

TOWN OF SOUTH COFFEYVILLE GOVERNMENTAL UNIT

South Coffeyville, Oklahoma

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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TOWN OF SOUTH COFFEYVILLE GOVERNMENTAL UNIT  
SOUTH COFFEYVILLE, OKLAHOMA  
JUNE 30, 2011

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TOWN OF SOUTH COFFEYVILLE GOVERNMENTAL UNIT  
SOUTH COFFEYVILLE, OKLAHOMA  
JUNE 30, 2011

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**Independent Auditor's Report**

The Honorable Mayor and  
Members of the Town Council  
Town of South Coffeyville, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of South Coffeyville, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town of South Coffeyville's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of South Coffeyville, Oklahoma's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of South Coffeyville, Oklahoma, as of June 30, 2011, and the respective changes in financial position and cash flow, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 13, 2012 on my consideration of the Town of South Coffeyville's internal control over financial reporting and on my 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 my 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 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 my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and pages 31 through 34 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. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Judith K Ballard CPA*

Judith K. Ballard, CPA  
Stroud, Oklahoma  
February 13, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Within this section of the Town of South Coffeyville annual financial report, the Town's management provides narrative discussion and analysis of the financial activities of the Town for the fiscal year ended June 30, 2011. The Town's financial performance is discussed and analyzed within the content of the accompanying financial statements and disclosure following this section. The discussion focuses on the Town's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Financial Highlights

- The Town's assets exceeded its liabilities by \$1,574,265 (net assets) for the fiscal year reported.
- The net assets are comprised of the following:
  - Capital assets, net of related debt, of \$646,862 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
  - Net assets of \$77,654 are restricted by constraints imposed from outside the Town for debt service.
  - Unrestricted net assets of \$849,749 represent the portion available to maintain the Town's continuing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$243,759.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$143,269 and \$2,542 was reserved for prepaid costs.

Overview of Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Assets*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating.

The second government-wide statement is the *Statement of Activities* which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, highways & streets. Business-type activities include electric & water service.

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The Town's financial reporting entity includes the funds of the Town and the South Coffeyville P.W.A. The South Coffeyville P.W.A. operates like Town Departments, and is governed by a board of trustees wholly comprised of the Town's Mayor and Council. The South Coffeyville P.W.A. is blended into the primary government for financial reporting purposes.

#### Fund Financial Statements

A Fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Town has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resource for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund and special revenue funds. Budgetary comparison schedules can be found in a later section of this report. These statements and schedules demonstrate compliance with the Town's adopted budget except in certain areas where expenditures exceeded budget in certain line items.

*Proprietary Funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for major enterprise funds.

#### Financial Analysis of the Town as a Whole

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Town as a whole.

The Town's net assets at fiscal year-end are \$1,574,265. The following table provides the summary at June 30, 2011.

Changes in Net Assets  
June 30, 2011

	Governmental Activities		Business - Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	137,513	207,778	1,125,417	985,578	1,262,930	1,193,356
Operating grants/contributions	9,996	4,012	-	-	9,996	4,012
Capital grants/contributions	30,098	24,100	160,681	-	190,779	24,100
General revenues:						
Sales and Use Tax	80,242	75,577	-	-	80,242	75,577
Gas Tax	1,434	1,743	-	-	1,434	1,743
Tobacco Tax	1,115	1,137	-	-	1,115	1,137
Interest Income	725	965	3,604	2,318	4,329	3,283
Alcoholic beverage tax	8,643	9,024	-	-	8,643	9,024
Motor vehicle tax	5,605	6,064	-	-	5,605	6,064
Miscellaneous	7,761	6,361	-	-	7,761	6,361
Total revenue	283,132	336,761	1,289,702	987,896	1,572,834	1,324,657
<b>Expenses:</b>						
General government	71,359	65,463	-	-	71,359	65,463
Public safety	289,268	298,313	-	-	289,268	298,313
Streets	25,293	22,448	-	-	25,293	22,448
Parks and Recreation	47	-	-	-	47	-
Utility Services	-	-	960,593	860,582	960,593	860,582
Interest on long-term debt	-	-	28,759	32,298	28,759	32,298
Total expenses	385,967	386,224	989,352	892,880	1,375,319	1,279,104
Change before transfers & Prior Period Adjustment	(102,835)	(49,463)	300,350	95,016	197,515	45,553
Prior Period Adjustment	-	-	-	-	-	-
Transfers In/(Out)	175,500	0	-175,500	-	-	-
Gain on Disposition of Assets	-	-	-	1,633	0	1,633
Expenses Paid (for) by other Funds	-	-	-	-	-	-
Increase/ (Decrease) in net assets	72,665	(49,463)	124,850	96,649	197,515	47,186
Net assets, beginning	688,576	738,039	688,174	591,525	1,376,750	1,329,564
Net assets, ending	761,241	688,576	813,024	688,174	1,574,265	1,376,750

Summary of Net Assets  
 6/30/2011

	Governmental Activities	Business-Type Activities	Totals
Current and Other Assets	254,579	831,675	1,086,254
Capital Assets	520,979	720,883	1,241,862
Total Assets	775,558	1,552,558	2,328,116
Current Liabilities	14,317	144,534	158,851
Long-term Liabilities	-	595,000	595,000
Other Liabilities	-	-	-
Total Liabilities	14,317	739,534	753,851
Net Assets:			
Invested in capital assets, net of related debt & accum. deprec.	520,979	125,883	646,862
Restricted	-	77,654	77,654
Unrestricted	240,262	609,487	849,749
Total Net Assets	761,241	813,024	1,574,265

The Town reported positive balances in net assets for both governmental and business-type activities:

Comparison of Fund Financial Statements

Revenues:	General and Special Revenue Funds	
	2011	2010
Donations	15,696	18,012
Sales & Use Tax	80,242	75,577
Gasoline Tax	1,434	1,743
Motor Vehicle Tax	5,605	6,064
Police Fines/Court Costs	121,705	198,307
Alcoholic Beverage Tax	8,643	9,024
Tobacco Tax	1,115	1,137
Licenses & Permits	95	130
Interest	725	965
Miscellaneous	7,761	6,361
Fire Contracts/Runs	8,702	9,341
Jail Fees	7,011	-
Grant Revenues	24,398	10,100
<b>Total Revenues</b>	<b>283,132</b>	<b>336,761</b>
<b>Expenses:</b>		-
Capital Outlay	122,096	33,742
General Government	51,699	63,119
Highways & Streets	65,433	12,457
Public Safety	219,558	225,405
<b>Total Expense</b>	<b>458,786</b>	<b>334,723</b>
Excess (deficiency) of revenue Over (under) expenditures	(175,654)	2,038
<b>Other Financing Sources (Uses):</b>		
Proceeds From Sale of Equipment	-	-
Transfers In/(Out)	175,500	-
<b>Total Other Financing Sources</b>	<b>175,500</b>	<b>-</b>
Changes in net assets	(154)	2,038
<b>Fund Balances- beginning</b>	<b>243,913</b>	<b>241,875</b>
<b>Fund Balances - ending</b>	<b>243,759</b>	<b>243,913</b>

Comparison of Fund Financial Statements (Continued)

	Proprietary Funds	
	2011	2010
<b>Operating Revenues:</b>		
Sewer Service	151,994	128,842
Electric, Water, Trash	954,392	840,651
Miscellaneous	19,031	16,085
<b>Total Operating Revenues</b>	<b>1,125,417</b>	<b>985,578</b>
<b>Operating Expenses:</b>		
Purchase of Electric	342,090	305,864
Purchase of Water	93,984	76,485
Trash Contract	61,935	58,267
Dues and Publications	-	-
Salaries and Related Benefits	227,819	220,578
Depreciation	40,542	41,469
Insurance	33,624	31,066
Operating & Maintenance	121,281	102,245
Miscellaneous	35,969	21,259
<b>Total Operating Expenses</b>	<b>957,244</b>	<b>857,233</b>
<b>Operating Income (Loss)</b>	<b>168,173</b>	<b>128,345</b>
<b>Non-Operating Revenues (Expenses)</b>		
FEMA Reimbursements	160,681	-
Amortization Expense	(3,349)	(3,349)
Interest expense	(28,759)	(32,298)
Interest Income	3,604	2,318
Gain on Disposition of Assets	-	1,633
<b>Total - Non-Operating Revenues Income (loss) before transfers &amp; contributions</b>	<b>132,177</b>	<b>(31,696)</b>
Transfers out	(175,500)	-
Capital Contributions	-	-
<b>Total Transfers and Contributions</b>	<b>(175,500)</b>	<b>-</b>
<b>Changes in net assets</b>	<b>124,850</b>	<b>96,649</b>
Net assets - beginning	688,174	591,525
<b>Net assets - ending</b>	<b>813,024</b>	<b>688,174</b>

#### Financial Analysis of the Town's Funds

##### *Governmental Funds*

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. Governmental funds reported ending fund balances of \$243,759.

##### *Proprietary Funds*

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

#### General Fund Budgetary Highlights

The general fund budget for fiscal year 2011 was approximately \$411,799. There was no variation in the original budget. Actual expenditures, on the budgetary basis, were \$307,865.

#### Capital Asset

The Town's capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2011, were \$520,979 and \$720,883 respectively.

**TOWN OF SOUTH COFFEYVILLE**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 237,096	\$ 417,280	\$ 654,376
Accounts Receivable (net)	16,236	204,349	220,585
Accrued Interest Receivable	944	252	1,196
Unamortized Debt Issuance Costs	-	56,381	56,381
Due (To)/From Other Funds	(2,358)	2,358	-
Prepaid Insurance	2,661	4,951	7,612
Restricted Assets:	-	-	-
Cash and Cash Equivalents	-	146,104	146,104
Capital Assets:	-	-	-
Non-depreciable	-	11,500	11,500
Depreciable (Net)	520,979	709,383	1,230,362
<b>Total Assets</b>	<u>775,558</u>	<u>1,552,558</u>	<u>2,328,116</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 6,941	\$ 57,851	\$ 64,792
Accrued Liabilities	3,879	5,868	9,747
Accrued Interest Payable	-	7,625	7,625
Customer Deposits	-	68,450	68,450
Compensated Absences Payable	3,497	4,740	8,237
Non-Current Liabilities			
Due Within One Year:			
Bonds Payable	-	20,000	20,000
Due in More than One Year:			
Bonds Payable	-	575,000	575,000
<b>Total Liabilities</b>	<u>14,317</u>	<u>739,534</u>	<u>753,851</u>
<b>NET ASSETS</b>			
Invested in Capital Assets (net of related debt & accum. deprec.)	\$ 520,979	\$ 125,883	\$ 646,862
Restricted for:	-	-	-
Debt Service	-	77,654	77,654
Unrestricted (Deficit)	240,262	609,487	849,749
<b>Total Net Assets</b>	<u>761,241</u>	<u>813,024</u>	<u>1,574,265</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
 AS OF JUNE 30, 2011

Fund balances - total governmental funds \$243,759

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

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

Governmental capital assets	\$1,108,865	
Less accumulated depreciation	<u>587,886</u>	520,979

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued compensated absences	<u>(3,497)</u>
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Net assets of governmental activities	<u><u>\$761,241</u></u>
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The notes to the financial statements are an integral part of this statement.

**TOWN OF SOUTH COFFEYVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011**

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 71,359	\$ 95	\$ 5,767	\$ 1,700	\$ (63,797)	\$ -	\$ (63,797)
Public Safety	289,268	137,418	4,229	28,398	(119,223)	-	(119,223)
Highways and Streets	25,293	-	-	-	(25,293)	-	(25,293)
Parks and Recreation	47	-	-	-	(47)	-	(47)
<b>Total Governmental Activities</b>	<u>385,967</u>	<u>137,513</u>	<u>9,996</u>	<u>30,098</u>	<u>(208,360)</u>	<u>-</u>	<u>(208,360)</u>
Business-type Activities:							
Sewer System - PWA	\$ 109,943	\$ 151,994	\$ -	\$ -	\$ -	\$ 42,051	\$ 42,051
Utilities	850,650	973,423	-	160,681	-	283,454	283,454
Interest Expense	28,759	-	-	-	-	(28,759)	(28,759)
<b>Total Business-type Activities</b>	<u>989,352</u>	<u>1,125,417</u>	<u>-</u>	<u>160,681</u>	<u>-</u>	<u>296,746</u>	<u>296,746</u>
<b>Total primary government</b>	<u>\$ 1,375,319</u>	<u>\$ 1,262,930</u>	<u>\$ 9,996</u>	<u>\$ 190,779</u>	<u>\$ (208,360)</u>	<u>\$ 296,746</u>	<u>\$ 88,386</u>
<b>General Revenues:</b>							
Taxes:							
Sales and Use Tax					\$ 80,242	\$ -	\$ 80,242
Gas Tax					1,434	-	1,434
Motor Vehicle Tax					5,605	-	5,605
Alcoholic Beverage Tax					8,643	-	8,643
Tobacco Tax					1,115	-	1,115
Investment Earnings					725	3,604	4,329
Miscellaneous					7,761	-	7,761
Transfers					175,500	(175,500)	-
<b>Total General Revenue and Transfers</b>					<u>\$ 281,025</u>	<u>\$ (171,896)</u>	<u>\$ 109,129</u>
Change in Net Assets					\$ 72,665	\$ 124,850	\$ 197,515
Net Assets - Beginning					\$ 688,576	\$ 688,174	\$ 1,376,750
Net Assets - Ending					<u>\$ 761,241</u>	<u>\$ 813,024</u>	<u>\$ 1,574,265</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

Net change in Fund Balances - Total Governmental Funds		(\$154)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p style="padding-left: 40px;">Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.</p>		
Expenditures for capital assets	\$152,428	
Less current year depreciation	(78,337)	
	74,091	
<p style="padding-left: 40px;">Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. This includes the net increase in compensated absences of \$1,272</p>		
		(1,272)
Change in net assets of governmental activities		\$72,665

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>GENERAL</u>	<u>STREET &amp; ALLEY</u>	<u>FIREMAN'S SPECIAL</u>	<u>STATE &amp; LOCAL ASSISTANCE</u>	<u>TOTAL GOVERNMENT FUNDS</u>
<b>ASSETS</b>					
Cash	\$ 139,318	\$ 91,424	\$ 3,989	\$ 2,365	\$ 237,096
Accrued Interest Receivable	-	944	-	-	944
Accounts Receivable - Motor Vehicle Tax	-	-	-	-	-
Accounts Receivable - Sales & Use Tax	14,344	-	-	-	14,344
Accounts Receivable - Alcoholic Beverage Tax	1,354	-	-	-	1,354
Accounts Receivable- Tobacco Tax	258	-	-	-	258
Accounts Receivable- Gas Tax	-	280	-	-	280
Prepaid Insurance	2,542	119	-	-	2,661
<b>Total Assets</b>	<u>\$ 157,816</u>	<u>\$ 92,767</u>	<u>\$ 3,989</u>	<u>\$ 2,365</u>	<u>\$ 256,937</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 5,768	\$ 89	\$ 1,084	\$ -	\$ 6,941
Payroll Withholdings & Accruals	3,879	-	-	-	3,879
Due to Other Funds	2,358	-	-	-	2,358
<b>Total Liabilities</b>	<u>\$ 12,005</u>	<u>\$ 89</u>	<u>\$ 1,084</u>	<u>\$ -</u>	<u>\$ 13,178</u>
 <b>Fund Balances:</b>					
Reserved for Prepays	\$ 2,542	\$ 119	\$ -	\$ -	\$ 2,661
Unreserved	143,269	92,559	2,905	2,365	241,098
<b>Total Fund Balances</b>	<u>\$ 145,811</u>	<u>\$ 92,678</u>	<u>\$ 2,905</u>	<u>\$ 2,365</u>	<u>\$ 243,759</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 157,816</u>	<u>\$ 92,767</u>	<u>\$ 3,989</u>	<u>\$ 2,365</u>	<u>\$ 256,937</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2011

REVENUES	GENERAL	STREET & ALLEY	FIREMAN'S SPECIAL	STATE & LOCAL ASSISTANCE	TOTAL GOVERNMENTAL FUNDS
Donations	\$ 7,467	\$ -	\$ 8,229	\$ -	\$ 15,696
Sales & Use Tax	80,242	-	-	-	80,242
Alcoholic Beverage Tax	8,643	-	-	-	8,643
Motor Vehicle Tax	-	5,605	-	-	5,605
Tobacco Tax	1,115	-	-	-	1,115
Gasoline Tax	-	1,434	-	-	1,434
Fire Contracts & Runs	-	-	8,702	-	8,702
Police Fines	107,233	-	-	-	107,233
Court Costs	14,472	-	-	-	14,472
Licenses and Permits	95	-	-	-	95
Interest	549	64	112	-	725
Miscellaneous	7,761	-	-	-	7,761
Grant Revenue	-	-	4,398	20,000	24,398
Jail Fees	7,011	-	-	-	7,011
<b>TOTAL REVENUE</b>	<b>\$ 234,588</b>	<b>\$ 7,103</b>	<b>\$ 21,441</b>	<b>\$ 20,000</b>	<b>\$ 283,132</b>
<b>EXPENDITURES</b>					
Capital Outlay	\$ 56,361	\$ -	\$ 36,100	\$ 29,635	122,096
General Government	51,699	-	-	-	51,699
Highways & Streets	-	65,433	-	-	65,433
Public Safety	203,543	-	16,015	-	219,558
<b>TOTAL EXPENDITURES</b>	<b>\$ 311,603</b>	<b>\$ 65,433</b>	<b>\$ 52,115</b>	<b>\$ 29,635</b>	<b>\$ 458,786</b>
Excess (deficiency) of Revenues Over (under) Expenditures	\$ (77,015)	\$ (58,330)	\$ (30,674)	\$ (9,635)	\$ (175,654)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	\$ 70,000	\$ 105,500	\$ -	\$ -	\$ 175,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 70,000</b>	<b>\$ 105,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 175,500</b>
Net Change in Fund Balances	\$ (7,015)	\$ 47,170	\$ (30,674)	\$ (9,635)	\$ (154)
Fund Balances June 30, 2010	\$ 152,826	\$ 45,508	\$ 33,579	\$ 12,000	\$ 243,913
Fund Balances June 30, 2011	<u>\$ 145,811</u>	<u>\$ 92,678</u>	<u>\$ 2,905</u>	<u>\$ 2,365</u>	<u>\$ 243,759</u>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SOUTH COFFEYVILLE**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**

	UTILITY FUND	SOUTH COFFEYVILLE P.W.A	TOTAL
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 161,507	\$ 255,773	\$ 417,280
Accrued Interest Receivable	252	-	252
Accounts Receivable- Utilities (net)	176,343	28,006	204,349
Prepaid Insurance	2,004	2,947	4,951
Due from Other Funds	2,358	-	2,358
<b>Total Current Assets</b>	<b>\$ 342,464</b>	<b>\$ 286,726</b>	<b>\$ 629,190</b>
Non-current Assets:			
Unamortized Debt Issuance Costs	-	56,381	56,381
Restricted:			
Customer Deposits	68,450	-	68,450
Sewer Debt Reserve Cash	-	77,654	77,654
<b>Total Non Current Assets</b>	<b>68,450</b>	<b>134,035</b>	<b>202,485</b>
Capital Assets:			
Land	\$ 2,500	\$ 9,000	\$ 11,500
Building	48,922	-	48,922
Sewer Plant	-	571,875	571,875
Vehicles	138,293	-	138,293
Equipment	164,422	43,137	207,559
Infrastructure	17,734	-	17,734
Less: Accumulated Depreciation	(226,891)	(48,109)	(275,000)
<b>Total Net Capital Assets</b>	<b>\$ 144,980</b>	<b>\$ 575,903</b>	<b>\$ 720,883</b>
<b>Total Assets</b>	<b>\$ 555,894</b>	<b>\$ 996,664</b>	<b>\$ 1,552,558</b>

**LIABILITIES**

**Current Liabilities:**

Accounts Payable	\$ 57,096	\$ 755	\$ 57,851
Payroll Liabilities	565	66	631
Sales Tax Payable	5,237	-	5,237
Customer Deposits	68,450	-	68,450
Accrued Interest Payable	-	7,625	7,625
Current Portion of Long-Term Debt	-	20,000	20,000
Compensated Absences Payable	2,875	1,865	4,740
<b>Total Current Liabilities</b>	<b>\$ 134,223</b>	<b>\$ 30,311</b>	<b>\$ 164,534</b>

**Non-Current Liabilities**

Notes Payable - Due After One Year	\$ -	\$ 575,000	\$ 575,000
<b>Total Long-Term Liabilities</b>	<b>\$ -</b>	<b>\$ 575,000</b>	<b>\$ 575,000</b>
<b>Total Liabilities</b>	<b>\$ 134,223</b>	<b>\$ 605,311</b>	<b>\$ 739,534</b>

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	\$ 144,980	\$ (19,097)	\$ 125,883
Restricted:			
Debt Service	-	77,654	77,654
Unrestricted	276,691	332,796	609,487
<b>Total Net Assets</b>	<b>\$ 421,671</b>	<b>\$ 391,353</b>	<b>\$ 813,024</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SOUTH COFFEYVILLE**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	UTILITY FUND	SOUTH COFFEYVILLE P.W.A	TOTAL
<b>OPERATING REVENUES</b>			
Sewer Service	\$ -	\$ 151,994	\$ 151,994
Electric, Water & Trash Service (Net)	954,392	-	954,392
Miscellaneous Including Penalties	19,031	-	19,031
<b>Total Operating Revenues</b>	<b>\$ 973,423</b>	<b>\$ 151,994</b>	<b>\$ 1,125,417</b>
<b>OPERATING EXPENSES</b>			
Purchase of Electric	\$ 342,090	\$ -	\$ 342,090
Purchase of Water	93,984	-	93,984
Trash & Landfill Contract	61,935	-	61,935
Salaries and Related Benefits	179,464	48,355	227,819
Depreciation	23,701	16,841	40,542
Insurance	7,175	26,449	33,624
Operating & Maintenance	112,489	8,792	121,281
Miscellaneous Expense	29,812	6,157	35,969
<b>Total Operating Expenses</b>	<b>\$ 850,650</b>	<b>\$ 106,594</b>	<b>\$ 957,244</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 122,773</b>	<b>\$ 45,400</b>	<b>\$ 168,173</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
FEMA Reimbursements	\$ -	\$ 160,681	\$ 160,681
Amortization	-	(3,349)	(3,349)
Interest Expense	-	(28,759)	(28,759)
Interest Income	2,308	1,296	3,604
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ 2,308</b>	<b>\$ 129,869</b>	<b>\$ 132,177</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>\$ 125,081</b>	<b>\$ 175,269</b>	<b>\$ 300,350</b>
<b>Transfers and Contributions</b>			
Transfers	\$ (175,500)	\$ -	\$ (175,500)
<b>Total Transfers and Contributions</b>	<b>\$ (175,500)</b>	<b>\$ -</b>	<b>\$ (175,500)</b>
<b>Change in Net Assets</b>	<b>\$ (50,419)</b>	<b>\$ 175,269</b>	<b>\$ 124,850</b>
<b>Net Assets - Beginning</b>	<b>\$ 472,090</b>	<b>\$ 216,084</b>	<b>\$ 688,174</b>
<b>Net Assets - Ending</b>	<b>\$ 421,671</b>	<b>\$ 391,353</b>	<b>\$ 813,024</b>

The notes to the financial statements are an integral part of this statement.

**TOWN OF SOUTH COFFEYVILLE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	UTILITY FUND	PWA SEWER FUND	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 953,417	\$ 144,929	\$ 1,098,346
Cash Payments to Suppliers for Goods & Services	(655,480)	(46,669)	(702,149)
Cash Payments to Employees for Services	(179,189)	(48,655)	(227,844)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ 118,748</b>	<b>\$ 49,605</b>	<b>\$ 168,353</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers In (Out) to Other Funds	\$ (175,500)	\$ -	\$ (175,500)
Expenses paid (for)/by Other Funds	-	-	-
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>\$ (175,500)</b>	<b>\$ -</b>	<b>\$ (175,500)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Capital Assets	\$ (52,018)	\$ -	\$ (52,018)
Principal Paid on Notes	-	(20,000)	(20,000)
Sale of Fixed Assets	-	-	-
Proceeds from FEMA reimbursements	-	160,682	160,682
Interest Paid	-	(29,009)	(29,009)
<b>Net Cash Provided by (used for) Capital &amp; Related Financing Act.</b>	<b>\$ (52,018)</b>	<b>\$ 111,673</b>	<b>\$ 59,655</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on Investments	\$ 2,407	\$ 1,296	\$ 3,703
<b>Net Cash Provided by (used for) Investing Activities</b>	<b>\$ 2,407</b>	<b>\$ 1,296</b>	<b>\$ 3,703</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (106,363)</b>	<b>\$ 162,574</b>	<b>\$ 56,211</b>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	336,320	170,853	507,173
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 229,957</b>	<b>\$ 333,427</b>	<b>\$ 563,384</b>
<b>Classified as:</b>			
Current Assets	\$ 161,507	\$ 255,773	\$ 417,280
Restricted Assets	68,450	77,654	146,104
<b>Totals</b>	<b>\$ 229,957</b>	<b>\$ 333,427</b>	<b>\$ 563,384</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011

RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES

	UTILITY FUND	PWA SEWER FUND	TOTAL
<b>Operating Income (Loss)</b>	\$ 122,773	\$ 45,400	\$ 168,173
<b>Adjustments Not Affecting Cash</b>			
Depreciation	\$ 23,701	\$ 16,841	\$ 40,542
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable- (Net)	\$ (19,224)	\$ (7,218)	\$ (26,442)
(Increase) Decrease in Prepaid Expenses	(1,374)	(578)	(1,952)
Increase (Decrease) in Accounts Payable	(7,627)	(4,540)	(12,167)
Increase (Decrease) in Payroll and Related Taxes Payable	275	(93)	182
Increase (Decrease) in Other Accrued Liabilities	224	(207)	17
	<u>224</u>	<u>(207)</u>	<u>17</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ 118,748</u>	<u>\$ 49,605</u>	<u>\$ 168,353</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

Note 1: Summary of Significant Accounting Policies:

The financial statements of the Town of South Coffeyville (The Town) and the South Coffeyville Public Works Authority (PWA) are prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. Proprietary funds and similar component units apply Financial Accounting Principles Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB, in which case, GASB prevails. The more significant of the government's accounting policies are described below.

A. Principles Determining the Scope of Reporting Entity

For financial reporting purposes, the Town included all component units that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligation of the Town to finance any deficit which may occur, or receipt of significant subsidies from the Town.

Based on the foregoing criteria, the Town of South Coffeyville Public Works Authority is blended into the Town's financial statements.

Due to restrictions of the State Constitution relating to the issuance of municipal debt, the Town created a public trust to finance Town services with revenue bonds or other non-general obligation financing. Financing services provided by the public trust are solely for the benefit of the Town. The public trust created to provide financing services is blended into the Town's primary government although retaining separate legal identity.

The Town of South Coffeyville Public Works Authority is a public trust created under authority of and pursuant to the provisions of Sections 176-180, inclusive, of Title 60, Oklahoma Statutes 1981, and the Oklahoma Trust Act, which declaration of trust is recorded in the office of the County Clerk, Nowata County, Oklahoma.

In order to facilitate the enlargement and improvement to the sanitary sewer system owned by the Town of South Coffeyville Public Works Authority, the Town leased the sewer and water distribution systems to the Authority on August 1, 1990. On September 1, 1990, the Town of South Coffeyville Public Works Authority executed an operation and maintenance agreement whereby the Town must administer, operate, and maintain and repair all facilities on a day-to-day basis on behalf of the Authority.

B. Basic Financial Statements-GASB Statement No. 34

GASB Statement No. 34 dictates how the basic financial statements are prepared and presented. Within GASB No. 34, the basic financial statements include both government-wide (based on the Town as a whole) and fund financial statements. In this reporting model the focus is on either the Town as a whole or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize activities as either governmental activities or business-type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt obligations.

GASB No. 34 also requires infrastructure assets to be included in the government-wide financial statements. These assets include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Infrastructure assets acquired since 1980 were to be capitalized and

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

reported under GASB 34. An exception exists for governments with less than \$10 million in annual revenues which includes the Town of South Coffeyville. The exception states that these governments are only required to report their infrastructure assets acquired prospectively, i.e., no retroactive reporting is required. The Town and PWA have not retroactively reported infrastructure.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, general government, etc.) which are otherwise being supported by general governmental revenues (sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. The program revenues must be directly associated with the function or a business-type activity. Program revenues include revenues from fines and forfeitures, licenses and permits fees, and charges for services. The operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function or business-type activity) are normally covered by general revenue (sales or gas taxes, intergovernmental revenues, interest income, etc.).

This government-wide focus is more on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column. For the Town, all government-type and business-type funds have been listed whether major or not.

Totals on the proprietary fund statements should directly reconcile to the business-type activity column presented in the government-wide statements.

The governmental funds major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting.

This presentation is deemed most appropriate to (a) demonstrate legal and covenant compliance, (b) demonstrate the source and use of liquid resources, and (c) demonstrate how the Town's actual experience conforms to the budget or fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following each statement which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation.

C. Basis of Presentation

The financial transactions of the Town are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are grouped by type in the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing activity. The principal operating revenues for the Utility Fund and the South Coffeyville Public Works Authority are charges to customers for sales and services. Operating expenses include cost of sales and service, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

1. Governmental Fund Types:

General Fund: The general fund is the general operating fund of the Town, which accounts for all financial transactions not properly accounted for in other funds.

Special Revenue Funds: There are two (2) classifications (the Firemen's Special Revenue and the Street and Alley Fund). They account for operating funds for which revenues were derived from specific taxes, grants or other earmarked revenue sources.

2. Proprietary Funds:

Enterprise Funds: Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

There are two separate accounting entities: the South Coffeyville Public Works Authority and the Utility Fund. The Utility Fund accounts for revenues and expenses from the sale of electric, water and trash services, while the South Coffeyville Public Works Authority accounts for the providing of sewer service.

3. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities are incorporated into the Governmental column in the Government-Wide Statement of Net Assets.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-Wide Financial Statements and the Proprietary Fund Financial Statements are presented on an accrual basis of accounting. The Governmental Funds in the Fund Financial Statements are presented on a modified accrual basis.

**Accrual**—Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual**—all governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The Town defined the length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements to be 60 days.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budgeting and Budgetary Control:

A budget is prepared for the General Fund and all Special Revenue Funds. These budgets are prepared on a cash basis plus due from other funds for revenues and transfers and accrual basis plus encumbrances for expenditures. The appropriations for these funds cannot exceed the estimated revenues, including investment income, and fund balance. It is unlawful for the Town to create or authorize creation of a deficit in any fund. Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year.

F. Investments:

Investments are stated at cost, which approximates market, and are principally in interest bearing checking accounts and certificates of deposit.

G. Inventories

Inventories for all funds are insignificant and purchases of such items are expensed.

H. Fund Equity

The Town reports governmental fund balances on the governmental fund financial statements according to the following classifications:

Nonspendable – This is the portion of the fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted - This is the portion of the fund balance that has constraints placed on the use of resources that are (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This is the portion of the fund balance that has been constrained by formal action of the Town Council to be used only for specific purposes. The committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. It is distinguished from *restricted* fund balance in that amounts in the committed fund balance classification may be redeployed for other purposes with appropriate due process as mentioned. Constraints imposed on the use of *committed* amounts are imposed by the Town Council, separate from the authorization to raise the underlying revenue. Therefore, compliance with constraints imposed by the Town Council that *commit* amounts to specific purposes is not considered to be legally enforceable.

Assigned – This is the portion of the fund balance constrained by the *intent* of the Town Council to be used for specific purposes, but is neither restricted nor committed.

Unassigned – This is the residual classification of fund balance in the *general fund*. It represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When an expenditure is incurred for purposes for which amounts in any of the fund balance classifications of committed, assigned or unassigned could be used, the Town considers the expenditure spent out of the committed fund balance.

**TOWN OF SOUTH COFFEYVILLE, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Note 2: Capital Assets:

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Buildings	5 – 50
Streets	20 – 50
Furniture, Machinery, and Equipment	3 – 30
Vehicles	3 – 7
Improvements Other than Building	2 – 50

Note 3: Pension Plans:

The Town's fire department is an entirely voluntary fire department. The Fireman's Pension Plan covers all of the Town's volunteer firemen. This contributory plan is operated as a part of the Oklahoma Firefighter's Pension and Retirement System. The Town pays the entire contribution, which amounts to \$60 per volunteer fireman per year, for a total of \$1,380 paid during the current fiscal year. Members of the plan become 100% vested in retirement benefits earned to date after ten years of accredited service. Normal retirement is attained upon completing twenty years of service or age 50.

The latest information concerning the system is included in the audit report on examination of financial statements for the year ended June 30, 2011, conducted by other certified public accountants. The audit and annual reports are available from the State of Oklahoma.

The Town employees participate in a SIMPLE IRA plan established under Section 408 (p) of the Internal Revenue Code. As of Fiscal Year ending June 30, 2011, the Town of South Coffeyville's cost for the retirement was \$6,269.

Note 4: Long-term liability activity for the year ended June 30, 2011 is as follows:

	Issue Amount	Matur. Date	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>PRIMARY GOVERNMENT</b>								
<b>Governmental Activities</b>								
Total Governmental Activities				\$ -	\$ -	\$ -	\$ -	\$ -
<b>Business-Type Activities</b>								
South Coffeyville PWA								
Utility Revenue Bonds, Series 2008	650,000	2028	5.00-5.25%	615,000	-	(20,000)	595,000	20,000
Total Business-Type Activities				615,000	-	(20,000)	595,000	20,000
<b>Total Primary Government</b>				\$ 615,000	\$ -	\$ (20,000)	\$ 595,000	\$ 20,000

1. South Coffeyville Public Works Authority- Utility System Revenue Bonds, Series 2008

The South Coffeyville Public Works Authority issued Utility Revenue Bonds Series 2008 in April 2008 in the amount of \$650,000. These bonds are limited and special obligations payable solely out of utility revenues pledged for their payment. The Authority issued the bonds to provide funds

**TOWN OF SOUTH COFFEYVILLE, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

for retiring certain indebtedness, capital improvements of the Authority and the Town, funding a debt reserve fund and paying the costs of issuing the Bonds.

Bonds mature April 1, 2022 and April 1, 2028. Bonds maturing April 1, 2022, are subject to mandatory sinking fund redemption and payment prior to maturity on April 1, 2009, and on each April 1, thereafter through April 1, 2022, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date. Bonds maturing April 1, 2028, are subject to mandatory sinking fund redemption and payment prior to maturity on April 1, 2023 and on each April 1, thereafter through April 1, 2028, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the redemption date.

Semi-annual interest is payable April 1 and October 1 beginning October 1, 2008.

As of June 30, 2011, the Authority had \$77,654 in the debt reserve account.

During the fiscal year, \$3,349 of the unamortized bond issuance costs was amortized.

2. Principal and Interest Payments in Subsequent Years:

June 30, Year	Primary Government			
	Lease Purchase - Government		Notes Payable- Principal	PWA Interest
	Principal	Interest		
2012			20,000	30,500
2013			20,000	29,500
2014			20,000	28,500
2015			25,000	27,500
2016			25,000	26,250
2017-2021			150,000	111,000
2022-2026			190,000	68,687
2027-2031			145,000	12,762
	\$ -	\$ -	\$ 595,000	\$ 334,699

Note 5: Cash and Investments:

The Town reporting entity considers highly liquid investments (including restricted assets) such as Certificates of Deposit to be cash equivalents.

It is the Town's policy for deposits to be secured by collateral and/or be federally insured. The Town's deposits were fully covered by FDIC insurance and securities held by the pledging financial institution's trust department or agent in the entity's name at June 30, 2011.

Note 6: Restricted Cash:

As of June 30, 2011, the utility fund had 68,450 in cash, which represented customer utility deposits. These deposits are used to apply to final utility bills or refunded to customers when service is disconnected.

As of June 30, 2011, The Sewer Fund (PWA) had one cash account restricted as to use. The sewer debt reserve account, required by the bond indenture agreement, had \$ 77,654 at year end.

Note 7: Litigation:

During the Fiscal Year ended June 30, 2011, the Town was engaged in legal proceedings normal to a small town.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2011

Note 8: Workman's Compensation Insurance:

The Town of South Coffeyville participated in the Oklahoma Municipal Assurance Group's Workman's Compensation Insurance Plan.

The Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan) became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 a. m., July 1, in any year and ends at midnight June 30, of the following calendar year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

A municipality may apply and enter into agreement with the Plan to participate in the coverage and services that the Plan offers as outlined above. Upon acceptance in the Plan, a participant has the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, a participant in the Plan is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have a right to the return of any Loss Funds set aside for claims, which have not been paid out as benefits. The following report details the funds being held by the Group for the Town of South Coffeyville. These funds represent both the current and past plan year participation with the Loss Fund balances in respect to their workers' compensation retention. Comp Source Oklahoma provides coverage in excess of these respective retention levels so each participant's liability for claim losses is limited to these retention levels. Failure of Comp Source Oklahoma to honor its obligation could result in losses to the Plan. However, OMAG's evaluation of the financial condition of Comp Source Oklahoma indicated that Comp Source Oklahoma is presently financially sound and will be able to meet its contractual obligations.

Rate Stabilization Reserve (RSR) – Reserves developed under the Premium Modification Guidelines to be applied against future premium increases.

Reserves were held by the Plan for South Coffeyville in the amount of \$ 2,197.

Loss Fund – That portion of premium to pay claims. Shown is the remaining balance for each year after payments to date. If no balance is shown, all funds were used to pay claims or have been refunded to South Coffeyville.

Loss funds held by the Plan for South Coffeyville:

<u>Fiscal Year</u>	<u>Amount</u>
6-08	1,776
6-10	<u>2,046</u>
Total Loss Funds on Deposit	<u><u>3,822</u></u>

The Town has refund amounts placed in escrow within the Plan in the amount of \$1,902.

Interest earned within the Plan was \$110.

Note 9: Grants Received

The PWA received \$160,681 from FEMA during the fiscal year related to the flood damages to the sewer plant sustained in 2008.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2011

The Fireman's Special Fund received \$4,398 from the Department of Agriculture during the fiscal year. The Town also received \$20,000 from the State of Oklahoma, via a State and Local Assistance Grant, to help fund the emergency management needs of the Town.

Note 10: Bad Debt Provision:

The provision for bad debts was established at 6% of the trade Accounts Receivable balance at year-end in the Utility Fund and at 3% for the Public Works Authority. Accounts Receivable in the Enterprise Funds is stated at net. This consists of gross trade Accounts Receivable of \$187,590 less an allowance for uncollectibles of \$11,247 in the Utility Fund and \$28,919 gross accounts receivable less an allowance for uncollectibles of \$913 in the Public Works Authority.

Revenues in the Utility Fund include \$954,392 for electric, water, and trash service. This represents gross revenue of \$962,439 less bad debts of \$8,047. Revenues in the Public Works Authority include gross revenues of \$152,482, less bad debts of \$488, for a net of \$151,994.

Note 11: Internal Balances:

Amounts reported in the fund financial statements as interfund receivables and payables, if any, are eliminated in the entity-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Within the governmental fund financial statements, such amounts are equally offset by a fund balance reserve that indicated they do not constitute available spendable resources.

Note 12: Net Assets:

The government-wide and business-type fund financial statements utilize a net asset presentation. Net assets are categorized as investment in fixed assets (net of related debt), restricted and unrestricted.

**Investment in Capital Assets (net of related debt)** – is intended to reflect the portion of net assets which are associated with non-liquid capital assets less outstanding capital asset related debt. The net related debt is the outstanding capital debt less any unspent debt proceeds (held as liquid assets) and any associated unamortized cost.

**Restricted Net Assets** – represent liquid assets (generated from revenues and not bond proceeds) which have third party (statutory, bond covenant or granting agency) limitations on their use. The Town would typically use restricted net assets first, as appropriate opportunities arise, but reserve the right to selectively defer the use thereof to a future project or replacement equipment acquisition.

**Unrestricted Net Assets** – represent unrestricted liquid assets.

TOWN OF SOUTH COFFEYVILLE, OKLAHOMA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2011

Note 13: Risk Management:

The Town maintains insurance for claims and judgments through employee health, property and liability, workers' compensation, and unemployment insurance programs. These insurance programs are accounted for in the General Fund and the Public Works Authority Fund. The funds account for the risk financing activities of the Town but do not constitute a transfer risk from the Town.

Note 14: Expanded Governmental Fund Balance Classification

The following shows the governmental fund balances by classification. Where the amounts are nonspendable, restricted, committed or assigned, the purposes for which they are so designated are noted below.

	<u>Major Special Revenue Funds</u>				<u>Total</u>
	<u>General Fund</u>	<u>Street and Alley Fund</u>	<u>Fireman's Special Fund</u>	<u>State &amp; Local Assistance</u>	
<b>Fund balances:</b>					
<b>Nonspendable:</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted For:</b>					
Streets	-	92,678	-	-	92,678
Public Safety	-	-	-	2,365	2,365
<b>Committed:</b>	-	-	-	-	-
<b>Assigned:</b>	-	-	2,905	-	2,905
<b>Unassigned:</b>	145,811	-	-	-	145,811
<b>Total fund balances</b>	<u>\$145,811</u>	<u>\$92,678</u>	<u>\$2,905</u>	<u>\$2,365</u>	<u>\$243,759</u>

**TOWN OF SOUTH COFFEYVILLE, OKLAHOMA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Note 15: Statement of Revenues, Expenditure and Changes to Fund Balance—Governmental Funds (GAAP Basis):

GENERAL FUND:

	REVENUES
Revenues - Budget Basis	\$ 284,459
Increase in Tax Receivables	15,956
Increase Bonds Pending	(1,010)
Adjust to Last Year's fund balance	4,536
Increase in Police Revenue Receivables	648

Revenues - GAAP Basis	\$ 304,589
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	EXPENDITURES
Expenditures - Budget Basis	\$ 307,865
Increase in Prepaids	(1,880)
Increase in Accrued Salaries	3,878
Increase in Accounts Payable/Accrued Payables	1,740
Expenditures - GAAP Basis	\$ 311,603

SPECIAL REVENUE FUNDS:

	REVENUES	
	Street & Alley	Firemen's Special
Revenues - Budget Basis	\$ 112,624	\$ 17,441
Decrease in Tax Receivables	(21)	-
Previously unrecorded donation	-	4,000
Revenues - GAAP Basis	\$ 112,603	\$ 21,441

	EXPENDITURES	
Expenditures - Budget Basis	\$ 65,676	\$ 47,116
Increase in Prepaids	(242)	-
Increase in Accounts Payable	-	999
Previously unrecorded donation	-	4,000
Expenditures - GAAP Basis	\$ 65,434	\$ 52,115

**TOWN OF SOUTH COFFEYVILLE, OKLAHOMA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Note 16: Summary of Capital Assets:

Capital asset activity for the year ended June 30, 2011, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
<b>Governmental Activities</b>				
Non-Depreciable Assets:				
Infrastructure	\$ -	\$ -	\$ -	\$ -
Depreciable Assets:				
Buildings	56,853	6,801	-	63,654
Equipment	305,067	11,598	-	316,665
Vehicles	415,341	82,911	-	498,252
Infrastructure	179,176	51,118	-	230,294
<b>Totals at historical cost</b>	<u>956,437</u>	<u>152,428</u>	<u>-</u>	<u>1,108,865</u>
Less accumulated depreciation for:				
Buildings	23,694	2,329	-	26,023
Equipment	197,041	22,963	-	220,004
Vehicles	259,346	42,905	-	302,251
Infrastructure	29,468	10,140	-	39,608
<b>Total accumulated depreciation</b>	<u>509,549</u>	<u>78,337</u>	<u>-</u>	<u>587,886</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 446,888</u>	<u>\$ 74,091</u>	<u>\$ -</u>	<u>\$ 520,979</u>
<b>Business-type Activities</b>				
Non-Depreciable Assets				
Land	\$ 11,500	\$ -	\$ -	\$ 11,500
Depreciable Assets				
Buildings	42,404	6,518	-	48,922
Equipment	207,559	-	-	207,559
Sewer Plant	571,875	-	-	571,875
Vehicles	92,793	45,500	-	138,293
Infrastructure	17,734	-	-	17,734
<b>Totals at historical cost</b>	<u>943,865</u>	<u>52,018</u>	<u>-</u>	<u>995,883</u>
Less accumulated depreciation for:				
Buildings	19,324	1,979	-	21,303
Equipment	121,227	13,973	-	135,200
Sewer Plant	17,409	14,297	-	31,706
Vehicles	75,585	9,702	-	85,287
Infrastructure	913	591	-	1,504
<b>Total accumulated depreciation</b>	<u>234,458</u>	<u>40,542</u>	<u>-</u>	<u>275,000</u>
<b>Business-type activities capital asset, net</b>	<u>\$ 709,407</u>	<u>\$ 11,476</u>	<u>\$ -</u>	<u>\$ 720,883</u>
<b>Depreciation expense was charged to governmental functions as follows:</b>				
Highways and Streets				\$ 10,978
Public Safety				65,710
General Government				1,602
Parks and Recreation				47
<b>Total depreciation expense</b>				<u>\$ 78,337</u>

**TOWN OF SOUTH COFFEYVILLE**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance w/ Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Police Fines	\$ 146,529	146,529	108,191	\$ (38,338)
Court Costs	22,231	22,231	15,160	(7,071)
Permits and Licenses	117	117	95	(22)
Alcoholic Beverage Tax	8,085	8,085	7,289	(796)
Tobacco Tax	872	872	857	(15)
Sales & Use Tax	68,340	68,340	61,361	(6,979)
Interest	583	583	550	(33)
Miscellaneous	-	-	10,476	10,476
Bench Warrants	7,929	7,929	6,564	(1,365)
Grant Revenue	-	-	3,916	3,916
Total Revenues	<u>\$ 254,686</u>	<u>\$ 254,686</u>	<u>\$ 214,459</u>	<u>\$ (40,227)</u>
<b>EXPENDITURES</b>				
Civil Defense	\$ 50,469	50,469	29,342	\$ 21,127
Personal Services	157,581	157,581	170,694	(13,113)
Maintenance and Operations	188,649	188,649	72,325	116,324
Capital Outlay	15,100	15,100	35,504	(20,404)
Total Expenditures	<u>\$ 411,799</u>	<u>\$ 411,799</u>	<u>\$ 307,865</u>	<u>\$ 103,934</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ (157,113)</u>	<u>\$ (157,113)</u>	<u>\$ (93,406)</u>	<u>\$ 63,707</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In			\$ 70,000	
Transfers Out			-	
Total Other Financing Sources and Uses			<u>\$ 70,000</u>	
Net Change in Fund Balance			(23,406)	
<b>FUND BALANCES - beginning</b>			<u>\$ 157,113</u>	
<b>FUND BALANCES - ending</b>			<u>\$ 133,707</u>	

See Disclaimer in Independent Accountant's Report and the notes to the financial statements as they are an integral part of this statement.

**TOWN OF SOUTH COFFEYVILLE**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**STREET AND ALLEY**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance w/ Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Gas Tax	\$ -	\$ -	\$ 1,409	\$ 1,409
Motor Vehicle Tax	-	-	5,652	5,652
Interest	-	-	63	63
Miscellaneous	-	-	-	-
Grant Revenue	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,124</u>	<u>\$ 7,124</u>
<b>EXPENDITURES</b>				
Maintenance and Operations	\$ 2,000	2,000	10,140	\$ (8,140)
Capital Outlay	42,475	42,475	55,536	(13,061)
Total Expenditures	<u>\$ 44,475</u>	<u>\$ 44,475</u>	<u>\$ 65,676</u>	<u>\$ (21,201)</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ (44,475)</u>	<u>\$ (44,475)</u>	<u>\$ (58,552)</u>	<u>\$ (14,077)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer In			\$ 105,500	
Transfers Out			-	
Total Other Financing Sources and Uses			<u>\$ 105,500</u>	
Net Change in Fund Balance			46,948	
<b>FUND BALANCES - beginning</b>			<u>\$ 44,475</u>	
<b>FUND BALANCES - ending</b>			<u><u>\$ 91,423</u></u>	

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**TOWN OF SOUTH COFFEYVILLE**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FIREMAN'S SPECIAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance w/ Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Donations & Miscellaneous	\$ -	\$ -	\$ 4,229	\$ 4,229
Grant Income	-	-	4,398	4,398
Fire Contracts & Runs	-	-	8,702	8,702
Interest	-	-	112	112
Total Revenues	\$ -	\$ -	\$ 17,441	\$ 17,441
<b>EXPENDITURES</b>				
Maintenance and Operations	\$ 13,579	13,579	15,016	\$ (1,437)
Capital Outlay	20,000	20,000	32,100	(12,100)
Total Expenditures	\$ 33,579	\$ 33,579	\$ 47,116	\$ (13,537)
Excess (Deficiency) of revenues over expenditures	\$ (33,579)	\$ (33,579)	\$ (29,675)	\$ 3,904
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	\$ -	\$ -	\$ -
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance			(29,675)	
<b>FUND BALANCES - beginning</b>			\$ 33,579	
<b>FUND BALANCES - ending</b>			\$ 3,904	

See Disclaimer in Independent Accountant's Report and the notes to the financial statements as they are an integral part of this statement.

TOWN OF SOUTH COFFEYVILLE  
 REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 STATE AND LOCAL ASSISTANCE FUND  
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance w/ Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Grant Income	\$ -	\$ -	\$ 20,000	\$ 20,000
Miscellaneous Income	-	-	-	-
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
<b>EXPENDITURES</b>				
Maintenance and Operations	\$ -	-	-	-
Capital Outlay	-	-	29,635	(29,635)
Total Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,635</u>	<u>\$ (29,635)</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,635)</u>	<u>\$ (9,635)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	\$ -	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance			(9,635)	
<b>FUND BALANCES - beginning</b>			<u>\$ 12,000</u>	
<b>FUND BALANCES - ending</b>			<u><u>\$ 2,365</u></u>	

See Disclaimer in Independent Accountant's Report and the notes to the financial statements as they are an integral part of this statement.

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Member AICPA & OSCP

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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 Mayor and Members of the Council  
Town of South Coffeyville, Oklahoma

I have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of South Coffeyville, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town of South Coffeyville's basic financial statements and have issued my report thereon dated February 13, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of South Coffeyville, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of South Coffeyville's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of South Coffeyville, 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 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.

My 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

# JUDITH K. BALLARD, CPA, PC

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## Compliance and Other Matters

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

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



Judith K. Ballard, CPA, PC  
Stroud, Oklahoma  
February 13, 2012