

TOWN OF ROOSEVELT
Report on the Audit of the
Financial Statements
as of and for the twelve months ended
June 30, 2011

DAVID O. TATE
Certified Public Accountant
Mangum, Oklahoma 73554

Town of Roosevelt
Table of Contents
June 30, 2011

Independent Auditor's Report	3
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the Financial Statements Performed in Accordance with "Government Auditing Standards"	5
Basic financial statements	
<u>Government-wide Financial Statements</u>	
Statement of Net Assets—Modified Cash Basis	7
Statement of Activities—Modified Cash Basis	8
<u>Fund Financial Statements</u>	
Balance Sheet-Modified Cash Basis-Governmental Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Balances—Modified Cash Basis-Governmental Funds	10
Statement of Net Assets-Modified Cash Basis—Proprietary Fund	11
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Modified Cash Basis—Proprietary Fund	12
Statement of Cash Flows—Modified Cash Basis—Proprietary Fund	13
Notes to the basic financial statements	15

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Independent Auditor's Report

To the governing body
the Town of Roosevelt

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 Roosevelt as of and for the twelve months ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Roosevelt'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 and "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 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 opinion.

As discussed in the notes to the financial statements (Note 1.D.), the Town of Roosevelt presents its financial information using a modified cash basis of accounting which is a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America.

In addition, as discussed in the notes to the financial statements (Note 1.E.), management has not recorded buildings and equipment acquired before July 1, 2003, in governmental activities and, accordingly, has not recorded depreciation expense on those assets. General infrastructure assets likewise have not been recorded when acquired prior to July 1, 2003. Accounting principles generally accepted in the United States of America require that those general infrastructure assets, buildings and equipment be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. In addition, the presentation of property and equipment in the business-type activities is incomplete. As a result, depreciation has not been properly computed and recorded. Recording these assets would increase the assets, net assets, and expenses of the business-type activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities and the business-type activities is not reasonably determinable.

In my opinion, because of the adverse effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, or the proprietary funds of the Town of Roosevelt, as of June 30, 2011, the changes in financial position, and cash flows, if applicable, for the twelve months then ended.

In addition, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major governmental funds and aggregate other governmental funds of the Town of Roosevelt as of June 30, 2011, and the respective changes in financial position thereof for the twelve months then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated November 30, 2011, on my consideration of the Town of Roosevelt's internal control over financial reporting and on my tests of compliance with certain 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 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 my audit.

Management has not presented the required supplementary information, management's discussion and analysis and budgetary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive style with a large, stylized 'D' and 'T'.

Certified Public Accountant
November 30, 2011

David O. Tate

Certified Public Accountant
112 North Oklahoma, Suite A
Mangum, Oklahoma 73554

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit
of the Financial Statements Performed in Accordance with "Government Auditing Standards"

Board of Commissioners
the Town of Roosevelt

I have audited the financial statements of the Town of Roosevelt, as of and for the year ended June 30, 2011, and have issued my report thereon dated November 30, 2011. These financial statements were prepared using the modified cash basis of accounting. The Town of Roosevelt has not maintained an historical record of general infrastructure assets, buildings and equipment in the governmental activities and the presentation of property and equipment in the business-type activities have only been maintained since construction of the water distribution system and sewage disposal system improvements with the accompanying computation of depreciation expense. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Management has not presented the required supplementary information, management's discussion and analysis and budgetary information that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

Internal Control Over Financial Reporting

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

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. I consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Organizational Structure

The size of the organization's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum segregation of duties. This situation dictates that the governing body becomes and remains involved in the financial affairs of the entity to provide oversight and independent review functions. The Town of Roosevelt effectively has only one full-time and one part-time elected person responsible for all administrative duties. This lack of division of responsibilities would, in my opinion, constitute a weakness in 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 entity's internal control.

My consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, I believe that none of the significant deficiencies described above are material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Town of Roosevelt's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under "Government Auditing Standards".

This report is intended solely for the information and use of the granting agencies and/or governments and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "David O. Tate". The signature is written in a cursive, flowing style.

Certified Public Accountant
November 30, 2011

						Exhibit A
			Town of Roosevelt			
			Statement of Net Assets-Modified Cash Basis			
			June 30, 2011			
			Primary Government			
			Governmental	Business-type		
			activities	activities	Total	
Assets						
Cash and cash equivalents-unrestri		186,664		17,186	203,850	
Cash and cash equivalents-restricted				30,586	30,586	
Capital assets (Note 3)						
Property and equipment, net of accumulated depreciation				569,340	569,340	
Total assets		186,664		617,112	803,776	
Liabilities						
Current liabilities:						
Accounts payable		2,185			2,185	
Notes payable:						
Due in one year				8,225	8,225	
Total current liabilities		2,185		8,225	10,410	
Long-term liabilities (Note 3)						
Notes payable						
Due in more than one year				82,173	82,173	
Refundable deposits				9,520	9,520	
Total long term liabilities		-		91,693	91,693	
Total liabilities		2,185		99,918	102,103	
Net assets						
Invested in capital assets, net of related debt				478,942	478,942	
Restricted for:						
Debt service				21,067	21,067	
Other purposes				9,519	9,519	
Unrestricted		184,479		7,666	192,145	
Total net assets		184,479		517,194	701,673	
Total liabilities and net assets		186,664		617,112	803,776	
See the accompanying notes to the basic financial statements						

							Exhibit B
Town of Roosevelt							
Statement of Activities-Modified Cash Basis							
For the twelve months ended June 30, 2011							
			Program				
			revenues		Net (expense) revenue and changes		
					in net assets		
				Operating	Primary government		
			Charges for	grants and	Governmental	business-type	
Functions/programs	Expenses		services	contributions	activities	activities	Total
Primary government							
Governmental activities							
General government	96,269		40,828	55,206	(235)		(235)
Total governmental ac	96,269		40,828	55,206	(235)		(235)
Business-type activities							
Utility services	155,637		92,047			(63,590)	(63,590)
Total business-type a	155,637		92,047			(63,590)	(63,590)
Total primary governme	251,906		132,875	55,206	(235)	(63,590)	(63,825)
			General revenues				
			Taxes				
			Sales and use tax		28,776		28,776
			Alcoholic beverage/gasoline				
			excise/commercial motor				
			vehicle		5,718		5,718
			Franchise		4,687		4,687
			Investment income		907	127	1,034
			Other		24,859		24,859
			Transfers, internal activity		(23,222)	21,448	(1,774)
			Total general revenues		41,726	21,575	63,301
			Change in net assets		41,491	(42,015)	(524)
			Net assets, July 1, 2010		107,413	559,210	666,623
			Net assets, June 30, 2011		148,904	517,195	666,099
See the accompanying notes to the basic financial statements							

[illegible]

[illegible]

Town of Roosevelt						
Statement of Net Assets-Modified Cash Basis						
Proprietary Fund						
June 30, 2011						
					Public Works Authority	
					Enterprise Fund	
Assets						
Current assets						
Cash and cash equivalents					17,186	
Restricted cash and cash equivalents					30,586	
Total current assets					47,772	
Noncurrent assets						
Property and equipment net of accumulated depreciation					569,340	
Total noncurrent assets					569,340	
Total assets					617,112	
Liabilities						
Current liabilities						
Accounts payable						
Notes payable, current portion					8,225	
Total current liabilities					8,225	
Noncurrent liabilities						
Refundable deposits					9,520	
Notes payable, long-term portion					82,173	
Total noncurrent liabilities					91,692	
Total liabilities					99,917	
Net assets						
Invested in capital assets, net of related debt					478,943	
Restricted						
Debt service					21,067	
Other					9,519	
Unrestricted					7,666	
Total net assets					517,195	
Total liabilities and net assets					617,112	
See the accompanying notes to the basic financial statements						

							Exhibit F
Town of Roosevelt							
Statement of Revenues, Expenditures, and							
Changes in Net Assets-Modified Cash							
Basis-Proprietary Fund							
For the twelve months ended June 30, 2011							
						Public	
						Works	
						Authority	
						Enterprise	
						Fund	
Operating revenues:							
Utility services						92,030	
Other						17	
Gross revenue from operations						92,047	
Operating expenses:							
Repairs/maintenance						41,753	
Depreciation						41,131	
Salaries/wages/fringe benefits						49,555	
Utilities						11,978	
Other						6,490	
Total operating expenses						150,907	
Operating income (loss)						(58,860)	
Non-operating revenues (expenses):							
Investment income						127	
Interest expense						(4,730)	
Total non-operating revenues (expenses)						(4,603)	
Total operating income (loss) and non-operating revenues (expenses)						(63,463)	
Other financing sources (uses):							
Operating transfers in						25,074	
Operating transfers out						(1,852)	
Total other financing sources (uses)						23,222	
Change in net assets						(40,241)	
Net assets, July 1, 2010						557,436	
Net assets, June 30, 2011						517,195	
See the accompanying notes to the basic financial statements							

Town of Roosevelt						
Statement of Cash Flows-Modified Cash Basis						
Proprietary Fund						
For the twelve months ended June 30, 2011						
					Public Works Authority	
					Enterprise Fund	
Cash flows from operating activities						
Receipts from customers					92,047	
Payments to suppliers					(60,221)	
Payments to employees					(49,555)	
Receipts (refunds) of customer utility deposits					-	
Net cash provided by (used in) operating activities					(17,729)	
Cash flows from capital and related financing activities						
Transfers in					23,300	
Transfers out					(1,852)	
Principal paid on capital debt					(8,033)	
Interest paid on capital debt					(4,730)	
Net cash provided by (used in) capital and related financing activities					8,685	
Cash flows from investing activities:						
Interest earned					127	
Net cash flows provided by (used in) investing activities					127	
Net increase (decrease) in cash and cash equivalents					(8,917)	
Balance, July 1, 2010					56,689	
Balance, June 30, 2011					47,772	
See the accompanying notes to the basic financial statements						

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Note 1-Significant Accounting Policies

- A. Summary of Significant Accounting Policies.
As discussed further in Note 1. D., these financial statements are presented on a modified cash basis of accounting. This modified cash basis differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.
- B. Financial Reporting Entity.
The Town's financial reporting entity is composed of the following:
Primary government: Town of Roosevelt
Blended component unit: Roosevelt Public Works Authority

In determining the financial reporting entity, the Town of Roosevelt complies with the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity".

Blended Component Unit.

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the governing body of the primary government, or the component unit provides services entirely to the primary government. The component unit's funds are blended into those of the Town of Roosevelt by appropriate fund type to constitute the primary government presentation. The blended component unit is the Roosevelt Public Works Authority. The fund is included in the Roosevelt Public Works Authority Enterprise Fund.

The component unit does not issue separately audited component unit financial statements.

- C. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town of Roosevelt presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The general fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the Town. The reporting entity includes the following special revenue funds.

1. The Street and Alley Fund. This fund is used to account for gasoline excise and commercial vehicle taxes legally restricted for street and alley improvements.
2. Grant Fund. This fund accounts for revenues and expenditures of grants per the grant agreements.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Proprietary Funds

Enterprise fund.

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the Roosevelt Public Works Authority to account for activities of the public trust in providing water and wastewater services to the public.

D. Measurement Focus and Basis of Accounting.

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

Measurement focus

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

1. All governmental funds used a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.
2. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Basis of accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

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

E. Assets, Liabilities, and Equity

Cash and cash equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

Investments

If there were investments classified in the financial statements, they would consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital assets

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions and reports depreciation where appropriate. The accounting treatment over property and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Management has not recorded buildings and equipment acquired before July 1, 2003, in governmental activities and, accordingly, has not recorded depreciation expense on those assets. General infrastructure assets likewise have not been recorded when acquired prior to July 1, 2003. Accounting principles generally accepted in the United States of America require that those general infrastructure assets, buildings and equipment be capitalized and depreciated, which would increase the assets, net assets, and expenses of the government activities. In addition, the presentation of property and equipment in the business-type activities is incomplete. As a result, depreciation has not been properly computed and recorded. Recording these assets would increase the assets, net assets, and expenses of the business-type activities. Assets acquired after July 1, 2003, are being recorded and depreciation computed and charged against earnings over the estimated useful life of the asset.

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful life using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

All long-term debt arising from cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt--Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net assets--Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments or by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets--All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Government fund equity is classified as fund balance. Proprietary fund equity is classified the same as in government-wide statements.

F. Revenues, Expenditures, and Expenses

Program revenues

In the Statement of Activities, modified cash basis revenues are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

General government	Licenses and permits
Streets and alleys	Commercial vehicle and gasoline excise tax shared by the State of Oklahoma.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Operating revenue and expenses

Operating revenues and expenses for proprietary funds and the similar discretely presented component units (if applicable) result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

G. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the financial statements have been eliminated or reclassified.

Fund financial statements

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans--Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services--Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements--Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
4. Interfund transfers--Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-wide financial statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances--Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities--Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities which are reported as Transfers-Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

3. Primary government and component unit activity and balances--Resource flows between the primary government (the Town and Municipal Authority) and the discretely-presented component unit, if any, are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

H. Use of Estimates

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

Note 2-Stewardship, Compliance, and Accountability

By its nature as a local governmental unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations.

Note 3-Detail Notes--Transaction Classes/Accounts

A. Cash and investments

Custodial credit risk-deposits

The table presented below is designed to disclose the level of custodial risk assumed by the Town based upon how its deposits were insured or secured with collateral at June 30, 2011. The comparison relates to the primary government only. The categories of custodial credit risk are defined as follows:

- | | |
|------------|---|
| Category 1 | Insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Town (or public trust) or by its agent in its name. |
| Category 2 | Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. |
| Category 3 | Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department or agency but not in the Town's name; or properly collateralized with no written and approved collateral agreement. |

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Custodial credit risk-deposits (continued)

Primary government

Type of deposits	Total bank balance	Custody credit risk category			
		1	2	3	
Insured deposits	235,769	235,769			
Uninsured deposits:					
Collateralized					
Uncollateralized	-			-	Total carrying value
Total deposits	235,769	235,769	-	-	234,436
					234,436
Reconciliation to government-wide Statement of Net Assets					
					Cash and cash equivalents 234,436
					Investments -
					234,436

Investments and custodial credit risk

Investments are limited by state law to the following:

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U. S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitations, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations.
- d. County, municipal, or school district tax-supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality, or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

During the year ended June 30, 2011, the Town's investments consisted solely of various amounts deposited in savings accounts, which are considered cash and cash equivalents.

B. Restricted assets

The amounts reported as restricted assets are composed of amounts held by the Roosevelt Public Works Authority for utility deposits (refunded upon termination of service or applied to the final bill) of \$ 9,520. In addition, the lender to the Roosevelt Public Works Authority requires a reserve and repair fund of \$21,067 be maintained.

C. Capital assets

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

	Balance			Balance
	July 1, 2010	Additions	Deductions	June 30, 2011
Business type activities:				
Land	31,478			31,478
Water plant	937,171			937,171
Equipment	383,550			383,550
Total capital assets	1,352,199	-	-	1,352,199
Less accumulated depreciation	741,728	41,131		782,859
Business type activities capital assets	610,471	(41,131)	-	569,340

During the twelve months ended June 30, 2011, the amount of \$41,131 was charged against retained earnings in the proprietary fund for depreciation expense.

D. Long-term debt

The reporting entity's long-term debt arising from cash transactions is to be repaid from business-type activities.

As of June 30, 2011, the long-term debt, arising from cash transactions, payable from proprietary fund resources consisted of the following:

Town of Roosevelt
Notes to the Basic Financial Statements
June 30, 2011

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the twelve months ended June 30, 2011:

	Balance			Balance	Amount
Type of debt	July 1, 2010	Additions	Retirements	June 30, 2011	due within year
Business type activities:					
Notes/bonds payable	98,232		7,834	90,398	8,225
Refundable deposits	9,718		198	9,520	

Debt Service Requirements to Maturity

	Year ended	Notes payable				
	June 30	Principal	Interest			
	2012	8,225	4,339			
	2013	8,463	4,101			
	2014	9,289	3,275			
	2015	9,654	2,910			
	2016	9,971	2,593			
	2017-2021	44,796	4,630			
	Total	90,398	21,848			

Note 4-Risk Management.

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages these various risks of loss by purchasing commercial insurance. In so doing, each incidence may have a nominal deductible amount that is uninsured, but no material risk of loss is retained.

Note 5-Grantrevenue.

During the year, the Town of Roosevelt received and disbursed the following grant amounts from the sources indicated:

		Amount			
		received	expended		
	Federal Emergency Management Agen	48,926	48,926		
	Community Development Block Grant	5,750	5,750		
	Public Service Company of Oklahoma	530	530		
	Totals	55,206	55,206		