

TOWN OF ROOSEVELT
Financial Statements
as of and for the twelve months ended
June 30, 2013

David O. Tate
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Mangum, Oklahoma 73554

Town of Roosevelt
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June 30, 2013

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Independent Auditor's Report

The governing body of the Town of Roosevelt

Report on the financial statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Roosevelt as of and for the year ended June 30, 2013, 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 the modified cash basis of accounting which is a basis of accounting other than 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 of the Town of Roosevelt as of June 30, 2013, and respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Management has omitted management's discussion and analysis and budgetary comparison information 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. My opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
June 16, 2014

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with "Government Auditing Standards"

The governing body of the Town of Roosevelt

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of the Town of Roosevelt as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Roosevelt's basic financial statements, and have issued my report thereon dated June 16, 2014. These financial statements are presented in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal control over financial reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 of Roosevelt's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with "Government Auditing Standards" in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large initial 'D' and 'T'.

Certified Public Accountant
June 16, 2014

Town of Roosevelt				
Statement of Net Position-Modified Cash Basis				
June 30, 2013				
Primary Government				
	Governmental activities	Business-type activities	Total	
Assets				
Cash and cash equivalents-unrestricted	226,410	80,376	306,786	
Cash and cash equivalents-restricted		34,023	34,023	
Capital assets (Note 3)				
Property and equipment, net of accumulated depreciation		493,876	493,876	
Total assets	226,410	608,275	834,685	
Liabilities				
Current liabilities:				
Accounts payable	715	1,104	1,819	
Notes payable:				
Due in one year		9,289	9,289	
Total current liabilities	715	10,393	11,108	
Long-term liabilities (Note 3)				
Notes payable				
Due in more than one year		65,180	65,180	
Refundable deposits		9,797	9,797	
Total long term liabilities	-	74,977	74,977	
Total liabilities	715	85,370	86,085	
Net position				
Net investment in capital assets		419,407	419,407	
Restricted for:				
Debt service		21,135	21,135	
Other purposes		12,889	12,889	
Unrestricted	225,695	69,475	295,170	
Total net position	225,695	522,905	748,600	
Total liabilities and net position	226,410	608,275	834,685	
See the accompanying notes to the basic financial statements				

Town of Roosevelt
Statement of Activities-Modified Cash Basis
For the twelve months ended June 30, 2013

Functions/programs	Expenses	Program revenues	Charges for services	Operating grants and contributions	Net (expense) revenue and changes in net assets		
					Primary government		Total
					Governmental activities	business-type activities	
Primary government							
Governmental activities							
General government	78,217	42,014			(36,203)		(36,203)
Total governmental activities	78,217	42,014		-	(36,203)		(36,203)
Business-type activities							
Utility services	145,505	143,825		17,957		16,277	16,277
Total business-type activities	145,505	143,825				16,277	16,277
Total primary government activities	223,722	185,839		-	(36,203)	16,277	(19,926)
		General revenues					
		Taxes:					
		Sales			31,100		31,100
		Use			4,232		4,232
		Alcoholic beverage			3,523		3,523
		Franchise			4,473		4,473
		Gasoline excise			460		460
		Motor vehicle			1,743		1,743
		Investment income			550	69	619
		Other income			16,241		16,241
		Transfers, internal activity			(3,960)	3,960	-
		Total general revenues			58,363	4,029	62,392
		Change in net positions			22,160	20,306	42,466
		Net position, July 1, 2012			203,535	502,599	706,134
		Net position, June 30, 2013			225,695	522,905	748,600
See the accompanying notes to the basic financial statements							

Town of Roosevelt					
Balance Sheet-Modified Cash Basis					
Governmental Funds					
June 30, 2013					
			General	Other	
			fund	governmental	Total
				funds	
Assets					
Cash and cash equivalents			189,354	37,056	226,410
Total assets			189,354	37,056	226,410
Liabilities and Fund Balances					
Liabilities					
Accounts payable			715		715
Total liabilities			715	-	715
Fund balances:					
Unreserved			188,638	37,056	225,695
Total fund balance			188,638	37,056	225,695
Total liabilities and fund balance			189,354	37,056	
Reconciliation to Statement of Net Position:					
There are no reconciling items					-
Net assets of governmental activities					225,695
See the accompanying notes to the basic financial statements					

Town of Roosevelt						
Statement of Revenues, Expenditures and Changes in Fund Balance-						
Modified Cash Basis-Governmental Funds						
For the twelve months ended June 30, 2013						
			General	Other		
			fund	governmental		
				funds	Total	
Revenues:						
Taxes			43,329	2,202	45,531	
Charges for services				42,014	42,014	
Investment income			181	370	550	
Contributions					-	
Intergovernmental					-	
Insurance proceeds					-	
Sales of surplus property					-	
Other			16,241		16,241	
Total revenues			59,751	44,586	104,337	
Expenditures:						
General government						
Personal services			12,723		12,723	
Maintenance/operation			26,960	38,534	65,494	
Total expenditures			39,683	38,534	78,217	
Excess (deficiency) of revenues over expenditures			20,067	6,052	26,119	
Other financing sources (uses):						
Transfers in					-	
Transfers out			(3,683)	(277)	(3,960)	
Total other financing sources (uses)			(3,683)	(277)	(3,960)	
Net change in fund balances			16,384	5,775	22,159	
Fund balances, July 1, 2012			172,254	31,281	203,535	
Fund balances, June 30, 2013			188,638	37,056	225,694	
Net change in fund balances-total governmental funds					22,159	
Reconciliation to the Statement of Activities						
Capital outlay for fixed assets that were constructed or acquired and transferred to enterprise funds					-	
Change in Net Assets of Governmental Activities					22,159	
See the accompanying notes to the basic financial statements						

Town of Roosevelt						
Statement of Net Assets-Modified Cash Basis						
Proprietary Fund						
June 30, 2013						
						Public
						Works
						Authority
						Enterprise
						Fund
Assets						
Current assets						
Cash and cash equivalents						80,376
Restricted cash and cash equivalents						34,023
Total current assets						114,399
Noncurrent assets						
Property and equipment net of accumulated depreciation						493,876
Total noncurrent assets						493,876
Total assets						608,276
Liabilities						
Current liabilities						
Accounts payable						1,104
Notes payable, current portion						9,289
Total current liabilities						10,393
Noncurrent liabilities						
Refundable deposits						9,797
Notes payable, long-term portion						65,180
Total noncurrent liabilities						74,976
Total liabilities						85,369
Net assets						
Net investment in capital assets						419,408
Restricted						
Debt service						21,135
Other						12,889
Unrestricted						69,476
Total net assets						522,907
Total liabilities and net assets						608,276
See the accompanying notes to the basic financial statements						

Town of Roosevelt						
Statement of Revenues and Expenditures - Modified Cash Basis						
Proprietary Fund						
For the twelve months ended June 30, 2013						
						Public
						Works
						Authority
						Enterprise
						Fund
Operating revenues:						
Utility services						142,854
Other						971
Gross revenue from operations						143,825
Operating expenses:						
Repairs/maintenance						63,788
Depreciation						34,870
Salaries/wages/fringe benefits						42,903
Utilities						
Other						
Total operating expenses						141,560
Operating income (loss)						2,264
Non-operating revenues (expenses):						
Intergovernmental grants						17,957
Investment income						69
Interest expense						(3,945)
Total non-operating revenues (expenses)						14,081
Total operating income (loss) and non-operating revenues (expenses)						16,345
Other financing sources (uses):						
Operating transfers in						3,960
Operating transfers out						
Total other financing sources (uses)						3,960
Change in net assets						20,305
Net assets, July 1, 2012						502,599
Net assets, June 30, 2013						522,904
See the accompanying notes to the basic financial statements						

Town of Roosevelt						
Statement of Cash Flows-Modified Cash Basis						
Proprietary Fund						
For the twelve months ended June 30, 2013						
						Public Works Authority Enterprise Fund
Cash flows from operating activities						
Receipts from customers						143,839
Payments to suppliers						(63,788)
Payments to employees						(42,903)
Receipts (refunds) of customer utility deposits						(100)
Net cash provided by (used in) operating activities						37,048
Cash flows from capital and related financing activities						
Transfers in						3,960
Grants received						17,957
Principal paid on capital debt						(8,725)
Interest paid on capital debt						(3,945)
Net cash provided by (used in) capital and related financing activities						9,247
Cash flows from investing activities:						
Interest earned						69
Net cash flows provided by (used in) investing activities						69
Net increase (decrease) in cash and cash equivalents						46,364
Balance, July 1, 2012						68,035
Balance, June 30, 2013						114,399
See the accompanying notes to the basic financial statements						

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

1. The financial reporting entity.

In determining the financial reporting entity, the Town of Roosevelt complies with the provisions of Governmental Accounting Standards Board Statement Number 14, "The Financial Reporting Entity" as amended by Governmental Accounting Standards Board Statement 61 and includes all component units for which the Town of Roosevelt is financially accountable.

The Town of Roosevelt's financial reporting entity includes the primary government (Town of Roosevelt) and blended component unit (Roosevelt Public Works Authority).

The Town of Roosevelt operates the public safety, streets and highways, parks and recreation, and administrative activities.

The Town of Roosevelt is located in Kiowa County, Oklahoma with a population (according to the 2010 census conducted by the U. S. Census Bureau) of 248. The Town is governed by a three member board elected by the citizens of the Town of Roosevelt.

Roosevelt Public Works Authority – Accounts for the operation of the water and sewer activities for the Town of Roosevelt.

The Roosevelt Public Works Authority is governed by the same members as the board of the Town of Roosevelt. As such, the Town is able to impose its will on The Roosevelt Public Works Authority through required approval of all debt obligations issued by this unit.

The component unit (The Roosevelt Public Works Authority) is a public trust established pursuant to Title 60 of Oklahoma Statutes. Public Trusts have no taxing power. These trusts are usually created to finance services through the issuance of revenue bonds or other non-general obligation debt. These trusts generally retain title to assets which are acquired or constructed with trust debt or other trust generated resources. The Town of Roosevelt, as beneficiary of the trust, receives title to any residual assets when a public trust is dissolved.

2. Basis of presentation and accounting.

Government-Wide Financial Statements

The statement of net position and activities is reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recorded when the liability is paid.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

2. Basis of presentation and accounting (continued).

Government-Wide Financial Statements (continued)

Program revenues within the statement of activities are derived directly from each activity or from parties outside the Town of Roosevelt's taxpayers. The Town of Roosevelt has the following program revenues in each activity:

General government – Rentals of facilities, operating grants, and capital grants.

Streets and highways – Commercial vehicle tax and gasoline excise tax shared by the State of Oklahoma and the sanitation activities for the Town of Roosevelt.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

For business-type activities, Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied as they apply to accrual basis, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board pronouncements prevail. The Town of Roosevelt's reporting entity does not apply Financial Accounting Standard Board pronouncements of Accounting Principles Board opinions issued after November 30, 1989.

Governmental funds

The Town of Roosevelt's governmental funds are comprised of the following:

Major fund

General fund – Accounts for all activities not accounted for in other special-purpose funds.

Non-major fund (reported as other governmental funds)

Street and alley fund – Accounts for amounts shared by the State of Oklahoma of commercial vehicle taxes and gasoline excise taxes restricted for maintenance of streets, highways and alleys and conducts the sanitation activities for the Town of Roosevelt.

The governmental funds are reported on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and current financial resources measurement focus. On the modified cash basis of accounting, revenues are recorded when collected and available to pay current financial obligations, while expenditures are recorded when paid.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the modified cash basis of accounting and economic resources measurement focus at the government-wide level.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

Proprietary funds

When the Town of Roosevelt charges customers for the services it provides, revenues and expenses from these services are generally reported in proprietary funds. Proprietary funds include enterprise funds. Enterprise funds are used to account for business-like activities provided to the general public. Proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The Town of Roosevelt's enterprise funds are the Roosevelt Public Works Authority.

For business-type activities and proprietary funds, Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board pronouncements, in which case, Governmental Accounting Standards Board pronouncements prevail.

The Town of Roosevelt's proprietary funds are comprised of the following:

Major funds

Roosevelt Public Works Authority – Accounts for the operation of the electric, water, sewer, and sanitation activities and collects the public safety fee for the Town of Roosevelt.

For purposes of the statement of revenues, expenses, and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

3. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and certain assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

4. New accounting pronouncements adopted in fiscal year 2013

The Town of Roosevelt implemented the following accounting standards during fiscal year ended June 30, 2013:

Governmental Accounting Standards Board Statement Number 60-Accounting and Financial Reporting for Service Concession Arrangement-This statement had no impact on the Town of Roosevelt's financial reports.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

4. New accounting pronouncements adopted in fiscal year 2013 (continued)

Governmental Accounting Standards Board Statement Number 61-The Financial Reporting Entity: Omnibus-This statement had no impact on the Town of Roosevelt's financial report.

Governmental Accounting Standards Board Statement Number 62-Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants Pronouncements-A few sentences were removed for the section relative to proprietary funds note disclosure to eliminate references to Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989.

Governmental Accounting Standards Board Statement Number 63-Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position-The only change required by implementation of this statement was the removal of the Statement of Net Assets and replacing it with a Statement of Net Position.

Governmental Accounting Standards Board Statement Number 65-Items Previously Reported as Assets and Liabilities-This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses) or inflows of resources (revenues), certain items that were previously recognized as assets and liabilities. This statement had no impact on the Town of Roosevelt's financial reports.

5. Cash, cash equivalents, deposits, and investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term with an original maturity of three months or less.

Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town of Roosevelt is governed by the State Public Deposit Act which requires that the town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and if held by a counterparty or a counterparty's trust department or agent, but not in the government's name.

As of June 30, 2013, the Town of Roosevelt was not exposed to custodial credit risk as defined above.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

5. Cash, cash equivalents, deposits, and investments (continued)

Investment credit risk

The Town of Roosevelt's investments are limited to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. 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.
- c. With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. 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.
- e. 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 obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in paragraphs a, b, c, and d.

Restricted cash and cash equivalents

The amounts reported as restricted cash and cash equivalents on the statement of net position are comprised of amounts required to be held in reserve by debt covenants or deposits held for others.

The amount placed in a reserve account required by a debt covenant is \$21,135. Amounts held as utility deposits of customers are \$12,889.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

6. Capital assets

Capital assets consist of land, land improvement, construction in progress, building and building improvements, machinery and equipment and furniture and fixtures. A capitalization threshold of \$2,500 is used to report capital assets. Capital assets are reported at actual or estimated historical cost. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003. Prior to July 1, 2003, governmental funds' infrastructure assets such as streets, bridges, drainage systems and traffic signal systems were not capitalized. Infrastructure assets acquired since that date are recorded at cost. If donated capital assets are received, they are recorded at their fair value at the date of donation.

Property, plant, and equipment of the primary government as well as the component units are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Automotive equipment	10 years
Machinery and equipment	10 years
Infrastructure	50 years
Data processing equipment	7 years

The changes in capital assets are summarized below:

	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
Business type activities:				
Land	31,478			31,478
Water plant	937,171			937,171
Equipment	383,550			383,550
Total capital assets	1,352,199	-	-	1,352,199
Less accumulated depreciation	823,453	34,870		858,323
Business type activities capital assets	528,746	(34,870)	-	493,876

Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefitting from the use of the specific asset. Depreciation expense of \$34,870 has been charged to business-type activities for the year ended June 30, 2013.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

7. Debt service requirements

Debt service requirements to maturity				
	Year ended			
	June 30	Principal	Interest	Total
	2014	9,289	3,275	12,564
	2015	9,654	2,910	12,564
	2016	9,971	2,593	12,564
	2017	10,572	1,992	12,564
	2018	11,004	1,560	12,564
	2019-2023	23,979	3,227	27,206
	Totals	74,469	15,557	90,026

The note payable to the U. S. Department of Agriculture bears interest at the rate of 5% per annum and is repayable in monthly payments of \$1,047.

The changes in debt are shown below:

	Balance			Balance	Amount due
Type of debt	July 1, 2012	Additions	Retirements	June 30, 2013	within one
					year
Business-type activities					
Notes/bonds payable	83,095		8,626	74,469	9,289
Refundable deposits	9,897		100	9,797	-
Totals	92,992	-	8,726	84,266	9,289

8. Net position and fund balances

Net position

Net position is reported in the government-wide and proprietary fund financial statements and is displayed in three components:

Net investment in capital assets-Consists of capital assets and related accounts, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position-Consists of net position with constraints place on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation.

Town of Roosevelt, Oklahoma
Notes to the Basic Financial Statements
June 30, 2013

8. Net position and fund balances (continued)

Net position (continued)

Unrestricted net position-All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

It is the Town of Roosevelt’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for which both restricted and unrestricted net position is available.

Fund balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned and unassigned. These classifications are defined as:

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

Restricted-consists of fund balance with constraints place on the use of resources either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

Committed-includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the town’s highest level of decision-making authority. The town’s highest level of decision-making authority is by ordinance. The Town of Roosevelt currently reports no committed fund balance.

Assigned-includes amounts that are constrained by the town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by governing body action or management decision when the governing body has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.

Unassigned-represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the Town of Roosevelt’s policy to first use restricted fund balance prior to the use of unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The town’s policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Proprietary fund equity is classified the same as in the government-wide statements.

In the proprietary funds, restricted net position is the amount placed in a reserve account required by a debt covenant with the U. S. Department of Agriculture of \$36,600. Amounts held as utility deposits of customers are \$45,611.

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9. Internal balances and transfers between legal entities

The Town of Roosevelt's policy is to eliminate inter-fund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Inter-fund transfers and balances are not eliminated in the fund financial statements.

10. Risk management

The Town of Roosevelt is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The Town of Roosevelt manages these various risks of loss by purchasing insurance. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the town, and such claims have not exceeded the coverage over the past several fiscal years.

11. Commitments and contingencies

The Town of Roosevelt and its component units participate in various federal or state loans and/or grant programs from year to year. For the year ended June 30, 2013, the Town of Roosevelt's involvement in federal and state award programs was immaterial. These programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to insure compliance with the specific conditions of the grant or loan. The Town of Roosevelt has not been notified of any noncompliance with federal or state award requirements.

12. Date of management's evaluation of subsequent events.

Management of the organization has evaluated the effects of events that have occurred subsequent to the fiscal year ended June 30, 2013, and through June 16, 2014, which is the date the organization's basic financial statements are available to be issued.