

TOWN OF HASKELL, OKLAHOMA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2012

CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Reconciliation of Statement of Financial Position	5
Statement of Revenue and Expenditures and Changes in Net Assets	6
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Net Assets to the Statement of Activities	7
Notes to Financial Statements	8-10
Additional Information:	
Statement of Activities – Budget and Actual	11
Report on Internal Control and Compliance	12-13

**JIM RUSH**  
CERTIFIED PUBLIC ACCOUNTANT  
9726 East 42<sup>nd</sup> Street, Suite 230  
Tulsa, Oklahoma 74146-3674  
Telephone (918) 664-9190

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council  
Town of Haskell, Oklahoma

We have audited the accompanying financial statements of the governmental activities, of the major fund, and the aggregate remaining fund information of the Town of Haskell, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the basic financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town'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 *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 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.

The financial statements referred to above include only the primary government of the Town of Haskell, Oklahoma, which consists of the general fund, organizations, institutions, agencies, departments, and offices that comprise the Town's legal entity. The financial statements do not include financial data for the Town'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 Town's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Town of Haskell, Oklahoma, as of June 30, 2012, the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Town of Haskell, Oklahoma, has issued separate reporting entity financial statements, for which we have issued our reports dated August 10, 2012.

Honorable Mayor and Town Council  
Town of Haskell, Oklahoma

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, of the general fund, and the aggregate remaining fund information for the primary government of the Town of Haskell, Oklahoma, as of June 30, 2012, and the respective changes in financial position and budget to actual for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 6, 2012, on our consideration of the Town of Haskell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Town of Haskell, Oklahoma, has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Certified Public Accountant  
Tulsa, Oklahoma

August 6, 2012

TOWN OF HASKELL, OKLAHOMA  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2012

ASSETS:

Cash	\$ 427,819
Certificates of Deposit	337,437
Receivables:	
Taxes	55,806
Due from Public Works Fund	--
Fixed Assets:	
Land	91,114
Property and Equipment	1,860,817
Less: Accumulated Depreciation	< 641,231 >
	\$2,131,762

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 40,053
Accrued Vacations	12,064
	52,117

NET ASSETS:

Invested in Fixed Assets	\$1,310,700
Restricted for Capital Improvements – Cemetery	59,439
Unrestricted	709,506
Total Net Assets	\$2,079,645
	\$2,131,762

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2012

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBU- TIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government:				
Administration	\$259,629	\$ 13,468		<\$ 246,161>
Public Safety:				
Police	417,875	97,199		< 320,676>
Fire	82,405	31,329		< 51,076>
Public Service:				
Streets	155,585			< 155,585>
Park	31,144		\$15,000	< 16,144>
Library	15,682			< 15,682>
Cemetery	22,191	37,730		15,539
Total Government Activities	<u>\$984,511</u>	<u>\$179,726</u>	<u>\$15,000</u>	<u>&lt;\$ 789,785&gt;</u>
General Revenues:				
Taxes:				
Sales				\$ 652,477
Franchise				41,194
Other				18,429
Interest				1,305
Miscellaneous				18,329
Stormwater				31,101
Total General Revenues				<u>\$ 762,835</u>
Net Change in Net Assets				<26,950>
Net Assets – Beginning				<u>\$2,106,595</u>
Net Assets – Ending				<u><u>\$2,079,645</u></u>

Notes to financial statements are an integral part of these statements.

TOWN OF HASKELL, OKLAHOMA  
 RECONCILIATION OF STATEMENT OF FINANCIAL POSITION  
 WITH THE STATEMENT OF NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2012

---

Total fund balance	\$ 781,009
--------------------	------------

Amounts reported in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$1,951,931	
Accumulated depreciation	<u>&lt; 641,231 &gt;</u>	1,310,700

Compensated absences are not due and payable in the current period and are not reported in the funds.	<u>&lt; 12,064 &gt;</u>
---	-------------------------

Total net assets	<u><u>\$2,079,645</u></u>
------------------	---------------------------

The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012

---

REVENUE:

Sales/Use Tax	\$652,477
Franchise Tax	41,194
Gasoline Tax	3,794
Motor Vehicle Tax	13,794
Cigarette Tax	9,288
Cemetery Sales	37,730
Alcoholic Beverage Tax	7,199
Grants	15,000
Licenses and Permits	1,942
Fire Service	31,329
Fines and Forfeitures	97,199
Stormwater	31,101
Other	14,209
Interest	1,305
	<hr/>
Total Revenue	957,561
	<hr/>

EXPENDITURES:

General Government	111,218
Police	379,859
Town Clerk and Treasurer	47,195
Grants	15,000
Administration	35,671
Library	15,682
Civil Defense	20,424
Parks and Recreation	40,303
Streets	135,758
Fire	71,929
Cemetery	28,623
Court	19,785
Emergency Management	10,755
	<hr/>
Total Expenditures	\$932,202
	<hr/>

Excess (Deficiency) of Revenue Over Expenditures	\$ 25,359
Net Assets – Beginning	<hr/> \$755,650
Net Assets – Ending	<hr/> \$781,009
	<hr/>

The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2012

Net changes in fund balances – total governmental funds \$25,359

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

Compensated absences are reported as the amount earned in the statement of activities but as paid in the governmental funds. < 2,910>

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net assets and allocated over their estimated useful lives as annual depreciation in the statement of activities.

This is the amount by which capital outlay exceeds depreciation in the period.

Capital outlay	\$25,000	
Depreciation expense	74,399	< 49,399>
Change in net assets		<\$ 26,950>

The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

-1-

---

1. Reporting Entity

In evaluating how to define the Town, 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 set forth by generally accepted accounting principles as applied to government units. The basic, but not 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 section governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other 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 Town is able to exercise oversight responsibilities. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the government's reporting entity.

Excluded from the Reporting Entity:

Haskell Public Works Authority

The Authority was created for the purpose of financing installation of water and service lines and providing utility services to the residents of the Town of Haskell. The Authority has issued notes which do not constitute debt of the Town. Trustees for the Authority are members of the Town Board of Trustees.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which are considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self balancing accounts that comprise its assets, liabilities, net assets, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped in the financial statements in this report.

TOWN OF HASKELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

-2-

---

2. Fund Accounting - Continued

Governmental Funds

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

3. General Fixed Assets – This account group is used to account for land, buildings, improvements and equipment purchased by governmental funds. The historical cost of the Town's infrastructure, i.e., road, bridges, and gutters, streets and sidewalks, drainage systems, are reported in the Accounting Group. Depreciation expense is charged for assets in the Account Group. Buildings are written off over sixty years and other items between five to fifty years. Depreciation expense this year was \$74,399.

4. Basis of Accounting

The funds of the Town are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are generally recognized when the related fund liability is incurred.

5. Annual Budget

The budget for the governmental fund is prepared on the cash basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be paid. The budget and actual financial statements are reported on this basis. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end.

6. Cash

For the purposes of the combined balance sheet, cash includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less. All deposits are F.D.I.C. insured.

TOWN OF HASKELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

-3-

---

7. Claims Payable

Claims payable represent commitments related to performed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds.

8. Pension Plan

Oklahoma Police and Firefighter's Pension and Retirement Systems

Town of Haskell participates in two statewide, cost-sharing multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations as necessary. The Town paid 100% of its share, \$23,042, and has no future liability.

Oklahoma Municipal Retirement Fund

The Town allows employees to participate in Oklahoma Municipal Retirement Fund, a defined contributions plan. The plan is funded by contributions from participants and employees. The Town paid \$21,146 and has no future liability.

9. Estimates

The preparation of financial statements in conformity with the modified accrual basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

TOWN OF HASKELL, OKLAHOMA  
 STATEMENT OF ACTIVITIES – BUDGET TO ACTUAL  
 YEAR ENDED JUNE 30, 2012

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
<b>INCOME:</b>			
Sales and Use Tax	\$1,215,000	\$652,477	<\$562,523>
Franchise Tax	53,000	41,194	< 11,806>
License and Gas Tax	21,000	17,588	< 3,412>
Other Taxes	20,000	18,429	< 1,571>
Fines	41,000	97,199	56,199
Grants	225,000	15,000	< 210,000>
Fire	25,000	31,326	6,326
Cemetery	105,000	37,730	< 67,270>
Interest and Miscellaneous	219,000	46,618	< 172,382>
	<u>\$1,924,000</u>	<u>\$957,561</u>	<u>&lt;\$966,439&gt;</u>
<b>EXPENSES:</b>			
Personnel Services	\$ 470,000	\$436,226	<\$ 33,774>
Maintenance and Operations	836,000	428,942	< 407,058>
Capital Outlay	418,000	67,034	< 350,966>
	<u>\$1,724,000</u>	<u>\$932,202</u>	<u>&lt;\$791,798&gt;</u>

Notes to financial statements are an integral part of these statements.

**JIM RUSH**  
CERTIFIED PUBLIC ACCOUNTANT  
9726 East 42<sup>nd</sup> Street, Suite 230  
Tulsa, Oklahoma 74146-3674  
Telephone (918) 664-9190

**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**

Honorable Mayor and Town Council  
Town of Haskell, Oklahoma

We have audited the financial statements of the governmental activities, of the general fund, and the aggregate remaining fund information of the Town of Haskell, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the Town of Haskell, Oklahoma's basic financial statements and have issued our report thereon dated August 6, 2012. The Town of Haskell has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements. 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 Town of Haskell, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Haskell, Oklahoma's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haskell, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Haskell, Oklahoma's internal control over financial reporting.

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

Honorable Mayor and Town Council  
Town of Haskell, Oklahoma

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of management, Town Trustees, 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.

Certified Public Accountant  
Tulsa, Oklahoma

August 6, 2012