
<u>Other Financing Sources (Uses)</u>			
Transfers In / (Out)	<u>(1,295)</u>	2,926	1,631
Total Other Financing Sources (Uses)	<u>(1,295)</u>	2,926	1,631
Net Changes in Fund Balance	45,205	37,644	82,849
Fund Balance, June 30, 2013	<u>19,702</u>	<u>93,988</u>	<u>113,690</u>
Fund Balance, June 30, 2014	<u>\$ 64,907</u>	<u>\$ 131,632</u>	<u>\$ 196,539</u>

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, 2014

Reconciliation to the Statement of Activities

Net Changes in Fund Balances - Total Governmental Funds	\$	82,849
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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		1,863
Depreciation Expense		<u>(47,969)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>36,743</u></u>

Town of Velma
Velma, Oklahoma
Velma Public Works Authority
Enterprise Fund
Statement of Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2014

Assets

Current Assets:

Cash and Cash Equivalents	\$ 26,021
Certificates of Deposit	50,120
Accrued Interest Receivable	<u>65</u>

Total Current Assets \$ 76,206

Noncurrent Assets:

Capital Assets	46,517
Accumulated Depreciation	<u>(43,756)</u>

Total Noncurrent Assets 2,761

Total Assets \$ 78,967

Liabilities

Current Liabilities-Accounts Payable	<u>\$ 10,008</u>
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Total Liabilities \$ 10,008

Net Assets

Invested in Capital Assets, Net of Related Debt	2,761
Unreserved	<u>66,198</u>

Total Net Assets 68,959

Total Net Assets and Liabilities \$ 78,967

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, 2014

Operating Revenue

Garbage Revenue Charges	\$ 137,697	
Total Operating Revenue		\$ 137,697

Operating Expense

Garbage Service Expense	113,168	
Office Supplies and Expense	9,686	
Utilities	2,132	
Depreciation	2,484	
Telephone	922	
Miscellaneous Expense	361	
Total Operating Expense		<u>128,753</u>

Net Operating Income (Loss) 8,944

Nonoperating Revenue (Expense)

Interest Income	117	
Transfers	(1,631)	
Net Nonoperating Revenue (Expense)		<u>(1,514)</u>

Net Revenue (Loss) 7,430

Total Net Assets, June 30, 2013 61,529

Total Net Assets, June 30, 2014 \$ 68,959

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, 2014

Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities

Net Income		\$ 8,944
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation Expense	\$ 2,484	
Increase (Decrease) in Current Liabilities	<u>1,526</u>	
		<u>4,010</u>
Net Cash Provided by Operating Activities		12,954

Cash Flows from Investing Activities

Interest Received		<u>117</u>
Net Cash Flow from Investing Activities		117

Cash Flows from Capital and Related Financing Activities

Interfund transfers		<u>(1,631)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(1,631)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 11,440

Cash and Cash Equivalents, June 30, 2013 64,701

Cash and Cash Equivalents, June 30, 2014 \$ 76,141

Cash Flows from Operating Activities

Receipts from Customers		137,697
Payments for Garbage Service		(113,168)
Payments to Suppliers		<u>(11,575)</u>
Operating income		12,954
Net Cash provided by Operating Activities		<u>\$ 12,954</u>

Please see accompanying notes to the financial statements.

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 1 - Summary of Significant Accounting Policies

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

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

Note 2 - Fund Accounting

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

1. Governmental Fund Types

(a) General Fund

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

(b) Special Revenue Funds

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

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

The Town's current Special Revenue Funds include:

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

2. Proprietary Fund Types

(c) Enterprise Fund

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

Note 3 - Basis of Accounting

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

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

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

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

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

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

Note 4 - Reserves of Fund Equity

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

Note 5 - Fixed Assets

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

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

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 856,313	\$ 514,832
Additions	1,863	47,969
Total	858,176	562,801
Disposals	0	0
Balance, June 30, 2014	\$ 858,176	\$ 562,801

Depreciation rates were applied as follows:

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

Depreciation for the current year was \$47,969.

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

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Changes in fixed assets of the Enterprise Fund during the year ended June 30, 2014, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 46,517	\$ 41,272
Additions	0	2,484
Total	46,517	43,756
Disposals	0	0
 Balance, June 30, 2014	 \$ 46,517	 \$ 43,756

Depreciation rates were applied as follows:

Machinery and Equipment	14.0% - 25.0%
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Depreciation for the current year was \$2,484, 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.

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

- 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:
 - 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.

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Cash and Cash Equivalents as of June 30, 2014 are as follows:

Cash on Hand:			
General Fund	\$	232	
Velma Public Works Authority		144	\$ 376
First Nat'l Bank of Ardmore-Velma Branch, Velma, Oklahoma			
First Responders Fund - Checking			18,284
Street and Alley Fund - Checking			17,871
Cemetery Care Fund			16,784
Firefighters Fund - Checking			7,853
Retired Firefighters Fund - Checking			590
Velma Public Works Authority - Special			4,063
General Fund - Special Savings			350
Grant Fund-Checking			1,286
Police Cash Fund - Checking			2,616
Swimming Pool Fund - Checking			0
LEOT Fund - Checking			540
Community Ambulance Fund-Checking			53,850
Fire Department Fund - Checking			11,959
General Fund - Savings Account			1,047
Velma Public Works Authority - Checking			21,814
General Fund - Checking			58,051
Total			\$ 217,334

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:

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Number	Maturity Date	Interest Rate	Current Value	Total
General Fund:				
100094	09/27/14	0.40%	2,000	
100121	01/02/15	0.40%	2,000	
100147	03/05/15	0.35%	2,000	
100159	04/01/15	0.35%	2,000	\$ 8,000
Velma Public Works Authority:				
8539	10/05/14	0.45%	30,120	
100705	10/27/14	0.40%	20,000	50,120
Total				\$ 58,120

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, 2014, the Town and the Authority had a combined unrecorded compensated absence liability of approximately \$35,011.

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:

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Actuarial Liability		\$	307,717
Value of Assets Available for Benefits at 12/31/13			268,325
Underfunded Pension Benefit Obligation			39,392
Contributions 1/1/14-6/30/14			(10,645)
Underfunded Pension Benefit Obligation (Adjusted)			\$ 28,747

Plan contributions for the year 2013/2014 were 9.87% of gross payroll of eligible employees; 3.00% from employees through payroll deductions, and 6.87% employer matching contributions.

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

	Employee	Employer		Total
6/30/12	6,066	13,823	\$	19,889
6/30/13	5,919	19,475		25,394
6/30/14	5,893	13,500		19,393
Total	\$ 17,878	\$ 46,798	\$	64,676

The covered payroll for the period 7/1/13-6/30/14 was approximately \$196,501.

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, 2014 was \$2,848.

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

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 15 - Public Entity Risk Pool

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

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

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

MLPP Premium Due	\$10,192
MPPP Premium Due	6,355
Loss Fund Available:	
Year 2012	3,548
Year 2013	3,882
Year 2014	4,014

Town of Velma, Oklahoma
NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 16 -Net Working Capital Summary

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

	<u>6/30/2013</u>	<u>6/30/2014</u>	<u>Total</u>
Current Assets (excluding Restricted Cash Accounts)	\$ 51,439	\$ 76,206	\$ 24,767
Current Liabilities	<u>8,482</u>	<u>10,008</u>	<u>1,526</u>
Net Working Capital	<u>\$ 42,957</u>	<u>\$ 66,198</u>	<u>\$ 23,241</u>

Note 17 – Subsequent Events

During the course of the audit, several improprieties were discovered. Documentation has been turned over to the Stephens County District Attorney for his review. As of the November 17, 2014, no charges have been filed.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Town of Velma
Velma, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Velma, State of Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Velma, State of Oklahoma's basic financial statements and have issued our report thereon dated November 17, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Velma, State of 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 Town of Velma, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 14-1, 14-2, 14-3, 14-7, 14-9.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies. 14-4, 14-5, 14-6, 14-8, 14-10.

Compliance and Other Matters

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

Town of Velma, State of Oklahoma's Response to Findings

Town of Velma, State of Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Velma, State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



FURRH & ASSOCIATES, PC

Certified Public Accountants

November 17, 2014

Town of Velma
Velma, OK
Schedule of Findings and Responses
Year Ended June 30, 2014

Reportable Conditions of Internal Control, Compliance and Other Matters

14-1. Segregation of duties

Condition – The Town has a small number of employees that perform all of the accounting duties.

Effect – A lack of internal control surrounding the accounting functions could result in more than a low risk that errors or irregularities may occur and not be detected within a timely period.

Cause – The Town Clerk is performing all accounting functions within the Town funds and the PWA clerk is performing all of the duties within the PWA funds.

Criteria – Segregation of duties is one of the most important procedures available in the internal control process to reduce the risk of fraud, loss, or undetected error in any financial system.

Recommendation – Divide the accounting duties between the current employees or outsource some of the administrative or financial responsibilities. There should be a division of duties between the two employees, with oversight by the mayor, to insure that one person doesn't have total control over a fund.

Management response – Management has implemented cross training among employees to be able to segregate the accounting functions.

14-2. Purchase Order System

Condition – The Town is not using the purchase order system correctly for approval of purchases and bill paying for all funds.

Effect – A lack of proper usage of purchase orders could result in budget shortfalls or misappropriation of funds.

Cause – In many instances, the Town Clerk is not completing purchase orders before the purchase actually occurs. We also found instances of no purchase order completed at all.

Criteria – A purchase order system is designed to provide proper approval by designated officials according to proper guidelines, before a purchase is made.

Recommendation – The Town Clerk should begin completing the purchase order and approval process prior to any Town employee making purchases.

Town of Velma
Velma, OK
Schedule of Findings and Responses
Year Ended June 30, 2014

Management response – The Council has implemented oversight to ensure that purchase orders are used properly.

14-3. **Debit Card Usage**

Condition – Improper internal controls on the debit card usage for General Fund, Fireman’s Cash Fund, and Ambulance Fund.

Effect – There are many debit card transactions that have not been properly approved.

Cause – The controls over debit cards are very weak and city employees have access to debit cards without prior approval of purchases.

Criteria – All Town purchases should be approved with a purchase order before the purchase occurs.

Recommendation – The Town should not have debit cards due to the high risk of fraud or loss due to inappropriate usage.

Management response – Management has eliminated all debit cards.

14-4. **Bill Pay**

Condition – We found many instances of Town bills not being paid on a timely basis.

Effect – Depending on the type of bill, the effect could be late fees and penalties.

Cause – The Town Clerk is paying bills late.

Criteria – The Town should not be incurring late fees and penalties due to late payment of bills.

Recommendation – The designated Town employee should pay bills in a timely manner.

Management response – Management has implemented cross training among employees to be able to pay bills on time.

**Town of Velma
Velma, OK
Schedule of Findings and Responses
Year Ended June 30, 2014**

14-5. **Bank reconciliation**

Condition – We found many instances of Town checking accounts not being reconciled on a timely basis.

Effect – A lack of bank reconciliation functions could result in more than a low risk that errors or irregularities may occur and not be detected within a timely period.

Cause – The Town Clerk is not reconciling bank accounts on a timely basis.

Criteria – All bank accounts should be reconciled monthly.

Recommendation – The designated Town employee should reconcile all bank accounts monthly.

Management response – Management has implemented cross training among employees to ensure that this function is completed timely.

14-6. **Fund transfers**

Condition – We found the transfers between the general fund and other funds to be incorrect amounts.

Effect – When the amounts transferred are incorrect, it results in either overpayments or underpayments between funds.

Cause – The Town Clerk is not calculating the sales tax amounts for the ambulance and fire department funds correctly.

Criteria – There are approved amounts for sales tax transfers between funds.

Recommendation – The designated Town employee should calculate and transfer the appropriate amounts between funds.

Management response – Management has taken steps to ensure that fund transfers are tracked closely to prevent errors.

**Town of Velma
Velma, OK
Schedule of Findings and Responses
Year Ended June 30, 2014**

14-7. PWA Account Adjustments

Condition – We found unapproved account adjustments made by the PWA clerk.

Effect – Reduced revenue due to accounts being adjusted.

Cause – Improper internal controls and approval of adjustments to garbage accounts.

Criteria – Proper internal control procedures to insure adjustments are accurate and have been approved.

Recommendation – The designated Town employee should calculate and transfer the appropriate amounts between funds.

Management response – Management established a policy that all adjustments must be approved prior to recording.

14-8. PWA Fund Deposits

Condition – PWA Fund deposits are not being made on a timely basis.

Effect – A lack of timely deposits creates a risk of fraud or loss of funds.

Cause – The PWA clerk is not depositing money on a frequent basis.

Criteria – Town funds should be deposited on a daily basis.

Recommendation – The PWA clerk should make a bank deposit daily if funds have been received that day.

Management response – Management is verifying that weekly deposits are being made.

Town of Velma
Velma, OK
Schedule of Findings and Responses
Year Ended June 30, 2014

14-9. PWA Fund Revenue

Condition – PWA Fund revenue in the general ledger does not match bank deposits.

Effect – PWA revenue is misstated in the financial statements.

Cause – The PWA clerk is not recording the deposits into the accounting system properly.

Criteria – Revenue from the billing system should match revenue and deposits in the accounting system.

Recommendation – The PWA clerk should reconcile revenue between the two systems monthly while performing the bank reconciliation procedure.

Management response – Management has implemented procedures to ensure that the two systems are balanced monthly.

14-10. PWA Bank Reconciliation

Condition – PWA Fund bank reconciliations were not performed on a timely basis and were not correct.

Effect – A lack of bank reconciliation functions could result in more than a low risk that errors or irregularities may occur and not be detected within a timely period.

Cause – The PWA Clerk is not reconciling bank accounts on a timely basis.

Criteria – All bank accounts should be reconciled monthly.

Recommendation – The designated Town employee should reconcile all bank accounts monthly.

Management response – Management has implemented cross training among employees to ensure that this function is completed timely.

Town of Velma, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2014

	Budget Amount		Actual	(Over)
	Original	Final		Under
<u>Revenue</u>				
Sales and Use Tax	\$ 336,878	\$ 420,000	\$ 339,604	\$ 80,396
Sales Tax - Ambulance	0	0	0	0
Sales Tax - Emergency	65,401	0	64,425	(64,425)
Franchise Tax	0	0	16,645	(16,645)
Tobacco Tax	0	0	5,986	(5,986)
Court Fines	2,053	6,000	5,880	120
Alcohol Beverage Tax	0	0	2,825	(2,825)
Interest Earned	148	150	16	134
Permits	145	200	215	(15)
Grant Revenue	0	0	7,497	(7,497)
Cemetery Revenue	3,617	3,617	8,074	(4,457)
Ambulance Revenue	0	0	0	0
Vehicle and Gasoline Tax	0	0	5,827	(5,827)
Dues, Donations, Fund Raising	20,000	20,000	9,203	10,797
Miscellaneous Revenue	0	2,533	30,064	(27,531)
Total Revenue	428,242	452,500	496,261	(43,761)
<u>Expenditures</u>				
Town Clerk - Treasurer:				
Personal Services	15,600	7,000	10,244	(3,244)
Other Services and Charges	300	300	0	300
Total	15,900	7,300	10,244	(2,944)
Municipal Court:				
Other Services and Charges	0	0	1,600	(1,600)
Police Department:				
Personal Services	92,000	90,000	114,243	(24,243)
Capital Outlay	0	0	0	0
Other Services and Charges	1,500	3,000	2,032	968
Materials and Supplies	16,000	8,000	7,996	4
Repairs and Maintenance	1,500	1,500	3,994	(2,494)
Total	\$ 111,000	\$ 102,500	\$ 128,265	\$ (25,765)

Please see accompanying notes to the financial statements.

Town of Velma, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2014

<u>Expenditures (Continued)</u>	Budget Amount		Actual	(Over) Under
	Original	Final		
Fire Department:				
Repairs and Maintenance	\$ 16,000	\$ 4,000	\$ 7,898	\$ (3,898)
Materials and Supplies	25,000	8,000	15,793	(7,793)
Capital Outlay	0	0	1,937	(1,937)
Other Services and Charges	3,000	3,000	5,237	(2,237)
Total	44,000	15,000	30,865	(15,865)
Street Department:				
Personal Services	85,000	84,000	102,858	(18,858)
Materials and Supplies	20,000	10,000	16,424	(6,424)
Capital Outlay	0	0	1,915	(1,915)
Repairs and Maintenance	4,000	2,000	1,138	862
Other Services and Charges	0	15,000	779	14,221
Total	109,000	111,000	123,114	(12,114)
Park Department:				
Grant Expenditures	0	0	0	0
Capital Outlay	0	0	0	0
Materials and Supplies	0	0	15	(15)
Total	0	0	15	(15)
Ambulance Department:				
Personal Services	35,000	34,000	3,440	30,560
Other Services and Charges	0	0	329	(329)
Materials and Supplies	0	0	72	(72)
Total	35,000	34,000	3,841	30,159
Emergency Management Department:				
Capital Outlay	0	0	0	0
Other Services and Charges	0	0	0	0
Materials and Supplies	0	0	0	0
Total	0	0	0	0
Cemetery Department:				
Personal Services	32,000	31,000	30,893	107
Capital Outlay	0	0	0	0
Repairs and Maintenance	0	0	0	0
Other Services and Charges	0	0	0	0
Materials and Supplies	0	0	0	0
Total	\$ 32,000	\$ 31,000	\$ 30,893	\$ 107

Please see accompanying notes to the financial statements.

Town of Velma, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2014

<u>Expenditures (Continued)</u>	<u>Budget Amount</u>		<u>Actual</u>	<u>(Over) Under Budget</u>
	<u>Original</u>	<u>Final</u>		
Pool Department:				
Personal Services	\$ 0	\$ 0	\$ 0	\$ 0
Materials and Supplies	0	0	0	0
Repairs and Maintenance	0	0	0	0
Other Services and Charges	0	0	0	0
Capital Outlay	0	0	0	0
Total	0	0	0	0
General Government:				
Other Services and Charges	72,542	118,700	70,978	47,722
Personal Services	33,800	34,000	46,740	(12,740)
Repairs and Maintenance	1,000	0	1,235	(1,235)
Capital Outlay	4,000	4,000	0	4,000
Materials and Supplies	15,000	5,000	1,971	3,029
Grant Expenditures	0	0	0	0
Total	126,342	161,700	120,924	40,776
Total Expenditures	473,242	462,500	449,761	12,739
<u>Revenue Over (Under) Expenditures</u>	(45,000)	(10,000)	46,500	56,500
Other Financing Sources (Uses)				
Transfer Out	0	0	(2,000)	2,000
Transfer In	35,000	0	705	(705)
Total Other Financing Sources	35,000	0	(1,295)	1,295
Revenue and Other Sources Over (Under)				
<u>Expenditures and Other Uses</u>	(10,000)	(10,000)	45,205	(55,205)
<u>Fund Balance, June 30, 2013</u>	10,000	10,000	19,702	(9,702)
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 0	\$ 64,907	\$ (64,907)

Please see accompanying notes to the financial statements.

Town of Velma
Notes to Required Supplemental Information
Year Ended June 30, 2014

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, 2014

	Street and Alley Fund	Firefighters Fund	L.E.O.T. Fund	Police Reserve Fund	First Responders Fund	Grant Fund	Cemetery Care Fund	Swimming Pool	Volunteer Firefighters Fund	Community Ambulance Fund	Total Nonmajor Governmental Funds
<u>Assets</u>											
Cash in Bank	\$ 17,871	\$ 8,443	\$ 540	\$ 2,616	\$ 18,284	\$ 1,286	\$ 16,784	\$ 0	\$ 11,958	\$ 53,850	\$ 131,632
Due from Other Funds	0	0	0	0	0	0	0	0	0	0	0
<u>Total Assets</u>	<u>\$ 17,871</u>	<u>\$ 8,443</u>	<u>\$ 540</u>	<u>\$ 2,616</u>	<u>\$ 18,284</u>	<u>\$ 1,286</u>	<u>\$ 16,784</u>	<u>\$ 0</u>	<u>\$ 11,958</u>	<u>\$ 53,850</u>	<u>\$ 131,632</u>
<u>Liabilities</u>											
Total Liabilities	0	0	0	0	0	0	0	0	0	0	0
<u>Fund Equity</u>											
Fund Balance:											
Unreserved	17,871	8,443	540	2,616	18,284	1,286	16,784	0	11,958	53,850	131,632
<u>Total Liabilities and Fund Equity</u>	<u>\$ 17,871</u>	<u>\$ 8,443</u>	<u>\$ 540</u>	<u>\$ 2,616</u>	<u>\$ 18,284</u>	<u>\$ 1,286</u>	<u>\$ 16,784</u>	<u>\$ 0</u>	<u>\$ 11,958</u>	<u>\$ 53,850</u>	<u>\$ 131,632</u>

Town of Velma
Velma, Oklahoma

Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2014

	Street and Alley Fund	Firefighters Fund	L.E.O.T. Fund	Police Reserve Fund	First Responders Fund	Grant Fund	Cemetery Care Fund	Swimming Pool	Volunteer Firefighters Fund	Community Ambulance Fund	Total Nonmajor Governmental Funds
Revenue											
Ambulance Revenue	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,896	\$ 20,896
Cemetery Revenue	0	0	0	0	0	0	1,106	0	0	0	1,106
Fund Raising (Net)	0	30,907	0	3,720	0	0	1,333	0	0	0	35,960
Grant Income	0	0	0	0	0	0	0	0	0	0	0
Misc Revenue	0	1,292	0	5	0	0	0	0	0	0	1,297
Police Fines	0	0	494	0	0	0	0	0	0	0	494
Interfund Transfers	0	0	0	0	0	35	0	0	5,973	654	6,662
Tax Revenue	0	0	0	0	0	0	0	0	34,519	106,360	140,879
Total Revenue	0	32,199	494	3,725	0	35	2,439	0	40,492	127,910	207,294
Expenditures											
Materials and Supplies	0	8,530	0	0	0	0	0	0	6,934	28,709	44,173
Personal Services	0	0	0	0	0	0	0	0	1,659	45,720	47,379
Other Services and Charges	0	14,059	44	2,302	2,400	0	0	705	220	27,616	47,346
Repairs & Maintenance	0	3,429	0	0	0	0	0	0	1,415	4,579	9,423
Capital Outlay	0	0	0	0	0	0	0	0	17,593	0	17,593
Interfund Transfers	0	3,736	0	0	0	0	0	0	0	0	3,736
Total Expenditures	0	29,754	44	2,302	2,400	0	0	705	27,821	106,624	169,650
Revenue Over (Under) Expenditures	0	2,445	450	1,423	(2,400)	35	2,439	(705)	12,671	21,286	37,644
Fund Balance, June 30, 2013	17,871	5,998	90	1,193	20,684	1,251	14,345	705	(713)	32,564	93,988
Fund Balance, June 30, 2014	\$ 17,871	\$ 8,443	\$ 540	\$ 2,616	\$ 18,284	\$ 1,286	\$ 16,784	\$ 0	\$ 11,958	\$ 53,850	\$ 131,632

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, 2014

	Street and Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Vehicle Tax	\$ 5,112	\$ 0	\$ 5,112
Gasoline Tax	0	0	0
Interfund Transfers	0	0	0
	5,112	0	5,112
<u>Expenditures</u>			
Materials and Supplies	22,912	0	22,912
Repairs & Maintenance	0	0	0
Other Services and Charges	0	0	0
	22,912	0	22,912
<u>Revenue Over (Under) Expenditures</u>	(17,800)	0	(17,800)
<u>Fund Balance, June 30, 2013</u>	17,800	17,871	(71)
<u>Fund Balance, June 30, 2014</u>	\$ 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, 2014

	<u>Firefighters Fund</u>			(Over) Under Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<u>Revenue</u>				
Contributions and Fund Raising (Net), \$	5,000	\$ 22,000	\$ 30,907	\$ (8,907)
Grant Revenue	4,500	4,500	0	4,500
Miscellaneous Revenue	1,000	1,000	1,292	(292)
Tax Revenue	0	0	0	0
Interfund Transfers	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	10,500	27,500	32,199	(4,699)
<u>Expenditures</u>				
Other Services and Charges	0	13,000	14,059	(1,059)
Materials and Supplies	15,500	10,000	8,530	1,470
Repairs and Maintenance	0	3,500	3,429	71
Capital Outlay	0	0	0	0
Interfund Transfers	0	0	3,736	(3,736)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	15,500	26,500	29,754	(3,254)
<u>Revenue Over (Under) Expenditures</u>	(5,000)	1,000	2,445	(1,445)
<u>Fund Balance, June 30, 2013</u>	5,000	5,000	5,998	(998)
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 6,000</u>	<u>\$ 8,443</u>	<u>\$ (2,443)</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, 2014

	<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	\$ 494	\$ (494)
<u>Expenditures</u>			
Other Services and Charges	<u>0</u>	<u>44</u>	<u>(44)</u>
<u>Revenue Over (Under) Expenditures</u>	0	450	(450)
<u>Fund Balance, June 30, 2013</u>	<u>0</u>	<u>90</u>	<u>(90)</u>
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 540</u>	<u>\$ (540)</u>

(1) No designated budget.

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, 2014

	Police Reserve Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Contributions and Fund Raising	\$ 2,000	\$ 4,000	\$ 3,720	\$ 280
Miscellaneous Revenue	1,000	1,000	5	995
Transfer In	0	0	0	0
Total Revenue	3,000	5,000	3,725	1,275
<u>Expenditures</u>				
Other Services and Charges	0	4,000	2,302	1,698
Materials and Supplies	4,000	0	0	0
Repairs & Maintenance	0	0	0	0
Capital Outlay	0	0	0	0
Total Expenditures	4,000	4,000	2,302	1,698
<u>Revenue Over (Under) Expenditures</u>	(1,000)	1,000	1,423	(423)
<u>Fund Balance, June 30, 2013</u>	1,000	1,000	1,193	(193)
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 2,000	\$ 2,616	\$ (616)

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, 2014

	<u>First Responders Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>				
Contributions and Fund Raising	\$ 2,000	\$ 2,000	\$ 0	\$ 2,000
Grant Revenue	200	200	0	200
Miscellaneous Revenue	0	0	0	0
Total Revenue	2,200	2,200	0	2,200
<u>Expenditures</u>				
Other Services and Charges	2,000	3,500	2,400	1,100
Materials and Supplies	1,500	0	0	0
Repairs and Maintenance	0	0	0	0
Transfer Out	0	0	0	0
Total Expenditures	3,500	3,500	2,400	1,100
Revenue Over (Under) Expenditures	(1,300)	(1,300)	(2,400)	1,100
Fund Balance, June 30, 2013	15,500	15,500	20,684	(5,184)
Fund Balance, June 30, 2014	\$ 14,200	\$ 14,200	\$ 18,284	\$ (4,084)

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, 2014

	<u>Cemetery Care Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>				
Contributions and Fund Raising	\$ 1,000	\$ 1,000	\$ 1,333	\$ (333)
Cemetery Revenue	600	600	1,106	(506)
Interfund Transfers	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,600	1,600	2,439	(839)
<u>Expenditures</u>				
Materials and Supplies	500	500	0	500
Capital Outlay	14,600	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	15,100	500	0	500
<u>Revenue Over (Under) Expenditures</u>	(13,500)	1,100	2,439	(1,339)
<u>Fund Balance, June 30, 2013</u>	<hr/>	<hr/>	<hr/>	<hr/>
	13,500	13,500	14,345	(845)
<u>Fund Balance, June 30, 2014</u>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 14,600	\$ 16,784	\$ (2,184)

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, 2014

	Swimming Pool Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Pool Concessions	\$ 0	\$ 0	\$ 0
Pool Revenue	0	0	0
Transfers In	0	0	0
	0	0	0
Total Revenue	0	0	0
<u>Expenditures</u>			
Other Services and Charges	0	705	(705)
Materials and Supplies	0	0	0
Repairs and Maintenance	0	0	0
	0	705	(705)
Total Expenditures	0	705	(705)
<u>Revenue Over (Under) Expenditures</u>	0	(705)	705
<u>Fund Balance, June 30, 2013</u>	0	705	(705)
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 0	\$ 0

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, 2014

	Volunteer Firefighters Fund		
	<u>Original / Final</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Tax Revenue	\$ 39,000	\$ 34,519	\$ 4,481
Contributions and Fund Raising (Net)	2,000	0	2,000
Interfund Transfers	0	5,973	(5,973)
 Total Revenue	 41,000	 40,492	 508
<u>Expenditures</u>			
Capital Outlay	18,000	17,593	407
Other Services and Charges	10,000	220	9,780
Materials and Supplies	9,000	6,934	2,066
Repairs and Maintenance	4,000	1,415	2,585
Personal Services	0	1,659	(1,659)
 Total Expenditures	 41,000	 27,821	 13,179
 <u>Revenue Over (Under) Expenditures</u>	 0	 12,671	 (12,671)
 <u>Fund Balance, June 30, 2013</u>	 0	 (713)	 713
 <u>Fund Balance, June 30, 2014</u>	 <u>\$ 0</u>	 <u>\$ 11,958</u>	 <u>\$ (11,958)</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, 2014

	Community Ambulance Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Tax Revenue	\$ 84,849	\$ 84,849	\$ 106,360	\$ (21,511)
Ambulance Revenue	40,000	40,000	20,896	19,104
Contributions and Fundraising	2,000	2,000	0	2,000
Interfund Transfers	0	0	654	(654)
Miscellaneous Revenue	0	0	0	0
Total Revenue	126,849	126,849	127,910	(1,061)
<u>Expenditures</u>				
Personal Services	35,000	37,000	45,720	(8,720)
Materials and Supplies	25,000	28,000	28,709	(709)
Other Services and Charges	25,000	28,000	27,616	384
Repairs and Maintenance	12,000	5,000	4,579	421
Capital Outlay	30,000	0	0	0
Total Expenditures	127,000	98,000	106,624	(8,624)
<u>Revenue Over (Under) Expenditures</u>	(151)	28,849	21,286	7,563
<u>Fund Balance, June 30, 2013</u>	30,000	30,000	32,564	(2,564)
<u>Fund Balance, June 30, 2014</u>	\$ 29,849	\$ 58,849	\$ 53,850	\$ 4,999

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, 2014

	<u>Budget</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
Federal Grant	\$ 45,000	\$ 37,472	\$ 7,497	\$ 44,969	\$ 31
Local Funds	8,950	9,388		9,388	(438)
Total Revenues	53,950	46,860	7,497	54,357	(407)
<u>Expenditures</u>					
Equipment	53,950	54,357	0	54,357	(407)
Total Expenditures	53,950	54,357	0	54,357	(407)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (7,497)</u>	<u>\$ 7,497</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.