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State Auditor & Inspector

TOWN OF HASKELL, OKLAHOMA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

RECEIPT #
16820

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Member of the American Institute of Certified Public Accountants

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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, 2011, 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, 2011, 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 6, 2011.

Honorable Mayor and Board of Trustees
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, 2011, 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 11, 2011, 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.

Jim Reed

Certified Public Accountant
Tulsa, Oklahoma

August 11, 2011

TOWN OF HASKELL, OKLAHOMA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2011

ASSETS:	
Cash	$ 385,698
Certificates of Deposit	356,250
Receivables:	
Taxes	52,170
Due from Public Works Fund	7,279
Property and Equipment	1,926,931
Less: Accumulated Depreciation	< 566,832>
	$2,161,496
LIABILITIES AND NET ASSETS:	
Claims Payable	$ 45,747
Accrued Vacations	9,154
	54,901
NET ASSETS:	
Invested in Fixed Assets	$1,360,099
Restricted for Capital Improvements – Cemetery	64,723
Unrestricted	681,773
Total Net Assets	$2,106,595
	$2,161,496

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, 2011

FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBU-TIONS	GOVERNMENT ACTIVITIES
Governmental Activities:				
General Government:				
Administration	$259,755	$ 1,193		<$ 258,562>
Public Safety:				
Police	474,954	61,753		< 413,201>
Fire	100,937	32,864		< 68,073>
Public Service:				
Streets	90,885		36,063	< 54,822>
Park	32,352			< 32,352>
Library	16,296			< 16,296>
Cemetery	30,455	55,565		25,110
Total Government Activities	$1,005,634	$151,375	$36,063	<$ 818,196>

General Revenues:	
Taxes:	
Sales	$ 667,021
Franchise	40,293
Other	38,191
Interest	2,193
Miscellaneous	7,608
Stormwater	31,784
Total General Revenues	$ 787,090
Net Change in Net Assets	< 31,106>
Net Assets – Beginning	$2,137,701
Net Assets – Ending	$2,106,595

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, 2011

Total fund balance		$ 755,650
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	$1,926,931	
Accumulated depreciation	< 566,832>	1,360,099
Compensated absences are not due and payable in the current period and are not reported in the funds.		< 9,154>
Total net assets		$2,106,595

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, 2011

REVENUE:	
Sales/Use Tax	$ 667,021
Franchise Tax	40,293
Gasoline Tax	3,645
Motor Vehicle Tax	16,057
Cigarette Tax	9,364
Cemetery Sales	55,565
Alcoholic Beverage Tax	9,125
Grants	36,063
Licenses and Permits	1,193
Fire Service	32,864
Fines and Forfeitures	61,753
Stormwater	31,784
Other	7,608
Interest	2,193
Total Revenue	974,528
EXPENDITURES:	
General Government	112,899
Police	471,963
Town Clerk and Treasurer	41,427
Grants	36,174
Administration	103,586
Library	14,826
Civil Defense	21,170
Parks and Recreation	42,411
Streets	167,676
Fire	34,739
Cemetery	28,271
Court	16,899
Stormwater	14,513
Total Expenditures	$1,106,554
Excess (Deficiency) of Revenue Over Expenditures	<$ 132,026>
Net Assets – Beginning	$ 887,676
Net Assets – Ending	$ 755,650

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, 2011

Net changes in fund balances – total governmental funds		<$132,026>
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.		< 9,154>
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	$257,745	
Depreciation expense	147,671	110,074
Change in net assets		<$ 31,106>

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

TOWN OF HASKELL, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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.

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 $147,671.

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 comparisons of the Town's legally adopted budget with actual data on the budgetary basis is presented on page 11 titled Statements of Activities, Budget to Actual for the General Fund. Unencumbered appropriations lapse at year end.

The budget and modified accrual are the same.

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.

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, $21,058, 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 $5,305 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.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE 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 information of the Town of Haskell, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town of Haskell, Oklahoma's basic financial statements and have issued our report thereon dated August 11, 2011. 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

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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Haskell, Oklahoma's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Haskell, Oklahoma's financial statements that is more than inconsequential will not be prevented or detected by the Town of Haskell, Oklahoma's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Haskell, Oklahoma's internal control.

Honorable Mayor and Board of Trustees
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 would not necessarily identify all deficiencies in internal control that might be 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

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, the 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 11, 2011