

TOWN OF PARADISE HILL
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015



TOWN OF PARADISE HILL

JUNE 30, 2015

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Independent Auditor's Report

To the Board of Trustees
Town of Paradise Hill
Gore, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities the Town of Paradise Hill ("the Town"), as of and for the year then ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Paradise Hill as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 financial statements. Such missing information, although not a part of the 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 statement in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2016, on our consideration of The Town of Paradise Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



**Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 4, 2016**

FINANCIAL STATEMENTS

TOWN OF PARADISE HILL

STATEMENT OF NET POSITION

AS OF JUNE 30, 2015

Assets

Current Assets

Cash and cash equivalents	\$	26,082
Certificates of deposit		100,047
Interest receivable		1
Taxes receivable		8,145
Prepaid insurance		1,177

Total Current Assets		135,452
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Non-current Assets

Capital assets		
Land		25,000

Total Non-current Assets		25,000
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Total Assets	\$	160,452
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Liabilities and Net Position

Current Liabilities

Accounts payable	\$	700
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Total Current Liabilities		700
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Net Position

Net investment in capital assets		25,000
Unrestricted		134,752

Total Net Position		159,752
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Total Liabilities and Net Position	\$	160,452
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See accompanying notes to financial statements.

TOWN OF PARADISE HILL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2015

Revenues	
Sales and use tax	\$ 65,518
Franchise tax	4,601
Other taxes	2,057
Licenses and permit fees	530
Inspection fees	494
Interest revenue	88
Grant income	13,000
Total Revenues	86,288
Expenses	
Contract labor	5,900
Dues & subscriptions	778
Insurance	591
Legal	502
Miscellaneous	122
Office supplies	403
Postage	60
Repairs and maintenance	15,736
Website	1,500
Total Expenses	25,592
Change in Net Position	60,696
Net Position, Beginning of Year	99,056
Net Position, End of Year	\$ 159,752

See accompanying notes to financial statements.

TOWN OF PARADISE HILL

BALANCE SHEET - GOVERNMENTAL FUND

AS OF JUNE 30, 2015

Assets

Cash and cash equivalents	\$	26,082
Certificates of deposit		100,047
Interest receivable		1
Taxes receivable		8,145
Prepaid insurance		1,177

Total Assets	\$	135,452
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Liabilities and Fund Balances

Liabilities

Accounts payable	\$	700
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Total Liabilities		700
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Fund Balances

Nonspendable		1,177
Unassigned		133,575

Total Fund Balances		134,752
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Total Liabilities and Fund Balance	\$	135,452
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Amounts reported in governmental activities in the statement of net position are different because:

Total governmental fund balances from above	\$	134,752
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		25,000
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Net position of governmental activities	\$	159,752
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See accompanying notes to financial statements.

TOWN OF PARADISE HILL

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2015

Revenues

Sales and use tax	\$	65,518
Franchise tax		4,601
Other taxes		2,057
Licenses and permit fees		530
Inspection fees		494
Interest revenue		88
Grant income		13,000

Total Revenues	\$	86,288
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Expenditures

Current

Contract labor	\$	5,900
Dues & subscriptions		778
Insurance		591
Legal		502
Miscellaneous		122
Office supplies		403
Postage		60
Repairs and maintenance		15,736
Website		1,500

Total Expenditures	\$	25,592
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Excess Revenues Under Expenditures		60,696
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Fund Balance, Beginning of the Year		74,056
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Fund Balance, End of the Year	\$	134,752
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Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Net change in governmental fund balances	\$	60,696
Amounts reported for the governmental activities in the statement of activities are different because:		N/A
Change in net position of governmental activities	\$	60,696

See accompanying notes to financial statements.

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies

a. Reporting Entity

The Town of Paradise Hill, Oklahoma, is a municipality with a five-member Board of Trustees comprised of the Mayor and four at large members. In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) which may or may not fall within the Town's oversight and control and, as such, may be included within the Town's financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town did not have any component units at the end of the year.

The Town is the primary government responsible for collecting tax revenues and grant income within its area. As a result, all significant activities have been included in the government-wide financial statements. The Town's financial statements represent those of a stand-alone government, as there are no component units.

The financial statements of the Town have been prepared in accordance with Generally Accepted Accounting Principals (GAAP) in the United States. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

b. Basis of Presentation, Basis of Accounting, and Measurement Focus

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities show information about the overall financial position and activities of the Town. All activity is categorized as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the Town are generally financed through property taxes and grant income. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows takes place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from charges for services are recognized in the fiscal year for which the service is performed. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies

a. Reporting Entity

The Town of Paradise Hill, Oklahoma, is a municipality with a five-member Town Council comprised of the Mayor and four at large members. In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) which may or may not fall within the Town's oversight and control and, as such, may be included within the Town's financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Town did not have any component units at the end of the year.

The Town is the primary government responsible for collecting tax revenues and grant income within its area. As a result, all significant activities have been included in the government-wide financial statements. The Town's financial statements represent those of a stand-alone government, as there are no component units.

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Government-wide Financial Statements - The statement of net position and the statement of activities show information about the overall financial position and activities of the Town. All activity is categorized as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the Town are generally financed through property taxes and grant income. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows takes place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from charges for services are recognized in the fiscal year for which the service is performed. All other revenue items are considered to be measurable and available only when cash is received by the Town.

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

b. Basis of Presentation, Basis of Accounting, and Measurement Focus (continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - The fund financial statements consist of the balance sheet, and the statement of revenues, expenditures and changes in fund balances. These statements provide information about the Town's funds. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the Town has only a governmental fund.

Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town reports the following major governmental funds:

The general fund is the Town's primary operating fund. It accounts for all financial resources of the Town.

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

c. Assets, Liabilities, and Equity

Accounts Receivable

Management establishes an allowance for uncollectible accounts receivable based on historical collection experience and management's evaluation of the collectability of outstanding accounts receivable. Management believes accounts receivable to be fully collectible at June 30, 2015.

Capital Assets

Capital assets, which include land are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation. Capital assets included only land amounting to \$25,000 at June 30, 2015.

Prepaid Insurance

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Equity Classifications

Government-wide net position consists of one component:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation less any debt that remains outstanding that was used to finance those assets.

Unrestricted - consists of all other net position that does not meet the definition of the above component and is available for general use by the Town.

Governmental fund balances are classified as follows:

Nonspendable - consists of 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. The Towns' nonspendable fund balance includes prepaid insurance.

Unassigned - consists of all amounts not reported in any other classification.

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

1. Summary of Significant Accounting Policies (continued)

d. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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.

e. Income Taxes

The Town is exempt from income taxes as a governmental agency.

2. Bank Deposits

The Town has cash deposits in one area bank, all of which were FDIC insured at June 30, 2015.

3. Changes in Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015, was as follows:

	July 1, 2014	Additions	Reductions	June 30, 2015
Capital assets, not being depreciated				
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Total capital assets not being depreciated	25,000	-	-	25,000
Governmental activities, capital assets, net	\$ 25,000	\$ -	\$ -	\$ 25,000

4. Grants

The Town received grants from the following sources:

REAP grant	\$ 13,000
Total	\$ 13,000

TOWN OF PARADISE HILL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

5. Risk Management

The Town is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance along with policies through various companies for risk of loss. There have been no settlements in excess of the Town's coverage for the fiscal year end June 30, 2015.

6. Fund Balance Reporting

The Town follows GASB 54 as part of its 2015 fiscal year reporting. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the Town's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The Town has prepaid items that are considered non-spendable. The Town does not have any non-spendable funds related to endowments.

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Unassigned - all other spendable amounts.

	Total Governmental Funds
Fund Balances	
Nonspendable	
Prepays	\$ 1,177
Unassigned	133,575
Total Fund Balances	\$ 134,752

7. Subsequent Events

The Town has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2015 through January 4, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

ADDITIONAL REQUIRED REPORT



**Independent Auditor's Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With *Government Auditing Standards***

To the Board of Trustees
Town of Paradise Hill
Gore, Oklahoma

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of The Town of Paradise Hill ("the Town") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 4, 2016, which was modified to reflect the omission of the management's discussion and analysis.

Internal Control Over Financial Reporting

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

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

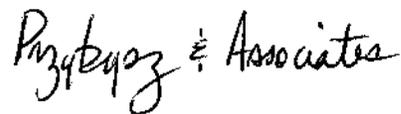
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
January 4, 2016