

CITY OF VINITA, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

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

**CITY OF VINITA, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**CITY OF VINITA, OKLAHOMA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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CITY OF VINITA, OKLAHOMA

LIST OF PRINCIPAL OFFICIALS

June 30, 2011

City Council

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

OBER & ASSOCIATES INC., PC

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

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Vinita, 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 City of Vinita, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited each fiduciary fund type of the City of Vinita, Oklahoma, as of and for the year ended June 30, 2011, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City of Vinita, Oklahoma'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.

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, each major fund, and the aggregate remaining fund information as well as each fiduciary fund type of the City of Vinita, Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of the City of Vinita, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the City Council
Vinita, Oklahoma
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Vinita, Oklahoma's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The City of Vinita, Oklahoma's management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
June 18, 2012

BASIC FINANCIAL STATEMENTS

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

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

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

**CITY OF VINITA, OKLAHOMA
STATEMENT OF NET ASSETS
JUNE 30, 2011**

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 932,133.10	\$ 89,616.00	\$ 1,021,749.10
Investments	525,700.00	-	525,700.00
Accounts receivable	-	447,065.58	447,065.58
Due from other governments	274,299.72	4,251.33	278,551.05
Accrued interest receivable	<u>1,712.73</u>	<u>1,438.16</u>	<u>3,150.89</u>
Total Current Assets	<u>1,733,845.55</u>	<u>542,371.07</u>	<u>2,276,216.62</u>
Non-Current Assets:			
Cash, restricted	-	31,202.50	31,202.50
Investments, restricted	-	178,328.00	178,328.00
Capital assets, net of accumulated depreciation	<u>8,366,212.98</u>	<u>8,684,571.08</u>	<u>17,050,784.06</u>
Total Non-Current Assets	<u>8,366,212.98</u>	<u>8,894,101.58</u>	<u>17,260,314.56</u>
Total ASSETS	<u>10,100,058.53</u>	<u>9,436,472.65</u>	<u>19,536,531.18</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	34,182.76	45,787.18	79,969.94
Payroll taxes payable	3,873.43	1,124.90	4,998.33
Accrued interest payable	-	29,748.11	29,748.11
Current portion of long-term debt	-	174,969.28	174,969.28
Current portion of capital lease payable	<u>31,390.98</u>	<u>85,429.56</u>	<u>116,820.54</u>
Total current liabilities	<u>69,447.17</u>	<u>337,059.03</u>	<u>406,506.20</u>
Noncurrent Liabilities:			
Payable from restricted assets:			
Meter deposits payable	-	177,130.00	177,130.00
Notes payable	-	1,985,531.34	1,985,531.34
Capital leases payable	59,909.01	1,182,628.85	1,242,537.86
Accrued compensated absences	<u>132,133.54</u>	<u>24,359.34</u>	<u>156,492.88</u>
Total noncurrent liabilities	<u>192,042.55</u>	<u>3,369,649.53</u>	<u>3,561,692.08</u>
Total LIABILITIES	<u>261,489.72</u>	<u>3,706,708.56</u>	<u>3,968,198.28</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,274,912.99	5,256,012.05	13,530,925.04
Restricted	1,502,712.98	32,400.50	1,535,113.48
Unrestricted	<u>60,942.84</u>	<u>441,351.54</u>	<u>502,294.38</u>
Total NET ASSETS	<u>\$ 9,838,568.81</u>	<u>\$ 5,729,764.09</u>	<u>\$ 15,568,332.90</u>

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

**CITY OF VINITA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions		Primary Government		
			Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:							
Governmental activities:							
<i>General Government</i>							
Governing board	\$ 220,109.04	\$ -	\$ -	\$ -	\$ (220,109.04)		\$ (220,109.04)
General government	357,321.99	170,155.05	-	-	(187,166.94)		(187,166.94)
City clerk	333,872.93	-	-	-	(333,872.93)		(333,872.93)
City treasurer	26,471.96	-	-	-	(26,471.96)		(26,471.96)
Finance officer	18,653.25	-	-	-	(18,653.25)		(18,653.25)
Maintenance and operation	363,936.75	-	-	-	(363,936.75)		(363,936.75)
Capital outlay	445,458.30	-	-	-	(445,458.30)		(445,458.30)
Total General Government	1,765,824.22	170,155.05	-	-	(1,595,669.17)		(1,595,669.17)
<i>Public Safety and Judiciary</i>							
Animal control	-	-	-	-	-		-
City Attorney	54,366.75	-	-	-	(54,366.75)		(54,366.75)
Code enforcement	50,543.02	-	-	-	(50,543.02)		(50,543.02)
Fire	730,013.73	55,647.72	-	-	(674,366.01)		(674,366.01)
Municipal court	18,290.58	-	-	-	(18,290.58)		(18,290.58)
Police	1,121,333.95	136,603.50	-	-	(984,730.45)		(984,730.45)
Zoning commission	300.00	-	-	-	(300.00)		(300.00)
Total Public Safety and Judiciary	1,974,848.03	192,251.22	-	-	(1,782,596.81)		(1,782,596.81)
<i>Transportation</i>							
Ambulance	50,001.04	-	-	-	(50,001.04)		(50,001.04)
Airport	5,830.29	-	-	594,595.00	588,764.71		588,764.71
Pelivan	36,517.00	-	-	-	(36,517.00)		(36,517.00)
Street and alley	382,946.09	-	-	-	(382,946.09)		(382,946.09)
Total Transportation	475,294.42	-	-	594,595.00	119,300.58		119,300.58
<i>Culture, Parks and Recreation</i>							
Cemetery	204,675.48	37,112.40	-	-	(167,563.08)		(167,563.08)
Emergency management	15,788.40	-	11,250.00	-	(4,538.40)		(4,538.40)
Library	136,056.83	501.24	12,743.00	-	(122,812.59)		(122,812.59)
Parks	21,415.61	-	-	-	(21,415.61)		(21,415.61)
Property sales	-	-	-	-	-		-
Senior citizens	64,249.70	-	31,549.00	-	(32,700.70)		(32,700.70)
Street lights	31,764.07	-	-	-	(31,764.07)		(31,764.07)
Swimming pool	39,195.74	11,473.00	-	-	(27,722.74)		(27,722.74)
Total Culture, Parks and Recreation	513,145.83	49,086.64	55,542.00	-	(408,517.19)		(408,517.19)

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

**CITY OF VINITA, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
			-	-	-	-	-
Primary Government: continued							
Economic development	63,880.00	-	-	-	(63,880.00)		(63,880.00)
Hotel/Motel tax	1,635.13	8,980.57	-	-	7,345.44		7,345.44
Storm reimbursement	610,219.74	852,373.73	-	-	242,153.99		242,153.99
Sanitation and solid waste							
Total governmental activities	5,404,847.37	1,272,847.21	55,542.00	594,595.00	(3,481,863.16)		(3,481,863.16)
Business-type activities:							
Vinita Utility Authority	2,218,626.85	2,297,734.67	-	-	-	\$ 79,107.82	79,107.82
Total business-type activities	2,218,626.85	2,297,734.67	-	-	-	79,107.82	79,107.82
Total primary government	\$ 7,623,474.22	\$ 3,570,581.88	\$ 55,542.00	\$ 594,595.00	\$ (3,481,863.16)	79,107.82	\$ (3,402,755.34)
General revenues:							
Taxes:							
Sales tax					2,671,839.31	-	2,671,839.31
Use tax					151,258.64	-	151,258.64
Alcoholic beverage tax					67,840.92	-	67,840.92
Franchise tax					194,881.87	62,570.06	257,451.93
Cigarette tax					38,723.91	-	38,723.91
Hotel/Motel tax					56,667.36	-	56,667.36
Taxes restricted for transportation purposes:							
Motor vehicle tax					46,300.24	-	46,300.24
Gasoline tax					(1,937.30)	-	(1,937.30)
Interest income					16,839.80	2,038.45	18,878.25
Sale and rent of property					90,211.99	28,750.00	118,961.99
Penalties					39,556.40	-	39,556.40
Reimbursements					399,008.56	-	399,008.56
Transfers - internal activities					249,999.96	(249,999.96)	-
Total general revenues, special items, and transfers					4,021,191.66	(156,641.45)	3,864,550.21
Change in net assets					539,328.50	(77,533.63)	461,794.87
Net assets - beginning					9,299,240.31	5,807,297.72	15,106,538.03
Net assets - ending					\$ 9,838,568.81	\$ 5,729,764.09	\$ 15,568,332.90

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

**CITY OF VINITA, OKLAHOMA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ (67,569.01)	\$ 386,810.09	\$ 612,892.02	\$ 932,133.10
Investments	80,000.00	315,000.00	130,700.00	525,700.00
Due from other governments	194,587.21	73,205.00	6,507.51	274,299.72
Accrued interest receivable	<u>1,703.26</u>	<u>-</u>	<u>9.47</u>	<u>1,712.73</u>
Total Assets	<u>\$ 208,721.46</u>	<u>\$ 775,015.09</u>	<u>\$ 750,109.00</u>	<u>\$ 1,733,845.55</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Accounts payable	\$ 11,771.65	\$ 16,108.21	\$ 6,302.90	\$ 34,182.76
Accrued payables	<u>3,873.43</u>	<u>-</u>	<u>-</u>	<u>3,873.43</u>
Total Liabilities	<u>15,645.08</u>	<u>16,108.21</u>	<u>6,302.90</u>	<u>38,056.19</u>
Fund Balances:				
Assigned to:				
Capital improvements	-	758,906.88	-	758,906.88
Other purposes	-	-	743,806.10	743,806.10
Unassigned	<u>193,076.38</u>	<u>-</u>	<u>-</u>	<u>193,076.38</u>
Total Fund Balances	<u>193,076.38</u>	<u>758,906.88</u>	<u>743,806.10</u>	<u>1,695,789.36</u>
Total Liabilities and Fund Balances	<u>\$ 208,721.46</u>	<u>\$ 775,015.09</u>	<u>\$ 750,109.00</u>	

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 \$9,744,337 are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$2,049,417.	8,366,212.98
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Capital lease payable	(91,299.99)
Accrued compensated absences	<u>(132,133.54)</u>
Net assets of governmental activities	<u>\$ 9,838,568.81</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General Fund</u>	<u>Capital Improvement Plan Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Sales tax	\$ 1,971,230.63	\$ 700,608.68	\$ -	\$ 2,671,839.31
Use tax	151,258.64	-	-	151,258.64
Alcoholic beverage tax	67,840.82	-	-	67,840.82
Cigarette tax	38,723.91	-	-	38,723.91
Motor vehicle tax	46,300.24	-	-	46,300.24
Hotel/Motel tax	-	-	56,667.36	56,667.36
Gasoline tax	(1,414.64)	-	-	(1,414.64)
Franchise tax	194,881.87	-	-	194,881.87
Other:				
Admissions	11,473.00	-	141.58	11,614.58
Donations	-	-	50.00	50.00
Penalties	39,556.40	-	-	39,556.40
Grants	-	-	650,496.66	650,496.66
Interest income	9,234.43	-	7,605.37	16,839.80
Garbage	682,143.98	-	85,568.26	767,712.24
Lot sales	34,493.65	-	9,502.75	43,996.40
Miscellaneous	172,371.92	-	-	172,371.92
Police fines	90,854.39	-	41,539.11	132,393.50
Outside fire revenues	11,446.00	-	33,174.72	44,620.72
Reimbursements	398,583.56	-	175,368.12	573,951.68
Licenses and permits	14,474.50	-	-	14,474.50
Total Revenues	<u>3,933,453.30</u>	<u>700,608.68</u>	<u>1,060,113.93</u>	<u>5,694,175.91</u>
Expenditures:				
General Government:				
Governing board	222,568.58	-	-	222,568.58
City clerk	329,294.72	-	-	329,294.72
City treasurer	26,213.29	-	-	26,213.29
General government	175,645.60	7,000.00	-	182,645.60
Finance officer	18,509.08	-	-	18,509.08
Maintenance and operations	128,941.00	382,200.32	185,748.14	696,889.46
Public Safety and Judiciary:				
City attorney	54,366.75	-	-	54,366.75
Code enforcement	49,925.87	-	-	49,925.87
Emergency management	9,309.89	-	-	9,309.89
Fire	693,572.68	10,020.40	46,351.63	749,944.71
Municipal court	18,290.58	-	-	18,290.58
Police	1,053,650.20	-	173,982.37	1,227,632.57
Zoning Commission	300.00	-	-	300.00
Transportation:				
Ambulance	50,001.04	-	-	50,001.04
Airport	5,830.29	66,502.05	597,344.00	669,676.34
Pelivan	36,517.00	-	-	36,517.00
Street and alley	400,464.61	101,113.09	-	501,577.70
Culture, Parks and Recreation:				
Cemetery	201,887.24	69.00	480.00	202,436.24
Library	120,835.66	-	14,277.66	135,113.32
Parks	21,415.61	420.28	-	21,835.89
Senior citizens	64,249.70	-	31,459.00	95,708.70
Street lights	31,764.07	-	-	31,764.07
Swimming pool	38,983.66	-	-	38,983.66
Other expenses	-	20,271.06	16,274.17	36,545.23
Hotel and motel tax	-	-	63,880.00	63,880.00
Storm reimbursements	-	-	1,635.13	1,635.13
Sanitation and solid waste	544,929.08	-	76,319.26	621,248.34
Total Expenditures	<u>4,297,466.20</u>	<u>587,596.20</u>	<u>1,207,751.36</u>	<u>6,092,813.76</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	(364,012.90)	113,012.48	(147,637.43)	(398,637.85)
Other Financing Sources (Uses)				
Transfers in	249,999.96	-	-	249,999.96
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>249,999.96</u>	<u>-</u>	<u>-</u>	<u>249,999.96</u>
Net change in fund balances	(114,012.94)	113,012.48	(147,637.43)	(148,637.89)
Fund balances - beginning	<u>307,089.32</u>	<u>645,894.40</u>	<u>891,443.53</u>	<u>1,844,427.25</u>
Fund balances - ending	<u>\$ 193,076.38</u>	<u>\$ 758,906.88</u>	<u>\$ 743,806.10</u>	<u>\$ 1,695,789.36</u>

Reconciliation to the Statement of Activities:

Net change in fund balances - total governmental funds \$ (148,637.89)

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

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

Capital asset purchases capitalized	906,289.20
Depreciation expense	(234,995.75)
	<u>671,293.45</u>

Repayment of notes payable is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balance because current financial resources have been used. For the City as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Principal payments made on notes payable	29,870.31
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	(33,961.92)
Other	20,764.55

Change in Net Assets of Governmental Activities \$ 539,328.50

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

**CITY OF VINITA, OKLAHOMA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011**

	Utility Authority
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 89,616.00
Accounts receivable	447,065.58
Due from other governments	4,251.33
Accrued interest receivable	1,438.16
Total Current Assets	542,371.07
Noncurrent Assets:	
Cash, restricted	31,202.50
Investments, restricted	178,328.00
Capital assets, net of accumulated depreciation	8,684,571.08
Total Noncurrent Assets	8,894,101.58
Total Assets	9,436,472.65
LIABILITIES	
Current Liabilities:	
Accounts payable	45,787.18
Payroll taxes payable	1,124.90
Accrued interest payable	29,748.11
Current portion of long-term debt	174,969.28
Current portion of capital leases payable	85,429.56
Total Current Liabilities	337,059.03
Noncurrent Liabilities:	
Payable from restricted assets:	
Meter deposits payable	177,130.00
Notes payable	1,985,531.34
Capital leases payable	1,182,628.85
Compensated absences	24,359.34
Total Noncurrent Liabilities	3,369,649.53
Total Liabilities	3,706,708.56
NET ASSETS	
Invested in capital assets, net of related debt	5,256,012.05
Restricted	32,400.50
Unrestricted	441,351.54
Total net assets	\$5,729,764.09

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Utility Authority
Operating Revenues:	
Sales - Water	\$ 1,493,392.17
Sales - Sewer	662,661.23
Fees	13,962.73
Tap fees	2,490.00
Reimbursements	<u>125,228.54</u>
Total Operating Revenues	<u>2,297,734.67</u>
Operating Expenses:	
Attorney Fees	1,800.00
Personal services	783,705.36
Chemicals	76,325.39
Engineering fees	72,017.21
Gasoline	15,253.13
Maintenance and operations	633,829.69
Utilities	155,833.57
Workers compensation	34,248.00
Depreciation	<u>304,200.58</u>
Total Operating Expenses	<u>2,077,212.93</u>
Operating Income (Loss)	<u>220,521.74</u>
Non-operating Revenues (Expenses)	
Franchise tax	62,570.06
Rent revenue	28,750.00
Interest revenue	2,038.45
Interest expense	<u>(141,413.92)</u>
Total Non-operating Revenues (Expenses)	<u>(48,055.41)</u>
Net Income (Loss) Before Transfers	172,466.33
Transfers out to City of Vinita General Fund	(249,999.96)
Change in net assets	(77,533.63)
Total net assets - beginning	<u>5,807,297.72</u>
Total net assets - ending	<u>\$ 5,729,764.09</u>

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

**CITY OF VINITA, OKLAHOMA
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Utility Authority
Cash flows from operating activities:	
Cash received from operations	\$ 2,282,228.22
Cash paid to employees for services	(747,343.37)
Cash paid to suppliers for goods and services	(981,004.58)
Net cash provided (used) by operating activities	553,880.27
Cash flows from non-capital financing activities:	
Franchise taxes received	62,755.53
Rent revenue received	28,750.00
Transfers to the City of Vinita General Fund	(249,999.96)
Net cash provided (used) in non-capital financing activities	(158,494.43)
Cash flows from capital and related financing activities:	
Purchases of capital assets	(20,765.05)
Principal payments on capital debt	(250,214.74)
Interest paid on capital debt	(141,046.10)
Net cash provided (used) by capital and related financing activities	(412,025.89)
Cash flows from investing activities:	
Interest	1,450.44
Net cash provided (used) by investing activities	1,450.44
Net increase (decrease) in cash and cash equivalents	(15,189.61)
Beginning cash and cash equivalents	314,336.11
Ending cash and cash equivalents	\$ 299,146.50
Reconciliation of net income to net cash provided (used) by operating activities:	
Operating Income (Loss)	\$ 220,521.74
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation	304,200.58
Change in assets and liabilities:	
(Increase) Decrease in:	
Accounts receivable	(17,527.54)
Prepaid insurance	3,307.99
Increase (Decrease) in:	
Accounts payable	29,699.27
Compensated absences	10,223.23
Meter deposits payable	3,455.00
Net cash provided (used) by operating activities	\$ 553,880.27

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF FIDUCIARY NET ASSET
JUNE 30, 2011

	<u>Agency Type Funds</u>				<u>Total</u>
	<u>Kornegay Land Fund</u>	<u>Leforce Bequest</u>	<u>Winifred Marks Bequest</u>	<u>Vinita Civic Center</u>	
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 17,458.72	\$ 3,783.71	\$ -	\$ 529.43	\$ 21,771.86
Investments	379,790.00	89,590.00	16,000.00	-	485,380.00
Accrued Interest Receivable	<u>3,655.60</u>	<u>1,196.47</u>	<u>274.75</u>	<u>-</u>	<u>5,126.82</u>
Total Assets	<u>400,904.32</u>	<u>94,570.18</u>	<u>16,274.75</u>	<u>529.43</u>	<u>512,278.68</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Bank overdrafts	<u>-</u>	<u>-</u>	<u>7,886.92</u>	<u>-</u>	<u>7,886.92</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,886.92</u>	<u>-</u>	<u>7,886.92</u>
NET ASSETS					
Reserved	<u>400,904.32</u>	<u>94,570.18</u>	<u>8,387.83</u>	<u>529.43</u>	<u>504,391.76</u>
Total Net Assets	<u>\$ 400,904.32</u>	<u>\$ 94,570.18</u>	<u>\$ 8,387.83</u>	<u>\$ 529.43</u>	<u>\$ 504,391.76</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Agency Type Funds</u>				<u>Total</u>
	<u>Kornegay Land Fund</u>	<u>LeForce Bequest</u>	<u>Winifred Marks Bequest</u>	<u>Vinita Civic Center</u>	
Additions:					
Interest income	\$ 4,181.24	\$ 978.90	\$ 370.42	\$ -	\$ 5,530.56
Deductions:					
Swimming pool	-	-	5,747.15	-	5,747.15
Total Deductions	-	-	5,747.15	-	5,747.15
Change in Net Assets	4,181.24	978.90	(5,376.73)	-	(216.59)
Net Assets - July 1, 2010	396,723.08	93,591.28	13,764.56	529.43	504,608.35
Net Assets - June 30, 2011	<u>\$ 400,904.32</u>	<u>\$ 94,570.18</u>	<u>\$ 8,387.83</u>	<u>\$ 529.43</u>	<u>\$ 504,391.76</u>

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

CITY OF VINITA, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies

The City of Vinita, Oklahoma complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principals (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For business-type activities and enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. For the fiscal year ended June 30, 2011, the Town implemented the new financial reporting requirements of GASB Statement No. 54, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

1.A. Financial Reporting Entity

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

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

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

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit's fund is blended into those of the City's by appropriate activity type to comprise the primary government presentation.

Blended Component Units

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.A. Financial Reporting Entity: continued

Discretely Presented Component Units

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

1.B. Basis of Presentation

Government-Wide Financial Statements

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

Governmental Funds

General Fund

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

Special Revenues Funds

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

Capital Projects Funds

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

Proprietary Funds

Enterprise Funds

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

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

Fiduciary Funds

Agency Funds

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

**CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 1. Summary of Significant Accounting Policies: continued

1.B. Basis of Presentation: continued

Major and Non-Major Funds

<i>Major:</i>	General Fund	
	Capital Projects Fund:	
	Capital Improvements Plan Fund	Accounts for ¾ cent sales tax approved by the voters and restricted for capital projects.
	Proprietary Fund:	
	Vinita Utility Authority	Accounts for activities of the public trust in providing water and sewer services to the public
<i>Non-Major:</i>	Capital Projects Fund:	
	Capital Improvement Fund	See above for description
	Special Revenue Funds:	
	1993 Sales Tax Interest Fund	
	AB Southern Library	
	CDBG Grant Fund	
	Cemetery Care Fund	
	City Beautification Fund	
	Fire Equipment Fund	
	Flag Fund	
	Flex Plan Fund	
	Gates Computer Fund	
	Hotel/Motel Tax Fund	
	Library Grants Fund	
	Oklahoma Centennial Projects Fund	
	Police Drug Dog Fund	
	Police Equipment Fund	
	Police Internet Fund	
	Police Narcotics Fund	
	Police Training Fund	
	Property Sales Fund	
	Safeway Land Purchase Fund	
	Solid Waste Reserve Fund	
	Vinita Sports Complex Fund	

1.C. Measurement Focus and Basis of Accounting

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results or operations, therefore, measurement focus is not applied to them.

Basis of Accounting

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

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity

Cash and Cash Equivalents

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

Accounts Receivable

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

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

Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity: continued

Capital Assets: continued

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

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

Fund Financial Statements

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

Restricted Assets

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

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable and capitalized lease obligations.

Long-term debt arising from cash transactions for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as it is in the government-wide statements.

Compensated Absences

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.D. Assets, Liabilities and Equity: continued

Compensated Absences: continued

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

Equity Classification

Government-Wide and Proprietary Statements:

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements:

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.E. Revenues, Expenditures and Expenses

Sales Tax

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

Use Tax

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

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

Governmental Funds – By Character:	Current (further classified by activity)
	Capital Outlay
	Debt Service

Proprietary Fund – By Operating and Non-Operating

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1. Summary of Significant Accounting Policies: continued

1.F. Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

1.G. Use of Estimates

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

Note 2. Stewardship, Compliance and Accountability

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

2.A. Fund Accounting Requirements

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

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

2.B. Deposit and Investment Laws and Regulations

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C. A., Section 1823 (e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee. As reflected in Note 3.A., all deposits were fully insured or collateralized for the fiscal year ended June 30, 2011.

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2. Stewardship, Compliance and Accountability: continued

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

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

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2011, the City and its public trusts complied, in all material respects, with these investment restrictions.

2.C. Budgetary Accounting and Control

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

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

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

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2. Stewardship, Compliance and Accountability: continued

2.D. Revenue Restrictions

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

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

For the year ended June 30, 2011 the City complied, in all material respects, with those revenue restrictions.

2.E. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2011, the City had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the City (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2011, the City incurred no such indebtedness.

2.F. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2011.

**CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

Note 3. Detail Notes – Transaction Classes/Accounts

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

3.A. Cash and Investments

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. The District does not have a deposit policy for custodial credit risk. As of June 30, 2011, none of the City’s investments were exposed to custodial credit risk.

3.B. Restricted Assets

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

The restricted assets as of June 30, 2011 are \$209,530.50 in meter deposits.

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

3.C. Accounts Receivable

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

Accounts receivable as of June 30, 2011 is as follows:

Governmental Activities	Business-Type Activities	Totals
\$ 274,299.72	\$ 451,316.91	\$ 725,616.63

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Balance July 1	Additions	Retirements	Adjustments/ Transfers	Balance June 30
<i>Governmental Activities:</i>					
Non-depreciable assets					
Land	\$ 1,607,902.36	\$ 730,018.45	\$ -	\$ -	\$ 2,337,920.81
Total Non-depreciable assets	<u>1,607,902.36</u>	<u>730,018.45</u>	<u>-</u>	<u>-</u>	<u>2,337,920.81</u>
Depreciable assets					
Buildings and improvements	1,465,475.59	49,047.10	-	-	1,514,522.69
Infrastructure	2,660,487.70	50,420.74	-	-	2,710,908.44
Trucks	1,450,188.73	-	-	-	1,450,188.73
Vehicles	441,734.88	113,384.91	-	-	555,119.79
Machinery, furniture and equipment	2,050,925.18	31,040.00	-	-	2,081,965.18
Total capital assets being depreciated	<u>8,068,812.08</u>	<u>243,892.75</u>	<u>-</u>	<u>-</u>	<u>8,312,704.83</u>
Less: accumulated depreciation for:					
Buildings and improvements	350,709.61	24,083.26	-	-	374,792.87
Infrastructure	169,804.52	33,886.36	-	-	203,690.88
Trucks	674,022.71	65,139.69	-	-	739,162.40
Vehicles	249,576.87	34,016.37	-	-	283,593.24
Machinery, furniture and equipment	605,303.20	77,870.07	-	-	683,173.27
Total accumulated depreciation	<u>2,049,416.91</u>	<u>234,995.75</u>	<u>-</u>	<u>-</u>	<u>2,284,412.66</u>
Governmental activities capital assets, net	<u>\$ 7,627,297.53</u>	<u>\$ 738,915.45</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,366,212.98</u>

Depreciation expense was charged to governmental activities as follows:

Primary Government:	
Governmental Activities:	
General governmental	<u>\$ 243,892.75</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.D. Capital Assets: continued

	Balance July 1	Additions	Retirements	Adjustments/ Transfers	Balance June 30
<i>Business-type Activities:</i>					
Depreciable assets					
Utility System	\$ 8,854,643.81	\$ -	\$ -	\$ -	\$ 8,854,643.81
Buildings	602,837.76	-	-	-	602,837.76
Vehicles	89,885.00	-	-	-	89,885.00
Machinery, furniture and equipment	2,412,384.91	20,765.05	-	-	2,433,149.96
Total capital assets being depreciated	<u>11,959,751.48</u>	<u>20,765.05</u>	<u>-</u>	<u>-</u>	<u>11,980,516.53</u>
Less: accumulated depreciation:					
Utility System	1,937,251.17	166,403.86	-	-	2,103,655.03
Buildings	211,663.20	10,047.30	-	-	221,710.50
Vehicles	61,417.90	5,992.33	-	-	67,410.23
Machinery, furniture and equipment	781,412.60	121,757.09	-	-	903,169.69
Total accumulated depreciation	<u>2,991,744.87</u>	<u>304,200.58</u>	<u>-</u>	<u>-</u>	<u>3,295,945.45</u>
Business-type activities capital assets, net	<u>\$ 8,968,006.61</u>	<u>\$ (283,435.53)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,684,571.08</u>

3.E. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2011, the governmental funds had two capital leases payable as follows:

The City entered into a capital equipment lease purchase agreement on September 25, 2007 with Welch State Bank for a 2007 Western Star 4900FA Tractor Truck in the amount of \$61,115.00. Monthly payments of \$1,153.02 began on October 25, 2007 and include interest of 4.98%. The final lease payment is due on September 25, 2012.

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.E. Long-Term Debt: continued

The leases to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 31,390.98	\$ 3,871.74	\$ 35,262.72
2013	22,456.05	3,385.85	25,841.90
2014	20,002.36	1,424.12	21,426.48
2015	17,450.60	404.80	17,855.40
	<u>\$ 91,299.99</u>	<u>\$ 9,086.51</u>	<u>\$ 100,386.50</u>

Business-Type Activities

1998 Clean Water State Revolving Fund Loan

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

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

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

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2012	\$ 102,159.52	\$ 24,054.59	\$ 3,931.77	\$ 130,145.88
2013	105,882.13	20,461.31	3,802.44	130,145.88
2014	109,684.01	17,651.55	2,810.32	130,145.88
2015	113,622.40	14,256.46	2,267.02	130,145.88
2016	117,702.20	10,739.83	1,703.85	130,145.88
2017 - 2018	249,548.26	9,264.74	1,276.85	260,089.85
	<u>\$ 798,598.52</u>	<u>\$ 96,428.48</u>	<u>\$ 15,792.25</u>	<u>\$ 910,819.25</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.E. Long-Term Debt: continued

2005 Clean Water State Revolving Fund Loan

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

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

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

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2012	\$ 50,224.58	\$ 24,185.23	\$ 4,651.01	\$ 79,060.82
2013	51,793.62	22,869.27	4,397.93	79,060.82
2014	53,411.65	21,512.20	4,136.97	79,060.82
2015	55,080.24	20,112.74	3,867.84	79,060.82
2016	56,800.97	18,669.55	3,590.30	79,060.82
2017 - 2021	311,757.01	70,071.76	13,475.33	395,304.10
2022- 2026	363,592.75	26,596.65	5,114.70	395,304.10
	<u>\$ 942,660.82</u>	<u>\$ 204,017.40</u>	<u>\$ 39,234.08</u>	<u>\$ 1,185,912.30</u>

2005 Drinking Water State Revolving Fund Loan

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

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.E. Long-Term Debt: continued

2005 Drinking Water State Revolving Fund Loan: continued

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

The note matures as follows:

Year Ending June 30	Principal	Interest	Administrative Fees	Total
2012	\$ 22,637.71	\$ 12,408.93	\$ 2,068.16	\$ 37,114.80
2013	23,436.96	11,723.86	1,953.98	37,114.80
2014	24,264.44	11,014.60	1,835.76	37,114.80
2015	25,121.14	10,280.29	1,713.37	37,114.80
2016	26,008.04	9,520.07	1,586.69	37,114.80
2017 - 2021	144,479.78	35,223.61	5,870.61	185,574.00
2022 - 2026	153,293.21	11,762.92	1,960.47	167,016.60
	<u>\$ 419,241.28</u>	<u>\$ 101,934.28</u>	<u>\$ 16,989.04</u>	<u>\$ 538,164.60</u>

The Utility Authority executed a sublease agreement with the Community Communications Authority of Oklahoma and First Security Leasing, Inc. to purchase wireless internet equipment, communication system and new water meter reading equipment on September 12, 2006. The equipment was purchased for \$1,557,296, with interest in the amount of \$32,698 being capitalized, for a total lease of \$1,589,994. The interest rate is 5.326% and payments of \$12,575 are due monthly. The first payment was March 1, 2007 and the final payment will be due August 1, 2022. The Future payments are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 85,425.37	\$ 65,474.63	\$ 150,900.00
2013	90,088.06	60,811.94	150,900.00
2014	95,005.28	55,894.72	150,900.00
2015	100,190.89	50,709.11	150,900.00
2016	105,659.53	45,240.47	150,900.00
2017 - 2021	621,363.67	133,136.33	754,500.00
2022 - 2023	170,325.60	5,724.40	176,050.00
	<u>\$ 1,268,058.40</u>	<u>\$ 416,991.60</u>	<u>\$ 1,685,050.00</u>

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

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

3.E. Long-Term Debt: continued

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

Year Ending June 30	Principal	Interest	Fees	Total
2012	\$ 260,447.18	\$ 126,123.38	\$ 161,550.94	\$ 548,121.50
2013	271,200.77	115,866.38	161,054.35	548,121.50
2014	282,365.38	106,073.07	159,683.05	548,121.50
2015	294,014.67	95,358.60	158,748.23	548,121.50
2016	306,170.74	84,169.92	157,780.84	548,121.50
2017 - 2021	1,327,148.72	247,696.44	775,122.79	2,349,967.95
2022 - 2026	687,211.56	44,083.97	183,125.17	914,420.70
	<u>\$ 3,428,559.02</u>	<u>\$ 819,371.76</u>	<u>\$ 1,757,065.37</u>	<u>\$ 6,004,996.15</u>

Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2011:

	Amount Outstanding June 30, 2010	Issued	Retired	Amount Outstanding June 30, 2011
Business-Type Activities				
Notes Payable	\$ 2,329,711.38	\$ -	\$ 169,210.76	\$ 2,160,500.62
Lease Obligations	1,349,062.39	-	81,003.98	1,268,058.41
	<u>\$ 3,678,773.77</u>	<u>\$ -</u>	<u>\$ 250,214.74</u>	<u>\$ 3,428,559.03</u>

Note 4. Other Notes

4.A. Risk Management

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4. Other Notes: continued

4.B. Employee Retirement System and Pension Plan

Description of the Plan

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

Funding Policy

The required contribution rate for the 2010-2011 plan year was 22.43% of each participant's payroll. This consisted of 5.25% contributed by the employee and 13.57% contributed by the City. The required contribution rate changes each year, reflecting the investment earnings of the OMRF fund and the demographic experience of the participant group. Since the employee contribution rate is fixed by the terms of the plan, the City's required contribution rate is the amount necessary to bring the total contribution rate to at least the total required contribution rate. The total salary as reported on the Form W-2, paid to the employee during the year is used in computing the costs.

Annual Pension Cost

The City's annual pension cost was equal to the City's required and actual contributions. The required contributions was determined as part of the June 30, 2011 actuarial valuation. The liabilities and costs were determined using the aggregate entry age normal cost method, considering the unfunded past service requirements to be the excess of the present value of all benefits over the present value of future normal costs and current assets. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 5% per year. The actuarial value of OMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments by factoring the individual period adjustments, if any, for the current period and each of the nine preceding periods. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls.

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4. Other Notes: continued

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

The required contribution from the City for this plan was \$223,593, \$218,662 and \$225,004 for 2011, 2010 and 2009 respectively.

Schedule of Funding Progress

(Unaudited)						
Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Actuarial Value of Assets as a % of Actuarial Liability (Funded Ratio)	Annual Covered Payroll	Ratio of Unfunded Actuarial Liability to Annual Coverd Payroll
Jan 1, 2002	3,940,396	3,985,164	44,768	98.9%	1,204,182	3.7%
Jan 1, 2003	3,751,146	4,378,542	627,396	85.7%	1,262,640	49.7%
Jan 1, 2004	4,114,808	5,177,731	1,062,923	79.5%	1,468,253	72.4%
Jan 1, 2005	4,457,157	5,315,575	858,418	83.9%	1,327,315	64.7%
Jan 1, 2006	4,663,577	5,553,813	890,236	84.0%	1,464,595	60.8%
Jan 1, 2007	5,042,364	5,709,389	667,025	88.3%	1,502,491	44.4%
Jan 1, 2008	5,474,450	6,318,409	843,959	86.6%	1,673,512	50.4%
Jan 1, 2009	5,316,615	6,826,429	1,509,814	77.9%	1,636,691	92.2%
Jan 1, 2010	5,582,172	7,317,435	1,735,263	76.3%	1,705,142	101.8%
Jan 1, 2011	6,031,254	7,867,517	1,836,263	76.7%	1,736,607	105.7%

Firefighters Pension and Retirement System

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

CITY OF VINITA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4. Other Notes: continued

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

Police Officers Pension Plan

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

REQUIRED SUPPLEMENTARY INFORMATION

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

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

**CITY OF VINITA, OKLAHOMA
BUDGET AND ACTUAL
BUDGETED GENERAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Budget Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Original to Final</u>	<u>Final to Actual</u>
Revenues:					
Charges for services	\$ 1,255,316.95	\$ 1,255,316.95	\$ 1,181,675.06	\$ -	\$ (73,641.89)
Local sources	874,953.66	874,953.66	663,600.14	-	(211,353.52)
State sources	1,950,097.68	1,950,097.68	2,228,983.77	-	278,886.09
Miscellaneous	150,464.60	150,464.60	152,853.62	-	2,389.02
Total Revenues	<u>4,230,832.89</u>	<u>4,230,832.89</u>	<u>4,227,112.59</u>	<u>-</u>	<u>(3,720.30)</u>
Expenditures:					
Governing Board	252,500.00	222,733.58	222,733.58	(29,766.42)	-
City Clerk	323,500.00	329,294.72	329,294.72	5,794.72	-
City Treasurer	26,000.00	26,213.29	26,213.29	213.29	-
City Attorney	54,100.00	59,773.55	59,773.35	5,673.55	0.20
Municipal Court	18,100.00	18,290.58	18,290.58	190.58	-
Library	119,600.00	121,360.02	121,360.02	1,760.02	-
Street Lights	29,500.00	31,616.38	31,616.38	2,116.38	-
Emergency Management	10,000.00	9,309.89	9,309.89	(690.11)	-
Airport	2,900.00	5,830.29	5,830.29	2,930.29	-
General Government	377,752.30	372,063.64	359,711.52	(5,688.66)	12,352.12
Street and Alley	389,500.00	399,259.69	399,259.69	9,759.69	-
Finance Officer	23,250.00	18,509.08	18,509.08	(4,740.92)	-
Cemetery	197,700.00	201,620.93	201,620.93	3,920.93	-
Code Enforcement	50,500.00	49,925.87	49,925.87	(574.13)	-
Park	22,500.00	21,421.42	21,421.42	(1,078.58)	-
Senior Citizens	55,039.94	54,442.73	54,442.73	(597.21)	-
Solid Waste	565,500.00	551,483.86	551,483.86	(14,016.14)	-
Pelivan	44,440.00	36,517.00	36,517.00	(7,923.00)	-
Police Department	1,039,500.00	1,054,332.16	1,054,332.16	14,832.16	-
Fire Department	677,750.00	694,234.04	694,234.04	16,484.04	-
Swimming Pool	37,250.00	39,064.52	39,064.32	1,814.52	0.20
Zoning Commission	750.00	335.00	335.00	(415.00)	-
Total Expenditures	<u>4,317,632.24</u>	<u>4,317,632.24</u>	<u>4,305,279.72</u>	<u>(0.00)</u>	<u>12,352.52</u>
Excess of Revenues over/(under) expenditures Before Other Sources/(Uses)	(86,799.35)	(86,799.35)	(78,167.13)	(0.00)	8,632.22
Fund Balance, beginning of year	86,799.35	86,799.35	109,631.65	-	22,832.30
Fund Balance, end of year	<u>\$ (0.00)</u>	<u>\$ 0.00</u>	31,464.52	<u>\$ (0.00)</u>	<u>\$ 31,464.52</u>

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

Accrued interest receivable	1,703.26
Amounts due from other governments	194,587.21
Accounts payable	(11,771.65)
Accrued payables	(3,873.43)
Difference in ending cash balance budget and actual	<u>(19,033.53)</u>
Fund Balance - General Fund	<u>\$ 193,076.38</u>

CITY OF VINITA, OKLAHOMA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Budgetary Accounting

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

OTHER SUPPLEMENTARY INFORMATION

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

Such statements and schedules include:

- Combining Statements – Non-major governmental funds
- Notes to Schedule of Expenditures of Federal and State Awards
- Schedule of Expenditures of Federal and State Awards

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>1993 Sales Tax Interest Fund</u>	<u>AB Southern Library Fund</u>	<u>Airport Grant Fund</u>	<u>Capital Improvement Beutification Fund</u>	<u>CDBG Fund</u>	<u>Cemetary Care Fund</u>
ASSETS						
Cash and cash equivalents	\$ 28,827.39	\$ (459.69)	\$ 16,431.00	\$ 580.00	\$ 3.00	\$ 49,119.66
Investments	-	16,700.00	-	-	-	114,000.00
Prepaid insurances	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Accrued interest receivable	-	9.47	-	-	-	-
Total Assets	<u>\$ 28,827.39</u>	<u>\$ 16,249.78</u>	<u>\$ 16,431.00</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>	<u>\$ 163,119.66</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bank overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	375.76	-	-	-	-	-
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>375.76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved	28,451.63	16,249.78	16,431.00	580.00	3.00	163,119.66
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>28,451.63</u>	<u>16,249.78</u>	<u>16,431.00</u>	<u>580.00</u>	<u>3.00</u>	<u>163,119.66</u>
Total Liabilities and Fund Balances	<u>\$ 28,827.39</u>	<u>\$ 16,249.78</u>	<u>\$ 16,431.00</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>	<u>\$ 163,119.66</u>

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

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Emergency Management Fund</u>	<u>Fire Equipment Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Library Grant Fund</u>	<u>Police Drug Fund</u>	<u>Police Equipment Fund</u>
ASSETS						
Cash and cash equivalents	\$ 7,185.47	\$ 8,591.74	\$ 52,987.35	\$ 11,254.26	\$ 224,444.98	\$ 15,007.19
Investments	-	-	-	-	-	-
Prepaid insurances	-	-	-	-	-	-
Due from other governments	-	-	6,507.51	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Total Assets	<u>\$ 7,185.47</u>	<u>\$ 8,591.74</u>	<u>\$ 59,494.86</u>	<u>\$ 11,254.26</u>	<u>\$ 224,444.98</u>	<u>\$ 15,007.19</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bank overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	60.50	-	948.99	-
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>60.50</u>	<u>-</u>	<u>948.99</u>	<u>-</u>
Fund Balances:						
Reserved	7,185.47	8,591.74	59,434.36	11,254.26	223,495.99	15,007.19
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>7,185.47</u>	<u>8,591.74</u>	<u>59,434.36</u>	<u>11,254.26</u>	<u>223,495.99</u>	<u>15,007.19</u>
Total Liabilities and Fund Balances	<u>\$ 7,185.47</u>	<u>\$ 8,591.74</u>	<u>\$ 59,494.86</u>	<u>\$ 11,254.26</u>	<u>\$ 224,444.98</u>	<u>\$ 15,007.19</u>

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

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Police Internet Security Fund</u>	<u>Police Training Fund</u>	<u>Property Sales Fund</u>	<u>Revolving Fund</u>	<u>Senior Citizens Grant Fund</u>	<u>Solid Waste Capital Fund</u>
ASSETS						
Cash and cash equivalents	\$ 500.00	\$ 4,920.25	\$ 13,118.18	\$ 8,609.96	\$ 90.00	\$ 91,022.61
Investments	-	-	-	-	-	-
Prepaid insurances	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Total Assets	<u>\$ 500.00</u>	<u>\$ 4,920.25</u>	<u>\$ 13,118.18</u>	<u>\$ 8,609.96</u>	<u>\$ 90.00</u>	<u>\$ 91,022.61</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bank overdrafts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	4,829.65	-	88.00	-	-
Accrued payables	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>4,829.65</u>	<u>-</u>	<u>88.00</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Reserved	500.00	90.60	13,118.18	8,521.96	90.00	91,022.61
Unreserved	-	-	-	-	-	-
Total Fund Balances	<u>500.00</u>	<u>90.60</u>	<u>13,118.18</u>	<u>8,521.96</u>	<u>90.00</u>	<u>91,022.61</u>
Total Liabilities and Fund Balances	<u>\$ 500.00</u>	<u>\$ 4,920.25</u>	<u>\$ 13,118.18</u>	<u>\$ 8,609.96</u>	<u>\$ 90.00</u>	<u>\$ 91,022.61</u>

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

**CITY OF VINITA, OKLAHOMA
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>Storm Reimbursement Fund</u>	<u>Vinita Sports Complex Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 80,395.92	\$ 262.75	\$ 612,892.02
Investments	-	-	130,700.00
Prepaid insurances	-	-	-
Due from other governments	-	-	6,507.51
Accrued interest receivable	-	-	9.47
Total Assets	<u>\$ 80,395.92</u>	<u>\$ 262.75</u>	<u>\$ 750,109.00</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Bank overdrafts	\$ -	\$ -	\$ -
Accounts payable	-	-	6,302.90
Accrued payables	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>6,302.90</u>
Fund Balances:			
Reserved	80,395.92	262.75	743,806.10
Unreserved	-	-	-
Total Fund Balances	<u>80,395.92</u>	<u>262.75</u>	<u>743,806.10</u>
Total Liabilities and Fund Balances	<u>\$ 80,395.92</u>	<u>\$ 262.75</u>	<u>\$ 750,109.00</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	1993 Sales Tax Interest Fund	AB Southern Library Fund	Airport Grant Fund	Capital Improvement Beautification Fund	CDBG Fund	Cemetery Care Fund
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:						
Admissions	-	141.58	-	-	-	-
Donations	-	-	-	-	-	-
Grants	-	-	594,595.00	-	-	-
Interest income	7,605.37	-	-	-	-	-
Garbage	-	-	-	-	-	-
Lot sales	-	-	-	-	-	9,502.75
Police fines	-	-	-	-	-	-
Outside fire revenues	-	-	-	-	-	-
Reimbursements	-	-	-	-	-	-
Total Revenues	<u>7,605.37</u>	<u>141.58</u>	<u>594,595.00</u>	<u>-</u>	<u>-</u>	<u>9,502.75</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	-	-	-
Public Safety and Judiciary:						
Fire	-	-	-	-	-	-
Police	-	-	-	-	-	-
Transportation:						
Airport	-	-	597,344.00	-	-	-
Culture, Parks and Recreation:						
Cemetery	-	-	-	-	-	480.00
Library	-	1,175.00	-	-	-	-
Senior citizens	-	-	-	-	-	-
Other expenses	16,274.17	-	-	-	-	-
Hotel and motel tax	-	-	-	-	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-
Total Expenditures	<u>16,274.17</u>	<u>1,175.00</u>	<u>597,344.00</u>	<u>-</u>	<u>-</u>	<u>480.00</u>
Excess (deficiency) of revenues over expenditures	(8,668.80)	(1,033.42)	(2,749.00)	-	-	9,022.75
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,668.80)	(1,033.42)	(2,749.00)	-	-	9,022.75
Fund balances - beginning	<u>37,120.43</u>	<u>17,283.20</u>	<u>19,180.00</u>	<u>580.00</u>	<u>3.00</u>	<u>154,096.91</u>
Fund balances - ending	<u>\$ 28,451.63</u>	<u>\$ 16,249.78</u>	<u>\$ 16,431.00</u>	<u>\$ 580.00</u>	<u>\$ 3.00</u>	<u>\$ 163,119.66</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Emergency Management Fund</u>	<u>Fire Equipment Fund</u>	<u>Hotel and Motel Tax Fund</u>	<u>Library Grant Fund</u>	<u>Police Drug Fund</u>	<u>Police Equipment Fund</u>
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ 56,667.36	\$ -	\$ -	\$ -
Other:						
Admissions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Grants	11,250.00	-	-	13,102.66	-	-
Interest income	-	-	-	-	-	-
Garbage	-	-	-	-	-	-
Lot sales	-	-	-	-	-	-
Police fines	-	-	-	-	16,792.48	-
Outside fire revenues	-	33,174.72	-	-	-	-
Reimbursements	-	-	-	-	-	-
Total Revenues	<u>11,250.00</u>	<u>33,174.72</u>	<u>56,667.36</u>	<u>13,102.66</u>	<u>16,792.48</u>	<u>-</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	-	-	-
Public Safety and Judiciary:						
Fire	6,478.51	39,873.12	-	-	-	-
Police	-	-	-	-	150,856.31	-
Transportation:						
Airport	-	-	-	-	-	-
Culture, Parks and Recreation:						
Cemetery	-	-	-	-	-	-
Library	-	-	-	13,102.66	-	-
Senior citizens	-	-	-	-	-	-
Other expenses	-	-	-	-	-	-
Hotel and motel tax	-	-	63,880.00	-	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	-
Total Expenditures	<u>6,478.51</u>	<u>39,873.12</u>	<u>63,880.00</u>	<u>13,102.66</u>	<u>150,856.31</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	4,771.49	(6,698.40)	(7,212.64)	-	(134,063.83)	-
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,771.49	(6,698.40)	(7,212.64)	-	(134,063.83)	-
Fund balances - beginning	<u>2,413.98</u>	<u>15,290.14</u>	<u>66,647.00</u>	<u>11,254.26</u>	<u>357,559.82</u>	<u>15,007.19</u>
Fund balances - ending	<u>\$ 7,185.47</u>	<u>\$ 8,591.74</u>	<u>\$ 59,434.36</u>	<u>\$ 11,254.26</u>	<u>\$ 223,495.99</u>	<u>\$ 15,007.19</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Police Internet Security Fund	Police Training Fund	Property Sales Fund	Revolving Fund	Senior Citizens Grant Fund	Solid Waste Capital Fund
Revenues:						
Taxes:						
Hotel/Motel tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other:						
Admissions	-	-	-	-	-	-
Donations	-	-	-	-	-	-
Grants	-	-	-	-	31,549.00	-
Interest income	-	-	-	-	-	-
Garbage	-	-	-	-	-	85,568.26
Lot sales	-	-	-	-	-	-
Police fines	-	24,746.63	-	-	-	-
Outside fire revenues	-	-	-	-	-	-
Reimbursements	-	-	-	166,387.55	-	-
Total Revenues	<u>-</u>	<u>24,746.63</u>	<u>-</u>	<u>166,387.55</u>	<u>31,549.00</u>	<u>85,568.26</u>
Expenditures:						
General Government:						
Maintenance and operations	-	-	-	164,898.96	-	20,849.18
Public Safety and Judiciary:						
Fire	-	-	-	-	-	-
Police	-	23,126.06	-	-	-	-
Transportation:						
Airport	-	-	-	-	-	-
Culture, Parks and Recreation:						
Cemetery	-	-	-	-	-	-
Library	-	-	-	-	-	-
Senior citizens	-	-	-	-	31,459.00	-
Other expenses	-	-	-	-	-	-
Hotel and motel tax	-	-	-	-	-	-
Storm reimbursements	-	-	-	-	-	-
Sanitation and solid waste	-	-	-	-	-	76,319.26
Total Expenditures	<u>-</u>	<u>23,126.06</u>	<u>-</u>	<u>164,898.96</u>	<u>31,459.00</u>	<u>97,168.44</u>
Excess (deficiency) of revenues over expenditures	-	1,620.57	-	1,488.59	90.00	(11,600.18)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	1,620.57	-	1,488.59	90.00	(11,600.18)
Fund balances - beginning	<u>500.00</u>	<u>(1,529.97)</u>	<u>13,118.18</u>	<u>7,033.37</u>	<u>-</u>	<u>102,622.79</u>
Fund balances - ending	<u>\$ 500.00</u>	<u>\$ 90.60</u>	<u>\$ 13,118.18</u>	<u>\$ 8,521.96</u>	<u>\$ 90.00</u>	<u>\$ 91,022.61</u>

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

CITY OF VINITA, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Storm Reimbursement Fund</u>	<u>Vinita Sports Complex Fund</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Hotel/Motel tax	\$ -	\$ -	\$ 56,667.36
Other:			
Admissions	-	-	141.58
Donations	-	50.00	50.00
Grants	-	-	650,496.66
Interest income	-	-	7,605.37
Garbage	-	-	85,568.26
Lot sales	-	-	9,502.75
Police fines	-	-	41,539.11
Outside fire revenues	-	-	33,174.72
Reimbursements	<u>8,980.57</u>	<u>-</u>	<u>175,368.12</u>
Total Revenues	<u>8,980.57</u>	<u>50.00</u>	<u>1,060,113.93</u>
Expenditures:			
General Government:			
Maintenance and operations	-	-	185,748.14
Public Safety and Judiciary:			
Fire	-	-	46,351.63
Police	-	-	173,982.37
Transportation:			
Airport	-	-	597,344.00
Culture, Parks and Recreation:			
Cemetery	-	-	480.00
Library	-	-	14,277.66
Senior citizens	-	-	31,459.00
Other expenses	-	-	16,274.17
Hotel and motel tax	-	-	63,880.00
Storm reimbursements	1,635.13	-	1,635.13
Sanitation and solid waste	<u>-</u>	<u>-</u>	<u>76,319.26</u>
Total Expenditures	<u>1,635.13</u>	<u>-</u>	<u>1,207,751.36</u>
Excess (deficiency) of revenues over expenditures	7,345.44	50.00	(147,637.43)
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,345.44	50.00	(147,637.43)
Fund balances - beginning	<u>73,050.48</u>	<u>212.75</u>	<u>891,443.53</u>
Fund balances - ending	<u>\$ 80,395.92</u>	<u>\$ 262.75</u>	<u>\$ 743,806.10</u>

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

CITY OF VINITA, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Vinita, Oklahoma and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF VINITA, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Contract Number</u>	<u>Award Amount</u>	<u>Contract Revenue</u>	<u>Contract Expenditures</u>
FEDERAL AWARDS:					
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>					
<u>Federal Aviation Administration</u>					
Airport Improvement Program	20.106	3-40-0100-007-2010	\$ 600,000.00	\$ 477,666.00	\$ 477,666.00
Airport Improvement Program	20.106	3-40-0100-006-2008	263,527.00	<u>101,248.00</u>	<u>101,248.00</u>
Total FEDERAL FINANCIAL ASSISTANCE				<u>\$ 578,914.00</u>	<u>\$ 578,914.00</u>
STATE AWARDS					
<u>STATE OF OKLAHOMA</u>					
<u>Department of Commerce</u>					
Community Development Block Grant		13549 CDBG 08	\$ 49,000.00	\$ 31,549.00	\$ 31,549.00
<u>Department Libraries</u>					
State Aid Grant		555110	11,336.00	11,336.00	11,336.00
<u>Department of Emergency Management</u>					
Emergency Management Performance Grant		07023791	12,500.00	<u>12,500.00</u>	<u>12,500.00</u>
Total STATE FINANCIAL ASSISTANCE				<u>\$ 55,385.00</u>	<u>\$ 55,385.00</u>

INTERNAL CONTROL AND COMPLIANCE SECTION

OBER & ASSOCIATES INC., PC

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

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

To the City Council
City of Vinita, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as well as of each fiduciary fund type of the City of Vinita, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City of Vinita, Oklahoma's basic financial statements and have issued our report thereon dated June 18, 2012. In our report we included an explanatory paragraph stating that the City of Vinita has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements as required by the Governmental Accounting Standards Board. 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

Management of City of Vinita, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Vinita, Oklahoma'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 City of Vinita, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Vinita, Oklahoma'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 a part of obtaining reasonable assurance about whether the City of Vinita, Oklahoma'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

To the City Council
City of Vinita, Oklahoma
Page 2

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 and use of management, City Council, the Oklahoma State Auditor and Examiner and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
June 18, 2012

OBER & ASSOCIATES INC., PC

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

To the City Council
City of Vinita, Oklahoma

Compliance

We have audited the compliance of the City of Vinita, Oklahoma, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2011. The City of Vinita, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Vinita, Oklahoma's management. Our responsibility is to express an opinion on the City of Vinita, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Vinita, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Vinita, Oklahoma's compliance with those requirements.

In our opinion, the City of Vinita, Oklahoma complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the City of Vinita, Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Vinita, Oklahoma's internal control over compliance with requirements that could have a direct and material effect on a major federal program determine the auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Vinita, Oklahoma's internal control over compliance.

To the City Council
City of Vinita, Oklahoma
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, the Oklahoma State Auditor and Examiner and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OBER & ASSOCIATES, INC., PC

OBER & ASSOCIATES, INC., PC
CERTIFIED PUBLIC ACCOUNTANTS
June 18, 2012

**CITY OF VINITA, OKLAHOMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the City of Vinita, Oklahoma.
2. No reportable condition relating to the audit of the financial statements of the City of Vinita, Oklahoma were disclosed during the audit.
3. No instances of noncompliance material to the financial statements of the City of Vinita, Oklahoma were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the City of Vinita, Oklahoma expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs include:

Airport Improvement Program	CFDA No. 20.106
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8. The threshold for distinguishing Types A and B programs was \$300,000.
9. City of Vinita, Oklahoma was determined to be a high-risk auditee.

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

C. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

**CITY OF VINITA, OKLAHOMA
SCHEDULE OF PRIOR YEARS FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

2010-1 **Taxation of Fringe Benefits Provided City Employees**

Condition – Fringe benefits of water and sanitation services to City employees and performance bonuses are not being included in gross taxable wages of the employee.

Recommendation – Management should report all fringe benefits and performance bonuses as taxable income to each City employee and properly match and report all taxes due on those benefits and bonuses. This was a repeat finding from the previous year's audit.

Current Status: This finding has been corrected by management.