

MODIFIED CASH BASIS  
FINANCIAL STATEMENTS AND REPORTS OF THE  
CITY OF THOMAS,  
CUSTER COUNTY, OKLAHOMA  
JUNE 30, 2011

Derrel S. White, CPA  
1011 Texas Avenue  
Woodward, OK 73801

CITY OF THOMAS  
CUSTER COUNTY, OKLAHOMA  
PRINCIPAL OFFICIALS  
JUNE 30, 2011

COUNCIL MEMBERS

Mayor	Wallace Crispin
Vice Mayor	Darrel Merkey
Member	Jeanne Lewis
Member	Tana Burton
Member	Bruce Potter

TREASURER  
Kelly London

ENCUMBRANCE / MINUTE CLERK  
Becky Christensen

CITY OF THOMAS  
CUSTER COUNTY, OKLAHOMA  
JUNE 30, 2011

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CITY OF THOMAS  
CUSTER COUNTY, OKLAHOMA  
JUNE 30, 2011

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# Derrel S. White, CPA

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
City of Thomas, OK

We have audited the accompanying financial statements of the aggregate discretely presented component units, except Thomas Economic Development Authority (TEDA), each major fund, and the aggregate remaining fund information of City of Thomas, OK, 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. These financial statements are the responsibility of City of Thomas, OK's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1C, City of Thomas, OK, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements referred to previously include the primary government of the City of Thomas, OK, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity, as described in Note 1A, and the Thomas Airport Authority, a discretely presented component unit. The financial statements do not include financial data for the Thomas Economic Development Authority (TEDA), the City's legally separate component unit, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Thomas, OK, as of June 30, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with the basis of accounting described in Note 1C. In accordance with accounting principles generally accepted in the United States of America, City of Thomas, OK, has issued separate reporting entity financial statements for TEDA which were audited by another accountant.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the aggregate discretely presented component units, except TEDA, each major fund, and the aggregate remaining fund information of the City of Thomas, OK, as of June 30, 2011, and the respective changes in financial position—modified cash basis, and cash flows—modified cash basis, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1C.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013, on our consideration of the City of Thomas, OK'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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 25 – 28 be presented to supplement the basic financial statements. Presentation in accordance with the modified cash basis of accounting allows, but does not require this supplementary information. 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 regarding 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.

Management has not presented the management's discussion and analysis that governmental 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Thomas, OK'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 combining and individual nonmajor fund financial statements 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.



Derrel S. White, CPA

Woodward, OK  
May 29, 2013

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 174,361.37	\$ 29,854.90	\$ 204,216.27
Investments	269,084.69	0.00	269,084.69
<b>Total current assets</b>	<b>\$ 443,446.06</b>	<b>\$ 29,854.90</b>	<b>\$ 473,300.96</b>
Noncurrent assets:			
Land	\$ 5,000.00	-	\$ 5,000.00
Other capital assets, net of accumulated depreciation	463,835.94	84,234.21	548,070.15
Construction in progress	0.00	0.00	0.00
<b>Total noncurrent assets</b>	<b>\$ 468,835.94</b>	<b>\$ 84,234.21</b>	<b>\$ 553,070.15</b>
<b>TOTAL ASSETS</b>	<b>\$ 912,282.00</b>	<b>\$ 114,089.11</b>	<b>\$ 1,026,371.11</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Deferred Revenue	\$ 9,271.97	-	\$ 9,271.97
Payroll taxes payable	1,697.63	0.00	1,697.63
<b>Total current liabilities</b>	<b>\$ 10,969.60</b>	<b>\$ -</b>	<b>\$ 10,969.60</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 10,969.60</b>	<b>\$ -</b>	<b>\$ 10,969.60</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	\$ 468,835.94	\$ 84,234.21	\$ 553,070.15
Unrestricted, reported in:			
General fund	432,476.46	0.00	432,476.46
Special revenue funds	0.00	29,853.75	29,853.75
Capital project funds	0.00	1.15	1.15
<b>TOTAL NET ASSETS</b>	<b>\$ 901,312.40</b>	<b>\$ 114,089.11</b>	<b>\$ 1,015,401.51</b>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Revenues:</b>			
<b>Taxes:</b>			
Sales tax	\$ 318,519.52	\$ -	\$ 318,519.52
Alcohol beverage tax	6,823.24	-	6,823.24
Cigarette tax	4,597.27	-	4,597.27
Franchise tax fees	36,485.14	-	36,485.14
Gas excise tax	-	1,374.30	1,374.30
Motor vehicle tax	-	8,856.56	8,856.56
Use tax	23,345.06	-	23,345.06
Fire department services	11,161.25	-	11,161.25
Fines and forfeitures	9,321.00	-	9,321.00
Licenses, permits, and fees	2,845.00	-	2,845.00
Rental income	1,750.00	-	1,750.00
Grant income	5,097.55	112,503.37	117,600.92
Investment income	2,788.48	71.27	2,859.75
Donations	2,018.11	51,934.75	53,952.86
Swimming pool	6,135.00	-	6,135.00
Insurance proceeds	9,882.14	-	9,882.14
Mowing	1,338.70	-	1,338.70
Miscellaneous	74.89	-	74.89
<b>Total revenues</b>	<b>\$ 442,182.35</b>	<b>\$ 174,740.25</b>	<b>\$ 616,922.60</b>
<b>Expenditures:</b>			
<b>Current:</b>			
General government	\$ 125,504.25	\$ 2,517.37	\$ 128,021.62
Public safety and protection:			
Police	53,487.81	827.30	54,315.11
Fire	28,643.47	-	28,643.47
Judge fees	1,800.00	-	1,800.00
Ambulance	425.36	-	425.36
Transportation:			
Streets	-	12,073.69	12,073.69
Airport	-	-	-
Cultural, parks and recreation:			
Swimming pool	12,977.65	-	12,977.65
Parks/Beautification	1,789.59	-	1,789.59
Economic development	-	-	-
Depreciation	36,247.00	5,459.85	41,706.85
<b>Total expenditures</b>	<b>\$ 260,875.13</b>	<b>\$ 20,878.21</b>	<b>\$ 281,753.34</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 181,307.22</b>	<b>\$ 153,862.04</b>	<b>\$ 335,169.26</b>
<b>Other financing sources (uses):</b>			
Transfers in	\$ -	\$ -	\$ -
Transfers out	(79,629.89)	(114,716.35)	(194,346.24)
Transfers in - capital assets	-	-	-
Transfers out - capital assets	-	-	-
Gain (loss) on disposition of capital assets	6,894.00	-	6,894.00
<b>Total other financing sources (uses)</b>	<b>\$ (72,735.89)</b>	<b>\$ (114,716.35)</b>	<b>\$ (187,452.24)</b>
<b>Change in net assets</b>	<b>\$ 108,571.33</b>	<b>\$ 39,145.69</b>	<b>\$ 147,717.02</b>
<b>Total net assets - beginning</b>	<b>792,741.07</b>	<b>74,943.42</b>	<b>867,684.49</b>
<b>Total net assets - ending</b>	<b>\$ 901,312.40</b>	<b>\$ 114,089.11</b>	<b>\$ 1,015,401.51</b>

See accompanying notes to the financial statements.

CITY OF THOMAS, OKLAHOMA  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	ENTERPRISE FUND		TOTAL PROPRIETARY FUNDS	COMPONENT UNITS	
	PUBLIC WORKS AUTHORITY			THOMAS AIRPORT AUTHORITY	
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 320,758.09	\$	320,758.09	\$	16,376.04
Investments	104,760.81		104,760.81		0.00
Restricted cash and cash equivalents	24,774.99		24,774.99		0.00
Restricted investments	10,707.01		10,707.01		0.00
Notes receivable	0.00		0.00		0.00
<b>Total current assets</b>	<b>\$ 461,000.90</b>	<b>\$</b>	<b>461,000.90</b>	<b>\$</b>	<b>16,376.04</b>
Noncurrent assets:					
Restricted cash and cash equivalents	\$ -	\$	-	\$	-
Land	251,848.98		251,848.98		0.00
Other capital assets, net of accumulated depreciation	232,078.59		232,078.59		877,896.24
Notes receivable	0.00		0.00		0.00
<b>Total noncurrent assets</b>	<b>\$ 483,927.57</b>	<b>\$</b>	<b>483,927.57</b>	<b>\$</b>	<b>877,896.24</b>
<b>TOTAL ASSETS</b>	<b>\$ 944,928.47</b>	<b>\$</b>	<b>944,928.47</b>	<b>\$</b>	<b>894,272.28</b>
<b>LIABILITIES:</b>					
Current liabilities:					
Warrants payable	\$ -	\$	-	\$	-
Payroll taxes payable	2,680.17		2,680.17		0.00
Bonds, notes and loans payable	0.00		0.00		0.00
Meter deposits payable	35,482.00		35,482.00		0.00
<b>Total current liabilities</b>	<b>\$ 38,162.17</b>	<b>\$</b>	<b>38,162.17</b>	<b>\$</b>	<b>-</b>
Noncurrent liabilities:					
Bonds, notes and loans payable	\$ 240,000.00	\$	240,000.00	\$	-
<b>Total noncurrent liabilities</b>	<b>\$ 240,000.00</b>	<b>\$</b>	<b>240,000.00</b>	<b>\$</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 278,162.17</b>	<b>\$</b>	<b>278,162.17</b>	<b>\$</b>	<b>-</b>
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	\$ 243,927.57	\$	243,927.57	\$	877,896.24
Invested in community development projects	0.00		0.00		0.00
Restricted	0.00		0.00		0.00
Unrestricted	422,838.73		422,838.73		16,376.04
<b>TOTAL NET ASSETS</b>	<b>\$ 666,766.30</b>	<b>\$</b>	<b>666,766.30</b>	<b>\$</b>	<b>894,272.28</b>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**MODIFIED CASH BASIS - PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>ENTERPRISE FUND</u>	<u>TOTAL</u>	<u>COMPONENT UNITS</u>
	<u>PUBLIC WORKS AUTHORITY</u>	<u>PROPRIETARY FUNDS</u>	<u>THOMAS AIRPORT AUTHORITY</u>
Operating revenues:			
Charges for services:			
Water	\$ 236,379.49	\$ 236,379.49	\$ -
Sewer	122,269.91	122,269.91	-
Sanitation	147,683.49	147,683.49	-
Late penalties	11,259.25	11,259.25	-
Other	40,996.08	40,996.08	-
Miscellaneous	4,316.80	4,316.80	-
Rental/lease income	2,370.00	2,370.00	3,695.00
Oil royalty			6,025.62
<b>Total operating revenues</b>	<b>\$ 565,275.02</b>	<b>\$ 565,275.02</b>	<b>\$ 9,720.62</b>
Operating expenses:			
Sanitation	\$ 108,728.84	\$ 108,728.84	\$ -
Ambulance	39,312.00	39,312.00	-
Administration/General	289,511.51	289,511.51	6,654.98
Depreciation	14,747.33	14,747.33	32,836.66
Amortization	-	-	-
<b>Total operating expenses</b>	<b>\$ 452,299.68</b>	<b>\$ 452,299.68</b>	<b>\$ 39,491.64</b>
<b>Operating income (loss)</b>	<b>\$ 112,975.34</b>	<b>\$ 112,975.34</b>	<b>\$ (29,771.02)</b>
Non-operating revenues (expenses):			
Investment income	\$ 1,689.93	\$ 1,689.93	\$ -
Sales tax income	0.00	0.00	0.00
Grant income	0.00	0.00	0.00
Contributions	0.00	0.00	7,732.27
Sale of assets	3,240.00	3,240.00	
Interest income (expense)	(14,600.00)	(14,600.00)	
Economic development		0.00	0.00
<b>Total non-operating revenues (expenses)</b>	<b>\$ (9,670.07)</b>	<b>\$ (9,670.07)</b>	<b>\$ 7,732.27</b>
<b>Net income (loss) before contributions and transfers</b>	<b>\$ 103,305.27</b>	<b>\$ 103,305.27</b>	<b>\$ (22,038.75)</b>
Capital contributions	\$ -	\$ -	\$ -
Transfers in	-	-	109,986.00
Transfers out			
Prior period adjustment - meter deposits payable	(65.00)	(65.00)	-
<b>Change in net assets</b>	<b>\$ 103,240.27</b>	<b>\$ 103,240.27</b>	<b>\$ 87,947.25</b>
<b>Total net assets - beginning</b>	<b>563,526.03</b>	<b>563,526.03</b>	<b>806,325.03</b>
<b>Total net assets - ending</b>	<b>\$ 666,766.30</b>	<b>\$ 666,766.30</b>	<b>\$ 894,272.28</b>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	ENTERPRISE FUND		TOTAL TOTAL PROPRIETARY		COMPONENT UNITS
	PUBLIC WORKS AUTHORITY		FUND		THOMAS AIRPORT AUTHORITY
<b>Cash flows from operating activities:</b>					
Receipts from customers	\$ 562,880.02		\$ 562,880.02		\$ -
Receipts from rental/lease activities	2,370.00		2,370.00		3,695.00
Payments to suppliers	(287,528.19)		(287,528.19)		(6,654.98)
Payments to employees	(116,342.07)		(116,342.07)		
Payments for taxes, duties, fines, and other fees or penalties	(9,203.04)		(9,203.04)		
Other operating cash payments	(24,398.48)		(24,398.48)		
Other operating cash receipts	25.00		25.00		6,025.62
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 127,803.24</b>		<b>\$ 127,803.24</b>		<b>\$ 3,065.64</b>
<b>Cash flows from noncapital financing activities:</b>					
Transfers (to) from other funds	\$ -		\$ -		\$ 109,986.00
Sales tax	-		-		
Receipts of customer utility deposits	7,297.00		7,297.00		
Refunds of customer utility deposits	(4,395.00)		(4,395.00)		
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 2,902.00</b>		<b>\$ 2,902.00</b>		<b>\$ 109,986.00</b>
<b>Cash flows from capital and related financing activities:</b>					
Purchase of capital assets	\$ (34,999.00)		\$ (34,999.00)		\$ (87,540.48)
Construction in progress	(7,246.00)		(7,246.00)		(34,000.00)
Sale of assets	3,240.00		3,240.00		
Proceeds from capital debt	-		-		
Grant income	-		-		
Contributions	-		-		7,732.27
Principal paid on capital debt	-		-		
Interest paid on capital debt	(14,600.00)		(14,600.00)		
Loans for community development	-		-		
Repayment of community development loans	-		-		
Cash outlay for economic development	-		-		
<b>Net cash used in capital and related financing activities</b>	<b>\$ (53,605.00)</b>		<b>\$ (53,605.00)</b>		<b>\$ (113,808.21)</b>
<b>Cash flows from investing activities:</b>					
Interest and dividends	\$ 1,689.93		\$ 1,689.93		
Purchase of investments	(60,524.23)		(60,524.23)		
<b>Net cash provided by investing activities</b>	<b>\$ (58,834.30)</b>		<b>\$ (58,834.30)</b>		<b>\$ -</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 18,265.94</b>		<b>\$ 18,265.94</b>		<b>\$ (756.57)</b>
<b>Balance - beginning of the year</b>	<b>327,267.14</b>		<b>327,267.14</b>		<b>17,132.61</b>
<b>Balance - end of the year</b>	<b>\$ 345,533.08</b>		<b>\$ 345,533.08</b>		<b>\$ 16,376.04</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>					
Operating income (loss)	\$ 112,975.34		\$ 112,975.34		\$ (29,771.02)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation expense	14,747.33		14,747.33		32,836.66
Amortization expense	-		-		-
Change in assets and liabilities:					
Warrants payable	-		-		-
Payroll taxes payable	80.57		80.57		-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 127,803.24</b>		<b>\$ 127,803.24</b>		<b>\$ 3,065.64</b>

See accompanying notes to the financial statements.

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

Note 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America. These financial statements do not include the government-wide financial statements or management's discussion and analysis, which should be included in order to conform with accounting principles generally accepted in the United States of America. Since the government-wide financial statements are not presented, the governmental funds have utilized the economic resources measurement focus instead of the current financial resources measurement focus, which should be utilized by governmental funds to conform with accounting principles generally accepted in the United States of America. This is further discussed in Note 1.C. Also, since the government-wide financial statements are not presented, the City has included the Thomas Airport Authority on the proprietary fund financial statements. As discussed further in Note 1.A, the Thomas Airport Authority is a discretely presented component unit of the City and should only be included on the government-wide financial statements to conform with accounting principles generally accepted in the United States of America.

A. Financial Reporting Entity

In evaluating how to define the City of Thomas, Oklahoma for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of

special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Component units may be presented as either a blended component unit or a discretely presented component unit. A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's 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 funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is a separate legal entity that meets the component unit criteria but does not meet the criteria for blending.

Based on the foregoing criteria, the City has presented the Thomas Public Works Authority as a blended component unit in the basic financial statements. The Thomas Public Works Authority was created to finance, develop, and operate the water, wastewater, and solid waste activities of the City. The City Council serves as the trustees of the Authority. Operations of the Public Works Authority are reported as an Enterprise Fund and do not issue separately audited component unit financial statements.

Secondly, based on the foregoing criteria, the Thomas Economic Development Authority qualifies as a discretely presented component unit. The Thomas Economic Development Authority was created to promote and encourage development of industry and commerce and other related activities on behalf of the City. Trustees are appointed by the Mayor and confirmed by the Board of Trustees and may be removed at will by the Board of Trustees. The City assumes no responsibility for the Economic Development Authority's day-to-day operations and the Authority's Trustees are responsible for management contracts. In addition, the City has no obligation for the debt of the Authority. The City feels that financial accountability does exist between the City and Economic Development Authority.

At the direction of the Board of Trustees, a separate audit was conducted by another firm. A copy of that report is available at the City Hall in Thomas, Oklahoma. The City has elected to exclude the Thomas Economic Development Board from the audited financial statements.

Thirdly, based on the foregoing criteria, the City has presented the Thomas Airport Authority as a discretely presented component unit. The Thomas Airport Authority was created to plan, establish, develop, construct, enlarge, improve, maintain, equip, operate, regulate, and provide and acquire financing for the Thomas Airport and air navigation facilities. Trustees are appointed by the Mayor and City Council of the City of Thomas. Trustees may be removed from office for cause. The beneficiary of the Trust is the City of Thomas, Oklahoma.

## B. Basis of Presentation – Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. 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 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:

### Governmental Funds

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital project funds).

General Fund – The General Fund is the primary operating fund of the City and is 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 Revenue Funds – Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds that are reported as nonmajor funds: Street and Alley Fund, Police Department Fund, and the Beautification Account Fund.

Capital Project Funds – Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity has included the following capital project funds that are reported as nonmajor funds: CDBG Grant Fund, CENA Grant Fund and the FAA Grant Fund.

For governmental fund types, where restricted resources are available for appropriation, the City appropriates restricted resources to the extent they are available prior to utilizing unrestricted resources.

#### Proprietary Funds

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (Enterprise Funds) or to other departments or agencies primarily within the City (Internal Service Funds). The City presently has no internal service funds. For all business-type activities and enterprise funds the City applies FASB pronouncements issued after November 30, 1989.

Enterprise Fund – 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 Public Works Authority, which is reported as a major fund.

#### C. Measurement Focus and Basis of Accounting

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

#### Measurement Focus

The current financial resources measurement focus generally only includes current financial assets and liabilities on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

The accounting objective of the economic resources measurement focus is 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. Fund equity is classified as net assets.

The fund financial statements of the City utilize the economic resources measurement focus for both the governmental funds and the proprietary funds. Under generally accepted accounting principles in the United States of America, the governmental funds should utilize the current financial resources measurement focus.

### Basis of Accounting

The fund financial statements are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting.

### D. Assets, Liabilities, and Equity

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposit accounts, and interest-bearing checking accounts.

Notes Receivable – All notes receivable arising from cash transactions that are to be repaid from third parties are reported as assets.

Investments – Investments consist of certificate of deposits or direct obligations of the United States Government and Agencies with maturities greater than three months. All investments are recorded at cost, which approximates market value.

Capital Assets – Capital assets arising from cash transactions 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, or if donated, at the estimated fair value on the date of donation.

Generally, the organization only capitalizes assets that have an estimated life greater than one year and a cost of \$1,500 or more. Major maintenance activities, if they extend the expected useful life of the asset, are capitalized

and depreciated. Capitalization decisions will be made based on the recommendation of the consulting accounting firm.

Depreciation of all exhaustible capital assets arising from cash transactions are recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Fund Net Assets, 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. The estimated useful lives by type of asset are as follows:

Buildings	40 years
Land Improvements	20 years
Leasehold Improvements	20 years
Machinery and Equipment	5-20 years
Water, Sewer, and Drainage Systems	20 years
Furniture and Fixtures	5-10 years

Warrants Payable – Warrants are issued to meet the obligations for goods and services provided to the City. The City recognizes a liability for the amount of outstanding warrants that have yet to be redeemed by the City's treasurer.

Payroll Taxes Payable – The City recognizes a liability for any taxes that have been withheld from employee's earnings but that have not been paid at year-end.

Long and Short-term Debt – All long and short-term debt arising from cash transactions to be repaid from governmental and proprietary resources is reported as liabilities.

Meter Deposits Payable – The City recognizes a liability for the amount of meter deposits that are due to customers.

Equity Classification – Equity is classified as net assets and displayed in the following three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital 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 and 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.”

E. Revenues, Expenditures, and Expenses

Revenues consist of the money derived from within the boundaries of the City or from parties outside the City’s taxpayers and are available to the City for its use. The City has used the following categories of revenues in the Statement of Revenues, Expenses, and Changes in Fund Net Assets for governmental funds: Taxes; Charges for services; Fines and forfeitures; Licenses, permits, and fees; Rental income; Grant income; Investment income; Donations; and Miscellaneous. Revenues are used for the following expenditures: General government; Public safety and protection; Transportation; Cultural, parks and recreation; and Economic development.

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. Also included are all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

F. Interfund Transactions

Interfund transactions are either loans or transfers. Loans are reported as receivables and payables, as appropriate, while interfund transactions are presented as transfers. There were no loans during fiscal year 2011. The following transfers occurred in fiscal year 2011: The General Fund transferred \$79,629.89 to the Thomas Economic Development Authority for sales tax collected; the FAA Grant Fund transferred \$109,986.00 to the Thomas Airport Authority for grant funds received; and the Beautification Fund transferred \$4,730.35 to the Thomas Economic Development Authority for donations for the ballpark lights.

#### G. Use of Estimates

The preparation of financial statements in conformity with the other comprehensive basis of accounting used by the City requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

#### H. Allowance for Doubtful Accounts

There is not an allowance for doubtful accounts receivable or notes receivable because in estimation of the City, based on historical trends, all receivables shown on the financial statements will be collectible.

#### Note 2. Deposit and Investment Risk Management

In accordance with Title 62, Section 516.3 of the Oklahoma statutes, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral which includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. All financial institutions pledging collateral to the City must have a written collateral agreement approved. The City's time, savings and demand deposits as of June 30, 2011, were not completely insured or collateralized by federal deposit insurance, direct obligations of the United States Government, or securities held by the City or by its agent in the City's name.

Time and savings deposits – The City's time and savings deposits at June 30, 2011 are categorized to give an indication of the level of risk assumed by the City at year-end. The City's time deposits consist of certificates of deposits. It should be noted that the FDIC defines savings deposits as including all interest-bearing checking accounts.

Demand deposits – The City's demand deposits consist of non-interest-bearing checking accounts at June 30, 2011 and are categorized to give an indication of the level of risk assumed by the City at year-end.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name
- (C) Uncollateralized

	Category			Bank Balance or Cost
	A	B	C	
Time & savings deposits	\$ 622,700.83	\$ 257,107.96	\$ 54,340.92	\$ 934,149.71
Demand deposits	16,528.19	-	-	16,528.19
<b>Total</b>	<b>\$ 639,229.02</b>	<b>\$ 257,107.96</b>	<b>\$ 54,340.92</b>	<b>\$ 950,677.90</b>

Schedule of deposits and investments by Type - June 30, 2011 (Modified Cash Basis)

	Carrying Value	Maturity Date
Deposits:		
Demand deposits - non-interest-bearing	\$ 16,378.19	N/A
Demand deposits - interest-bearing	521,297.61	N/A
Savings deposits	28,299.59	N/A
Time deposit	100,290.14	3/09/2012
Time deposit	30,000.00	5/05/2012
Time deposit	30,000.00	5/05/2012
Time deposit	21,519.38	8/25/2011
Time deposit	32,938.09	12/01/2011
Time deposit	54,337.08	8/18/2011
Time deposit	60,174.09	3/09/2012
Time deposit	23,660.63	11/17/2011
Time deposit	10,032.60	8/20/2011
Time deposit	10,040.52	7/16/2011
Time deposit	11,559.98	9/28/2011
Petty cash on hand	150.00	N/A
<b>Total</b>	<b>\$ 950,677.90</b>	

Reconciliation to the statements of net assets (Modified Cash Basis)

Governmental Funds:	
Cash and cash equivalents	\$ 204,216.27
Investments	269,084.69
Proprietary Funds:	
Cash and cash equivalents	345,533.08
Investments	115,467.82
Component Units:	
Cash and cash equivalents	16,376.04
Investments	-
	<hr/>
Total	<u>\$ 950,677.90</u>

Note 3. Restricted Assets

The amount reported as restricted assets for the Public Works authority are composed of the amounts held for utility deposits (refunded upon termination of service or applied to final bill), of \$35,482.00.

Note 4. Capital Assets

Capital asset activity, resulting from modified cash basis transactions, for the fiscal year ended June 30, 2011 was as follows:

	Balance at 6/30/2010	Additions (Deletions)	Balance at 6/30/2011
<b>Governmental activities:</b>			
General Fund:			
Capital assets not being depreciated:			
Land	\$ -	\$ 5,000.00	\$ 5,000.00
Total capital assets not being depreciated	\$ -	\$ 5,000.00	\$ 5,000.00
Other capital assets:			
Buildings	\$ 92,999.57	\$ 28,250.00	\$ 121,249.57
Land Improvements	291,588.62	-	291,588.62
Machinery and Equipment	197,282.75	-	197,282.75
Drainage System	8,473.00	-	8,473.00
Furniture and Fixtures	15,331.56	14,865.39	30,196.95
Total other capital assets	\$ 605,675.50	\$ 43,115.39	\$ 648,790.89
Less accumulated depreciation for:			
Buildings	\$ 8,137.47	\$ 2,913.53	\$ 11,051.00
Land Improvements	50,888.63	14,579.43	65,468.06
Machinery and Equipment	81,849.02	16,705.55	98,554.57
Drainage System	4,624.80	423.65	5,048.45
Furniture and Fixtures	3,208.03	1,624.84	4,832.87
Total accumulated depreciation	\$ 148,707.95	\$ 36,247.00	\$ 184,954.95
Other capital assets, net	\$ 456,967.55	\$ 6,868.39	\$ 463,835.94
Street and Alley Fund:			
Other capital assets:			
Machinery and Equipment	\$ 23,192.25	\$ -	\$ 23,192.25
Total other capital assets	\$ 23,192.25	\$ -	\$ 23,192.25
Less accumulated depreciation for:			
Machinery and Equipment	\$ 11,097.73	\$ 1,159.61	\$ 12,257.34
Total accumulated depreciation	\$ 11,097.73	\$ 1,159.61	\$ 12,257.34
Other capital assets, net	\$ 12,094.52	\$ (1,159.61)	\$ 10,934.91

	Balance at 6/30/2011	Additions (Deletions)	Balance at 6/30/2012
Police Department Fund:			
Other capital assets:			
Buildings	\$ -		\$ -
Machinery and Equipment	15,289.32		15,289.32
Furniture and Fixtures	4,464.05	-	4,464.05
Total other capital assets	\$ 19,753.37	\$ -	\$ 19,753.37
Less accumulated depreciation for:			
Buildings	\$ -		\$ -
Machinery and Equipment	13,900.59	648.79	14,549.38
Furniture and Fixtures	3,930.51	74.94	4,005.45
Total accumulated depreciation	\$ 17,831.10	\$ 723.73	\$ 18,554.83
Other capital assets, net	\$ 1,922.27	\$ (723.73)	\$ 1,198.54
Beautification Fund:			
Other capital assets:			
Machinery and Equipment	\$ 20,659.29	\$ 50,590.00	\$ 71,249.29
Total other capital assets	\$ 20,659.29	\$ 50,590.00	\$ 71,249.29
Less accumulated depreciation for:			
Machinery and Equipment	\$ 2,477.90	\$ 2,276.72	\$ 4,754.62
Total accumulated depreciation	\$ 2,477.90	\$ 2,276.72	\$ 4,754.62
Other capital assets, net	\$ 18,181.39	\$ 48,313.28	\$ 66,494.67
CENA Grant Fund:			
Other capital assets:			
Furniture and Fixtures	\$ 12,997.85	\$ -	\$ 12,997.85
Total other capital assets	\$ 12,997.85	\$ -	\$ 12,997.85
Less accumulated depreciation for:			
Furniture and Fixtures	\$ 6,091.97	\$ 1,299.79	\$ 7,391.76
Total accumulated depreciation	\$ 6,091.97	\$ 1,299.79	\$ 7,391.76
Other capital assets, net	\$ 6,905.88	\$ (1,299.79)	\$ 5,606.09

	Balance at 6/30/2010	Additions (Deletions)	Balance at 6/30/2011
<b>Business -type activities:</b>			
Public Works Authority:			
Capital assets not being depreciated:			
Land	\$ 251,848.98	\$ -	\$ 251,848.98
Construction in progress: Lagoon	38,687.25	7,246.00	45,933.25
Total capital assets not being depreciated	\$ 290,536.23	\$ 7,246.00	\$ 297,782.23
Other capital assets:			
Machinery and Equipment	\$ 123,914.12	\$ 34,999.00	\$ 158,913.12
Water and Sewer System	607,352.48	-	607,352.48
Total other capital assets	\$ 731,266.60	\$ 34,999.00	\$ 766,265.60
Less accumulated depreciation for:			
Machinery and Equipment	\$ 89,839.52	\$ 5,507.03	\$ 95,346.55
Water and Sewer System	475,533.41	9,240.30	484,773.71
Total accumulated depreciation	\$ 565,372.93	\$ 14,747.33	\$ 580,120.26
Other capital assets, net	\$ 165,893.67	\$ 20,251.67	\$ 186,145.34
<b>Component Units:</b>			
Airport Authority:			
Capital assets not being depreciated:			
Construction in progress: Runway Improvements	\$ 456,786.21	\$ (416,786.21)	\$ 40,000.00
Other capital assets:			
Land Improvements	\$ 342,371.72	\$ 538,326.69	\$ 880,698.41
Machinery and Equipment	45,198.00	-	45,198.00
Total other capital assets	\$ 387,569.72	\$ 538,326.69	\$ 925,896.41
Less accumulated depreciation for:			
Land Improvements	\$ 41,415.78	\$ 30,576.76	\$ 71,992.54
Machinery and Equipment	13,747.73	2,259.90	16,007.63
Total accumulated depreciation	\$ 55,163.51	\$ 32,836.66	\$ 88,000.17
Other capital assets, net	\$ 332,406.21	\$ 505,490.03	\$ 837,896.24

Note 5. Long-term Liabilities

Long-term liabilities of the City consist of a loan payable for the Public Works Authority to the Bank of the West. Under the loan agreement dated September 16, 2009, the Authority obtained financing in the amount of \$240,000.00. The loan is a 6% interest loan with a term of eighteen months. The Authority is to remit monthly interest payments beginning October 16, 2009 with a final payment of outstanding principal plus all accrued interest on March 16, 2011. It should be noted that the loan was renewed on March 9, 2011 with a new maturity of September 16, 2012.

The following is a summary of the long-term debt transactions of the Public Works Authority for the year ended June 30, 2011:

	<u>Notes Payable</u>
Balance, July 1, 2010	\$ 240,000.00
Additions	-
Retirements	-
Balance, June 30, 2011	<u>\$ 240,000.00</u>

This note requires interest only payments through June 30, 2012. Therefore, no principal is due within one year.

The annual debt service requirements for retirement of principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ -	\$ 14,400.00	\$ 14,400.00
2013	240,000.00	3,077.10	243,077.10
2014	-	-	-
2015	-	-	-
2016	-	-	-
Thereafter	-	-	-
Totals	<u>\$ 240,000.00</u>	<u>\$ 17,477.10</u>	<u>\$ 243,077.10</u>

Interest expense on long-term debt incurred during the current year totaled \$14,600.00.

Note 6. Employee Retirement System

The City, as the employer, participates in the statewide cost-sharing multi-employer defined benefit plan on behalf of the volunteer firefighters. The system is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

During the year ending June 30, 2011, the City was required to contribute \$60.00 per volunteer. The City contributed \$720.00 during the current year, which represents 100% of the required contribution.

The City participates in the Oklahoma Municipal Retirement Fund for their employees. Participating employees have a mandatory contribution of 5.25%. During the year ended June 30, 2011, the City had an employer funding rate of 13.65%. The City and employees made the following contributions to the plan during the current year:

City	\$22,060.82
Employees	<u>8,632.53</u>
Total Contributions	<u>\$30,693.35</u>

The City's contribution represented 100% of their required contribution.

Note 7. Risk Management

The City 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.

As of June 30, 2011, the City of Thomas had the following policies in force:

Surety Bonds

The City has a public employee blanket bond with CNA Surety Company. The bond number is 1259827 for the one-year period from November 1, 2009, to November 1, 2010, and for the one-year period from November 1, 2010 to November 1, 2011. The Bond amount is \$7,500.00.

Workers Compensation Insurance and Employees' Liability Insurance

Covered by CompSource Oklahoma, policy number 00006255-10-1, for the one-year period from July 1, 2010 to July 1, 2011.

General & Auto Liability and Auto & Equipment Physical Damage Insurance

Oklahoma Municipal Assurance Group, policy number 10-513-10-0167, for the period from November 1, 2009 to November 1, 2010 and policy number 11-513-10-0167 for the period from November 1, 2010 to November 1, 2011.

Commercial Property Insurance and General Liability

Oklahoma Municipal Assurance Group, policy number 10-513-10-0167, for the period from November 1, 2009, to November 1, 2010 and policy number 11-0167-1016 from November 1, 2010 to November 1, 2011. The policy insures buildings and business personal property.

Airport Property Insurance

Hangar #1 is insured by Avemco Insurance Agency, Inc, policy number 5096N956-10 effective April 28, 2010 to April 28, 2011 and April 28, 2011 to April 28, 2012.

Fire Vehicle Liability

DCAM Risk Management – Fire District Program, policy number 2025-000 for the policy period of September 1, 2009 to August 31, 2010, and for the period of September 1, 2010 to August 31, 2011. The policy covers eleven vehicles.

Volunteer Fire Department Accident/Disability

Nationwide Insurance Company by policy number 902037300073450001 for the period of November 2, 2009 to November 2, 2010 and November 2, 2010 to November 2, 2011.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

Note 8. Contingencies

The City participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Note 9. Litigation

City officials are not aware of any pending or threatened litigation, claims or assessments or unasserted claims or assessments against the City.

Note 10. Construction in Progress

The Airport Authority is currently involved in a construction in progress project to improve the runway. As of June 30, 2011, this amount totaled \$40,000.00.

The Public Works Authority is currently involved in a construction in progress project to build a new sewer lagoon. As of June 30, 2011, this amount totaled \$45,933.25.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF THOMAS, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Beginning budgetary fund balance	\$ 335,773.52	\$ 335,773.52	\$ 335,773.52
Resources (inflows):			
Taxes:			
Sales tax	\$ 240,000.00	\$ 240,000.00	\$ 318,519.52
Alcohol beverage tax	6,600.00	6,600.00	6,823.24
Cigarette tax	3,600.00	3,600.00	4,597.27
Franchise tax fees	39,000.00	39,000.00	36,485.14
Use tax	20,000.00	20,000.00	23,345.06
Total taxes	<u>\$ 309,200.00</u>	<u>\$ 309,200.00</u>	<u>\$ 389,770.23</u>
Charges for services:			
Mowing	\$ -	\$ -	\$ 1,338.70
Fire department			11,161.25
Total charges for services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,499.95</u>
Fines and forfeitures	<u>\$ 3,000.00</u>	<u>\$ 3,000.00</u>	<u>\$ 9,321.00</u>
Licenses, permits, and fees:			
Occupation license	\$ 1,600.00	\$ 1,600.00	\$ 1,140.00
Permits/fees	600.00	600.00	1,705.00
Total licenses, permits, and fees	<u>\$ 2,200.00</u>	<u>\$ 2,200.00</u>	<u>\$ 2,845.00</u>
Grant income:			
Hazardous mitigation	\$ -	\$ -	\$ -
Fire department grant	5,100.00	5,100.00	4,397.72
REAP grant	-	-	-
FEMA	-	-	699.83
Total grant income	<u>\$ 5,100.00</u>	<u>\$ 5,100.00</u>	<u>\$ 5,097.55</u>
Donations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,018.11</u>
Investment income	<u>\$ 2,400.00</u>	<u>\$ 2,400.00</u>	<u>\$ 2,788.48</u>

See accompanying notes to the budgetary comparison schedule.

Miscellaneous:				
Airport	\$	-	\$ -	\$ -
Swimming pool		3,500.00	3,500.00	6,135.00
Insurance proceeds		0.00	0.00	9,882.14
Ballpark rental		1,200.00	1,200.00	1,750.00
Other		1,800.00	1,800.00	74.89
Total miscellaneous	\$	6,500.00	\$ 6,500.00	\$ 17,842.03
Sale of assets	\$	-	\$ -	\$ 17,066.00
Contributions from other funds	\$	-	\$ -	\$ -
Total Resources (inflows):	\$	328,400.00	\$ 328,400.00	\$ 459,248.35
Amounts available for appropriation	\$	664,173.52	\$ 664,173.52	\$ 795,021.87
Charges to appropriations (outflows):				
Police department:				
Personal services	\$	18,000.00	\$ 18,000.00	\$ 7,570.99
Maintenance and operations		50,000.00	50,000.00	45,916.82
Capital outlay		-	-	-
Total police department	\$	68,000.00	\$ 68,000.00	\$ 53,487.81
Fire department:				
Personal services	\$	-	\$ -	\$ -
Maintenance and operations		18,000.00	20,000.00	18,761.33
Capital outlay		-	-	-
Total fire department	\$	18,000.00	\$ 20,000.00	\$ 18,761.33
General government:				
Personal services	\$	92,600.00	\$ 92,600.00	\$ 82,993.37
Maintenance and operations		53,250.00	53,250.00	41,248.78
Capital outlay		100,000.00	98,000.00	61,349.49
Total general government	\$	245,850.00	\$ 243,850.00	\$ 185,591.64
Swimming Pool/Parks department:				
Personal services	\$	10,500.00	\$ 10,500.00	\$ 10,500.00
Maintenance and operations		9,500.00	9,500.00	4,267.24
Capital outlay		-	-	-
Total parks department	\$	20,000.00	\$ 20,000.00	\$ 14,767.24

See accompanying notes to the budgetary comparison schedule.

Ambulance:				
Personal services	\$	-	\$ -	\$ -
Maintenance and operations		600.00	600.00	425.36
Capital outlay		-	-	-
Total ambulance:		<u>600.00</u>	<u>600.00</u>	<u>425.36</u>
Airport:				
Personal services	\$	-	\$ -	\$ -
Maintenance and operations		0.00	0.00	0.00
Capital outlay		-	-	-
Total airport:		<u>-</u>	<u>-</u>	<u>-</u>
Emergency Management:				
Personal services	\$	-	\$ -	\$ -
Maintenance and operations		500.00	500.00	0.00
Capital outlay		-	-	-
Total emergency management:	\$	<u>500.00</u>	\$ <u>500.00</u>	\$ <u>-</u>
Grant expense:				
Fire department	\$	-	\$ -	\$ -
Total grant expense	\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Insurance proceeds	\$	-	\$ -	\$ 9,882.14
Contributions to other funds	\$	60,000.00	\$ 60,000.00	\$ 79,629.89
Total charges to appropriations	\$	<u>412,950.00</u>	\$ <u>412,950.00</u>	\$ <u>362,545.41</u>
Change in Fund Balance		(84,550.00)	(84,550.00)	96,702.94
Ending budgetary fund balance	\$	<u>251,223.52</u>	\$ <u>251,223.52</u>	\$ <u>432,476.46</u>
Change in Fund Balance per Budgetary Comparison Schedule			\$	96,702.94
Depreciation expense				(36,247.00)
Capital asset purchases capitalized				<u>48,115.39</u>
Change in Net Assets per Statement of Revenues, Expenses, and Changes in Fund Net Assets			\$	<u>108,571.33</u>

See accompanying notes to the budgetary comparison schedule.

**CITY OF THOMAS, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS  
 STREET & ALLEY FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL AMOUNTS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	
Beginning budgetary fund balance	\$ 20,816.41	\$ 20,816.41	\$ 20,816.41
Resources (inflows):			
Taxes:			
Gas excise tax	\$ 2,200.00	\$ 2,200.00	\$ 1,374.30
Motor vehicle tax	8,760.00	8,760.00	8,856.56
Total taxes	<u>\$ 10,960.00</u>	<u>\$ 10,960.00</u>	<u>\$ 10,230.86</u>
Investment income	\$ -	\$ -	\$ 28.46
Total Resources (inflows):	<u>\$ 10,960.00</u>	<u>\$ 10,960.00</u>	<u>\$ 10,259.32</u>
Amounts available for appropriation	<u>\$ 31,776.41</u>	<u>\$ 31,776.41</u>	<u>\$ 31,075.73</u>
Charges to appropriations (outflows):			
Transportation:			
Streets	\$ 31,920.00	\$ 31,920.00	\$ 12,073.69
Total charges to appropriations	<u>\$ 31,920.00</u>	<u>\$ 31,920.00</u>	<u>\$ 12,073.69</u>
Change in Fund Balance	(20,960.00)	(20,960.00)	(1,814.37)
Ending budgetary fund balance	<u>\$ (143.59)</u>	<u>\$ (143.59)</u>	<u>\$ 19,002.04</u>
Change in Fund Balance per Budgetary Comparison Schedule			\$ (1,814.37)
Depreciation expense			(1,159.61)
Capital asset purchases capitalized			<u>-</u>
Change in Net Assets per Statement of Revenues, Expenses, and Changes in Fund Net Assets			<u>\$ (2,973.98)</u>

See accompanying notes to the budgetary comparison schedule.

**CITY OF THOMAS, OKLAHOMA**  
**NOTES TO THE BUDGETARY COMPARISON SCHEDULE**  
**JUNE 30, 2011**

Note 1. The city is required by state law to prepare an annual budget. The mayor submits an annual budget to the City council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the council for review and public hearings are held to address priorities and the allocation of resources. In June, the council adopts the annual fiscal year budget. This budget is prepared in accordance with the modified cash basis of accounting. Budgeted expenditures may not exceed total appropriations for the fund. The mayor is authorized to transfer any unexpended and unencumbered appropriations from one line item to another or one department to another within a fund, without further approval by the City Council. All supplemental appropriations or decrease in the total appropriation of a fund shall be adopted at a meeting of the City Council and filed with the State Auditor and Inspector.

The legal level of control is by department within the fund. Expenditures may not exceed appropriations at this level. The City utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The City considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated in the new year's budget.

Note 2. As stated in the Independent Auditor's Report on page 2, this information is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Certain limited procedures have been applied to this information which consisted principally of inquiries of management regarding the methods of measurement and presentation. This information has not been audited.

## OTHER SUPPLEMENTARY INFORMATION

CITY OF THOMAS, OKLAHOMA  
 COMBINING STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS				TOTAL NONMAJOR GOVERNMENTAL FUNDS
	STREET AND ALLEY	POLICE DEPARTMENT	BEAUTIFICATION ACCOUNT	FAA GRANT	CENA GRANT	NONMAJOR GOVERNMENTAL FUNDS			
<b>ASSETS:</b>									
Current assets:									
Cash and cash equivalents	\$ 19,002.04	\$ 1.00	\$ 10,850.71	\$ 1.00	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 29,854.90
Total current assets	\$ 19,002.04	\$ 1.00	\$ 10,850.71	\$ 1.00	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 29,854.90
Noncurrent assets:									
Other capital assets, net of accumulated depreciation	\$ 10,934.91	\$ 1,198.54	\$ 66,494.67	\$ -	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 84,234.21
Construction in progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total noncurrent assets	\$ 10,934.91	\$ 1,198.54	\$ 66,494.67	\$ -	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 84,234.21
<b>TOTAL ASSETS</b>	\$ 29,936.95	\$ 1,199.54	\$ 77,345.38	\$ 1.00	\$ 5,606.24	\$ 5,606.24	\$ 5,606.24	\$ 5,606.24	\$ 114,089.11
<b>LIABILITIES:</b>									
Current liabilities:									
Warrants payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total current liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET ASSETS:</b>									
Invested in capital assets, net of related debt	\$ 10,934.91	\$ 1,198.54	\$ 66,494.67	\$ -	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 5,606.09	\$ 84,234.21
Unrestricted, reported in:									
Special revenue funds	19,002.04	1.00	10,850.71	0.00	0.00	0.00	0.00	0.00	29,853.75
Capital project funds	0.00	0.00	0.00	1.00	0.15	0.15	0.15	0.15	1.15
<b>TOTAL NET ASSETS</b>	\$ 29,936.95	\$ 1,199.54	\$ 77,345.38	\$ 1.00	\$ 5,606.24	\$ 5,606.24	\$ 5,606.24	\$ 5,606.24	\$ 114,089.11

**CITY OF THOMAS, OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**MODIFIED CASH BASIS - NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS			TOTAL
	STREET AND ALLEY	POLICE DEPARTMENT	BEAUTIFICATION ACCOUNT	FAA GRANT	CENA GRANT	NONMAJOR GOVERNMENTAL FUNDS		
Revenues:								
Taxes:								
Gas excise tax	\$ 1,374.30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,374.30
Motor vehicle tax	8,856.56	-	-	-	-	-	-	8,856.56
Grant income	0.00	-	-	109,986.00	2,517.37	-	-	112,503.37
Investment income	28.46	-	42.81	-	-	-	-	71.27
Miscellaneous	-	-	-	-	-	-	-	-
Donations	-	-	51,934.75	-	-	-	-	51,934.75
<b>Total revenues</b>	<b>\$ 10,259.32</b>	<b>\$ -</b>	<b>\$ 51,977.56</b>	<b>\$ 109,986.00</b>	<b>\$ 2,517.37</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 174,740.25</b>
Expenditures:								
Current:								
General government	\$ -	\$ -	\$ -	\$ -	\$ 2,517.37	\$ -	\$ -	2,517.37
Public safety and protection:								
Police	-	827.30	-	-	-	-	-	827.30
Transportation:								
Streets	12,073.69	-	-	-	-	-	-	12,073.69
Airport	-	-	-	-	-	-	-	-
Culture and recreation:								
Parks	-	-	-	-	-	-	-	-
Beautification	-	-	0.00	-	-	-	-	-
Economic development	-	-	-	-	-	-	-	-
Depreciation	1,159.61	723.73	2,276.72	-	-	-	-	5,459.85
<b>Total expenditures</b>	<b>\$ 13,233.30</b>	<b>\$ 1,551.03</b>	<b>\$ 2,276.72</b>	<b>\$ -</b>	<b>\$ 3,817.16</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,878.21</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (2,973.98)</b>	<b>\$ (1,551.03)</b>	<b>\$ 49,700.84</b>	<b>\$ 109,986.00</b>	<b>\$ (1,299.79)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 153,862.04</b>
Other financing sources (uses):								
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Transfers out	-	-	(4,730.35)	(109,986.00)	-	-	-	(114,716.35)
Transfers in - capital assets	-	-	-	-	-	-	-	-
Transfers out - capital assets	-	-	-	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,730.35)</b>	<b>\$ (109,986.00)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (114,716.35)</b>
<b>Net change in fund balances</b>	<b>\$ (2,973.98)</b>	<b>\$ (1,551.03)</b>	<b>\$ 44,970.49</b>	<b>\$ -</b>	<b>\$ (1,299.79)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,145.69</b>
Fund balances - beginning	32,910.93	2,750.57	32,374.89	1.00	6,906.03	-	-	74,943.42
Funds balances - ending	\$ 29,936.95	\$ 1,199.54	\$ 77,345.38	\$ 1.00	\$ 5,606.24	\$ -	\$ -	\$ 114,089.11

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA  
GENERAL FUND - CLASSIFICATION OF REVENUE  
JUNE 30, 2011**

		<u>ACTUAL COLLECTIONS</u>
Local Sources:		
Sales tax	\$	318,519.52
Alcohol beverage tax		6,823.24
Cigarette tax		4,597.27
Franchise tax fees		36,485.14
Use tax		23,345.06
Donations		0.00
Rent/Lease		1,750.00
Occupation license		1,140.00
Permits		1,705.00
Insurance proceeds		9,882.14
Oil royalty		0.00
Interest		2,788.48
Airport revenue		0.00
Swimming pool		6,135.00
Mowing		1,338.70
Miscellaneous		74.89
Fire Department:		
Donations	\$ 2,018.11	
Services	<u>11,161.25</u>	
Total Fire Department		\$ 13,179.36
Police Department:		
Court Fines	\$ 8,826.00	
Miscellaneous	<u>495.00</u>	
Total Police Department		9,321.00
 Total Local Sources		 <u>\$ 437,084.80</u>
 State Sources:		
Fire department grants	\$	4,397.72
Hazardous mitigation grant		<u>                    </u>
 Total State Sources		 <u>\$ 4,397.72</u>
 Federal Sources:		
FEMA assistance	\$	<u>699.83</u>
 Total Federal Sources		 <u>\$ 699.83</u>
 TOTAL REVENUE COLLECTED		 <u><u>\$ 442,182.35</u></u>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA  
GENERAL FUND - CLASSIFICATION OF EXPENDITURES  
JUNE 30, 2011**

		<u>EXPENDITURES</u>
Personal Services:		
Salaries:		
General Government	\$ 31,220.00	
Police	<u>39,850.00</u>	
Total Salaries		\$ 71,070.00
Payroll taxes		5,775.59
Retirement		9,208.28
Medical and life insurance		17,456.75
Legal and professional fees		6,677.75
Trustee fees		7,800.00
Judge fees		1,800.00
Fire fighter pension		720.00
Fire fighter bonus		1,425.00
Pool Manager		<u>10,500.00</u>
Total Personal Services		<u>\$ 132,433.37</u>
Maintenance and Operation:		
Services and contracts		\$ 12,459.08
Utilities		15,625.43
Office supplies		3,275.51
Insurance		12,943.76
Economic development		0.00
Airport		0.00
Ambulance		425.36
Police department:		
Fuel	\$ 3,353.93	
Utilities	1,583.20	
Repairs and maintenance	158.00	
Services and contracts	1,849.61	
Office supplies	626.25	
Animal control	6,066.82	
Miscellaneous	<u>0.00</u>	
Total police department		13,637.81
Fire department:		
Fuel, mileage reimbursement	\$ 4,104.38	
Insurance	1,671.98	
Repairs, maintenance, and supplies	13,119.86	
Utilities	3,026.27	
Dues	930.00	
Telephone/Paging	2,325.82	
Training	1,320.16	
Meals	<u>0.00</u>	
Total fire department		26,498.47
Culture & recreation:		
Repairs and maintenance	\$ 2,477.65	
Utilities	<u>1,789.59</u>	
Total culture & recreation		4,267.24
Depreciation		<u>36,247.00</u>
Total Maintenance and Operations		<u>\$ 125,379.66</u>
Capital Outlay:		
		<u>\$ 3,062.10</u>
Total Capital Outlay		<u>\$ 3,062.10</u>
TOTAL GENERAL FUND		<u>\$ 260,875.13</u>

See accompanying notes to the financial statements.

CITY OF THOMAS, OKLAHOMA  
STREET AND ALLEY - CLASSIFICATION OF REVENUE  
JUNE 30, 2011

	ACTUAL COLLECTIONS
Local Sources:	
Gas excise tax	\$ 1,374.30
Motor vehicle tax	8,856.56
Interest	28.46
Total Local Sources	\$ 10,259.32
State Sources:	
Grants	\$ -
Total State Sources	\$ -
Federal Sources:	
FEMA assistance	\$ -
Total Federal Sources	\$ -
<b>TOTAL REVENUE COLLECTED</b>	<b>\$ 10,259.32</b>

**CITY OF THOMAS, OKLAHOMA  
STREET AND ALLEY - CLASSIFICATION OF EXPENDITURES  
JUNE 30, 2011**

	<b>EXPENDITURES</b>
Personal Services:	
Salaries	\$ -
Payroll taxes	-
Total Personal Services	\$ -
Maintenance and Operation:	
Repairs and maintenance	\$ 4,155.00
Utilities	7,918.69
Depreciation	1,159.61
Total Maintenance and Operations	\$ 13,233.30
Capital Outlay:	
Buildings and equipment	\$ -
Total Capital Outlay	\$ -
<b>TOTAL STREET AND ALLEY FUND</b>	<b>\$ 13,233.30</b>

See accompanying notes to the financial statements.



CITY OF THOMAS, OKLAHOMA  
POLICE DEPARTMENT FUND - CLASSIFICATION OF EXPENDITURES  
JUNE 30, 2011

	<b>EXPENDITURES</b>
Personal Services:	
Salaries	\$ -
Payroll taxes	-
Total Personal Services	\$ -
Maintenance and Operation:	
Supplies	\$ 827.30
Office supplies	
Repairs, maintenance	
Labor	
Depreciation	723.73
Total Maintenance and Operations	\$ 1,551.03
Capital Outlay:	
Equipment	\$ -
Total Capital Outlay	\$ -
<b>TOTAL POLICE DEPARTMENT FUND</b>	<b>\$ 1,551.03</b>

See accompanying notes to the financial statements.

CITY OF THOMAS, OKLAHOMA  
 BEAUTIFICATION ACCOUNT FUND - CLASSIFICATION OF REVENUE  
 JUNE 30, 2011

	ACTUAL COLLECTIONS
Local Sources:	
Interest	\$ 42.81
Donations	51,934.75
Reimbursements	-
Total Local Sources	\$ 51,977.56
State Sources:	
Grants	\$ -
Total State Sources	\$ -
Federal Sources:	
Grants	\$ -
Total Federal Sources	\$ -
<b>TOTAL REVENUE COLLECTED</b>	<b>\$ 51,977.56</b>

See accompanying notes to the financial statements.

CITY OF THOMAS, OKLAHOMA  
 BEAUTIFICATION ACCOUNT FUND - CLASSIFICATION OF EXPENDITURES  
 JUNE 30, 2011

	<u>EXPENDITURES</u>
Personal Services:	
Salaries	\$ -
Payroll taxes	-
Total Personal Services	\$ -
Maintenance and Operation:	
Supplies	\$ -
Depreciation	2,276.72
Total Maintenance and Operations	\$ 2,276.72
Capital Outlay:	
Equipment	\$ -
Total Capital Outlay	\$ -
<b>TOTAL BEAUTIFICATION ACCOUNT FUND</b>	<b>\$ 2,276.72</b>

See accompanying notes to the financial statements.

CITY OF THOMAS, OKLAHOMA  
 FAA GRANT FUND - CLASSIFICATION OF REVENUE  
 JUNE 30, 2011

	<u>ACTUAL COLLECTIONS</u>
Local Sources:	
Interest	\$ -
Total Local Sources	\$ -
State Sources:	
Grants	\$ -
Total State Sources	\$ -
Federal Sources:	
FAA Airport Improvement Program Grant	\$ 109,986.00
Total Federal Sources	\$ 109,986.00
<b>TOTAL REVENUE COLLECTED</b>	<b><u>\$ 109,986.00</u></b>

CITY OF THOMAS, OKLAHOMA  
 FAA GRANT FUND - CLASSIFICATION OF EXPENDITURES  
 JUNE 30, 2011

	<u>EXPENDITURES</u>
Personal Services:	
Engineering	\$ -
Total Personal Services	\$ -
Maintenance and Operation:	
Remittance of excess funds	\$ -
Depreciation	-
Total Maintenance and Operations	\$ -
Capital Outlay:	
Construction	\$ -
Total Capital Outlay	\$ -
TOTAL FAA GRANT FUND	\$ -

CITY OF THOMAS, OKLAHOMA  
 CENA GRANT FUND - CLASSIFICATION OF REVENUE  
 JUNE 30, 2011

	<u>ACTUAL COLLECTIONS</u>
Local Sources:	
Interest	\$ <u>          -</u>
Total Local Sources	\$ <u>          -</u>
State Sources:	
Community Expansion of Nutrition Assistance '11	\$ <u>      2,517.37</u>
Total State Sources	\$ <u>      2,517.37</u>
Federal Sources:	
Grants	\$ <u>          -</u>
Total Federal Sources	\$ <u>          -</u>
<b>TOTAL REVENUE COLLECTED</b>	<b>\$ <u>          2,517.37</u></b>

CITY OF THOMAS, OKLAHOMA  
 CENA GRANT FUND - CLASSIFICATION OF EXPENDITURES  
 JUNE 30, 2011

	<b>EXPENDITURES</b>
Personal Services:	
Administration fees	\$ -
Total Personal Services	\$ -
Maintenance and Operation:	
Repairs and maintenance	\$ -
Supplies	242.43
Food/Meals	2,274.94
Depreciation	1,299.79
Total Maintenance and Operations	\$ 3,817.16
Capital Outlay:	
Equipment	\$ -
Total Capital Outlay	\$ -
<b>TOTAL CENA GRANT FUND</b>	<b>\$ 3,817.16</b>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA  
PUBLIC WORKS AUTHORITY - CLASSIFICATION OF REVENUE  
JUNE 30, 2011**

	<u>ACTUAL COLLECTIONS</u>
Local Sources:	
Water	\$ 236,379.49
Sewer	122,269.91
Garbage	147,683.49
Late penalties	11,259.25
Meter installations	235.00
Sewer taps	0.00
Interest	1,689.93
Rental	2,370.00
Insurance proceeds	0.00
Ambulance fees	40,761.08
Miscellaneous	4,316.80
Sale of Assets	<u>3,240.00</u>
Total Local Sources	<u>\$ 570,204.95</u>
State Sources:	
REAP grant	<u>\$ -</u>
Total State Sources	<u>\$ -</u>
Federal Sources:	
Grants	<u>\$ -</u>
Total Federal Sources	<u>\$ -</u>
<b>TOTAL REVENUE COLLECTED</b>	<u><u>\$ 570,204.95</u></u>

See accompanying notes to the financial statements.

**CITY OF THOMAS, OKLAHOMA  
PUBLIC WORKS AUTHORITY - CLASSIFICATION OF EXPENDITURES  
JUNE 30, 2011**

	<b>EXPENDITURES</b>
Personal Services:	
Salaries:	
Administration	\$ 29,585.82
Public works	86,756.25
Total Salaries	\$ 116,342.07
Payroll taxes	9,283.61
Retirement	12,852.54
Employee medical and life insurance	24,398.48
Legal and professional fees	0.00
Total Personal Services	\$ 162,876.70
Maintenance and Operation:	
Sanitation fees	\$ 108,728.84
Ambulance coverage	39,312.00
Service and contracts	66,092.72
Fuel and oil	5,896.48
Utilities	26,865.96
Office supplies	6,155.55
Insurance	13,416.38
Accounting/Bookkeeping	6,677.75
Property taxes	0.00
Depreciation	14,747.33
Interest	14,600.00
Total Maintenance and Operations	\$ 302,493.01
Capital Outlay:	
Equipment	\$ 36,528.97
Lagoon - Construction in Progress	7,246.00
Total Capital Outlay	\$ 43,774.97
<b>TOTAL PUBLIC WORKS AUTHORITY</b>	<b>\$ 509,144.68</b>

See accompanying notes to the financial statements.

**Report on Internal Control over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with *Governmental  
Auditing Standards***

# Derrel S. White, CPA

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## 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 Honorable Mayor and Members of the City Council  
City of Thomas, OK

We have audited the financial statements of the aggregate discretely presented component units, except Thomas Economic Development Authority (TEDA), each major fund, and the aggregate remaining fund information of City of Thomas, OK, as of and for the year ended June 30, 2011, which collectively comprise the City of Thomas, OK's basic financial statements and have issued our report thereon dated May 29, 2013. As discussed in Note 1C, City of Thomas, OK prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements do not include financial data for the Thomas Economic Development Authority (TEDA), one of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the City's financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Thomas, OK, as of June 30, 2011, the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with the basis of accounting described in Note 1C. In accordance with accounting principles generally accepted in the United States of America, City of Thomas, OK, has issued separate reporting entity financial statements for TEDA which were audited by another accountant. 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 Thomas, OK, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Thomas, OK'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 Thomas, OK's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Thomas, OK's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies

described in the accompanying schedule of findings and responses to be material weaknesses: 2011-1 and 2011-2.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompany schedule of findings and responses to be significant deficiencies: 2011-3 and 2011-4.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Thomas, OK'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2011-2.

We noted certain other matters that we reported to management of City of Thomas, OK in a separate letter dated May 29, 2013.

City of Thomas, OK's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Thomas, OK's response and, accordingly, we express no opinion on it.

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



Derrel S. White, CPA

Woodward, OK

May 29, 2013

**City of Thomas, OK**  
**Schedule of Findings and Responses**  
**Year Ending June 30, 2011**

**Finding 2011-1**

Criteria: Donations received should be used in the manner the donor intended. If more funds are received by donors than will be needed for a specific project, the City should notify the donors before spending the funds for a different purpose.

Condition: We found two instances where funds that were donated for a specific purpose/project were used for a different purpose/project.

Cause: The City does not have effective controls in place to make sure restricted funds are spent in accordance with donor restrictions.

Effect: Donor restricted funds could be spent in a way other than how the donor intended.

Recommendation: The City needs to implement a system to track the inflow and outflow of donor restricted funds, so that they will know at all times how much restricted funds are on hand.

Management's Response: A spreadsheet has been designed to track the inflow/outflow of donor restricted funds, to be monitored on an ongoing basis.

**Finding 2011-2**

Criteria: 62 O.S. § 511 requires that all public funds in excess of the federal insurance limit that are deposited in a financial institution be secured by acceptable collateral.

Condition: The TPWA had deposits in a bank that were not insured by the Federal Deposit Insurance Corporation (FDIC) or secured with proper collateral.

Cause: The City did not have proper control procedures in place to monitor this during the year ending June 30, 2011.

Effect: Public funds are jeopardized in the instance of bank failure.

Recommendation: Management should implement controls to make sure that all bank deposits in excess of FDIC limits are fully collateralized at all times.

Management's Response: Management became aware of this in November 2011 and put controls in place to monitor the bank deposits on a monthly basis.

**Finding 2011-3**

Criteria: Checks should be dated in the general ledger in the period they are issued.

Condition: We found multiple instances where checks cleared the bank before the date they were recorded in the general ledger.

Cause: Checks are post-dated to the date of the Council meeting, but they may get mailed out before that date.

Effect: This creates problems for good accounting cutoff, especially at year end, if a check clears the bank in the month before it is recorded in the general ledger. When this occurs, cash will be overstated in the month that the check clears and expenses will be understated.

Recommendation: Management should date checks in the period they will be delivered.

Management's Response: All checks will be dated the day they are issued, rather than the date of the next Council meeting.

**Finding 2011-4**

Criteria: Checks should be recorded in the general ledger as they are issued, and not as they clear the bank.

Condition: We noted an instance where the bank reconciliation at year end did not include all outstanding checks.

Cause: On a few bank accounts checks are being entered as they clear the bank rather than when the checks are issued.

Effect: The cash balance in this account will not be accurate when there are outstanding checks or deposits.

Recommendation: We recommend that all transactions be recorded in the general ledger as they occur.

Management's Response: Checks will be recorded in QuickBooks as they are written.

**City of Thomas, OK**  
**Schedule of Findings and Responses**  
**Year Ending June 30, 2010 (Prior Year)**

**Finding 2010-1**

Criteria: 62 O.S. § 511 requires that all public funds in excess of the federal insurance limit that are deposited in a financial institution be secured by acceptable collateral.

Condition: The TPWA had deposits in a bank that were not insured by the Federal Deposit Insurance Corporation (FDIC) or secured with proper collateral.

Cause: The City did not have proper control procedures in place to monitor this during the year ending June 30, 2010.

Effect: Public funds are at risk of being lost in the instance of bank failure.

Recommendation: Management should implement controls to make sure that all bank deposits in excess of FDIC limits are fully collateralized at all times.

Management's Response: Management became aware of this in November 2011 and put controls in place to monitor the bank deposits on a monthly basis.