

TOWN OF HASKELL, OKLAHOMA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Haskell, Oklahoma

We have audited the accompanying financial statements 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, 2016, and the related notes to the financial statements, as shown on pages 1 to 13, which collectively comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Adverse Opinion

Management has not presented pension plan information and government-wide financial statements to display the financial position and changes in financial position of its governmental activities, business-type activities, and discretely presented component unit. Accounting principles generally accepted in the United States of America require the presentation of

To the Town Council
Town of Haskell, Oklahoma

government-wide financial statements. The amounts that would be reported in government-wide financial statements of the Town of Haskell, Oklahoma's governmental activities, business-type activities, and discretely presented component unit have not been determined. Additional information is discussed in note eight.

Adverse Opinion

In our opinion, because of the significance of the matters discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Town of Haskell, Oklahoma, as of June 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's budgetary comparison information on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Other Information

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.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the reporting entity of Haskell Public Works Authority, Town of Haskell, Oklahoma, as of and for the year ended June 30, 2016, and our report thereon, dated August 21, 2016, expressed an unmodified opinion on those financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2016, on our consideration of the Town of Haskell, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing on 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* in considering the Town of Haskell, Oklahoma's internal control over financial reporting and compliance.



Certified Public Accountant
Tulsa, Oklahoma

August 25, 2016

TOWN OF HASKELL, OKLAHOMA
GENERAL FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS:

Cash	\$ 492,638
Certificates of Deposit	347,089
Receivables:	
Taxes	47,567
Due from Public Works Fund	--
Fixed Assets:	
Land	91,114
Property and Equipment	1,974,129
	2,065,243
Less: Accumulated Depreciation	< 889,611 >
	1,175,632
	\$2,062,926

LIABILITIES AND NET ASSETS:

Claims Payable	\$ 26,121
Accrued Vacations	6,878
	32,999

NET ASSETS:

Invested in Fixed Assets	\$1,175,632
Restricted for Capital Improvements – Cemetery	49,617
Unrestricted	804,678
Total Net Assets	\$2,029,927
	\$2,062,926

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

TOWN OF HASKELL, OKLAHOMA
GENERAL FUND
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government:				
Administration	\$ 457,770	\$ 7,752	\$ 79,678	<\$ 370,340>
Public Safety:				
Police	448,601	93,257	30,033	< 325,311>
Fire	24,785	25,917	59,608	60,740
Public Service:				
Streets	108,761	17,805		< 90,956>
Park	75,254			< 75,254>
Library	8,940			< 8,940>
Cemetery	28,242	53,995		25,753
Total Government Activities	<u>\$1,152,353</u>	<u>\$198,726</u>	<u>\$169,319</u>	<u><\$ 784,308></u>
General Revenues:				
Taxes:				
Sales				\$ 661,111
Franchise				42,439
Other				15,961
Interest				2,967
Miscellaneous				45,182
Stormwater				29,479
Total General Revenues				<u>\$ 797,139</u>
Net Change in Net Assets				12,831
Net Assets – Beginning				<u>\$2,017,096</u>
Net Assets – Ending				<u>\$2,029,927</u>

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

TOWN OF HASKELL, OKLAHOMA
 GENERAL FUND
 RECONCILIATION OF STATEMENT OF FINANCIAL POSITION
 WITH THE STATEMENT OF NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2016

Total fund balance	\$ 861,222
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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	\$2,065,243	
Accumulated depreciation	< 889,611 >	1,175,632

Compensated absences are not due and payable in the current period and are not reported in the funds.	< 6,927 >
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Total net assets	\$2,029,927
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The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2016

REVENUE:

Sales/Use Tax	\$ 661,111
Franchise Tax	42,439
Gasoline Tax	3,753
Motor Vehicle Tax	14,052
Cigarette Tax	7,588
Cemetery Sales	53,995
Alcoholic Beverage Tax	8,373
Grants	83,968
Licenses and Permits	7,752
Fire Service	25,917
Fines and Forfeitures	93,257
Stormwater	29,479
Other	45,182
Interest	2,967
Insurance Recovery	85,351

Total Revenue	<u>\$1,165,184</u>
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EXPENDITURES:

General Government	196,008
Police	391,652
Town Clerk and Treasurer	50,407
Grants	115,772
Administration	27,562
Library	8,940
Civil Defense	39,122
Parks and Recreation	69,813
Streets	90,849
Fire	69,283
Cemetery	24,674
Court	24,568
Emergency Management	20,054

Total Expenditures	<u>\$1,128,704</u>
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Excess (Deficiency) of Revenue Over Expenditures	36,480
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Net Assets – Beginning	<u>\$ 824,742</u>
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Net Assets – Ending	<u><u>\$ 861,222</u></u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF HASKELL, OKLAHOMA
GENERAL FUND
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Net changes in fund balances – total governmental funds \$ 36,480

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. < 32,083>

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	76,100	
Depreciation expense	84,534	8,434
Change in net assets		\$12,831

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

TOWN OF HASKELL, OKLAHOMA
GENERAL FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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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
GENERAL FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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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 \$84,534.

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
GENERAL FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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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 Plans

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 its share of \$22,829 into the plan this year.

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 \$7,704 into the plan this year.

The accrued liabilities and other information have not been presented on the plans as required by accounting principles generally accepted in the United States of America.

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.

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

Board of Trustees
Town of Haskell, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Haskell's General Fund as of and for the year ended June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated August 25, 2016. 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 part of, the basic financial statements.

Internal Control Over Financial Reporting

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

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

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

Board of Trustees
Town of Haskell, Oklahoma
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Haskell, Oklahoma's financial statements are free from 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 audits, 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*.

Purpose of this Report

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



Certified Public Accountant
Tulsa, Oklahoma

August 25, 2016

TOWN OF HASKELL, OKLAHOMA
GENERAL FUND
STATEMENT OF ACTIVITIES – BUDGET TO ACTUAL
YEAR ENDED JUNE 30, 2016

	ORIGINAL & FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE <UNFAVORABLE>
INCOME:			
Sales and Use Tax	\$ 980,500	\$ 661,111	<\$319,389>
Franchise Tax	55,000	42,439	< 12,561>
License and Gas Tax	23,000	17,805	< 5,195>
Other Taxes	21,000	23,713	2,713
Fines	90,000	93,257	3,257
Grants	157,000	83,968	< 73,032>
Fire	57,000	25,917	< 31,083>
Cemetery	45,000	53,995	8,995
Interest and Miscellaneous	76,000	162,979	86,979
	<u>\$1,504,500</u>	<u>\$1,165,184</u>	<u><\$339,316></u>
EXPENSES:			
Personnel Services	\$ 623,400	\$ 449,786	\$173,614
Maintenance and Operations	626,300	589,329	36,971
Capital Outlay	254,800	89,589	165,211
	<u>\$1,504,500</u>	<u>\$1,128,704</u>	<u>\$375,796</u>

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