

Town of Ketchum
BASIC FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

DAVID CLANIN CPA PLLC

35988 HIGHWAY 82, VINITA, OK 74301
(918) 782-3773 PHONE
(918) 512-4646 FAX
DAVID@CLANINCPA.COM

Town of Ketchum, Oklahoma
Table of Contents

Independent Auditor's Report	1-2
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3-4
Basic Financial Statements:	
<i>Government-Wide Financial Statements</i>	
Statement of Net Position - Modified Cash Basis	5
Statement of Activities - Modified Cash Basis	6
<i>Fund Financial Statements</i>	
Balance Sheet - Governmental Funds - Modified Cash Basis	7
Reconciliation of Governmental Fund and Government-Wide Statement of Net Position - Modified Cash Basis	8
Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds - Modified Cash Basis	9
Reconciliation of Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities - Modified Cash Basis	10
Notes to the Combined Financial Statements	11-18

Office:
35988 Highway 82
Vinita, OK 74301
(918) 782-3773



Mailing:
PO Box 745
Langley, OK 74350
(918) 519-8336

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees and Management
Town of Ketchum, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ketchum as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Ketchum's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ketchum, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Ketchum, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for determining that the modified cash basis of accounting is an acceptable basis of accounting under the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Ketchum's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2024, on our consideration of the Town of Ketchum's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls 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* in considering the Town of Ketchum's internal control over financial reporting and compliance.

Handwritten signature of David Clam in black ink, followed by the text "CPA PLLC" in a similar handwritten style.

August 17, 2024

Office:
35988 Highway 82
Vinita, OK 74301
(918) 782-3773



Mailing:
PO Box 745
Langley, OK 74350
(918) 519-8336

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

To the Board of Trustees and Management
Town of Ketchum, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Ketchum as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic modified cash basis financial statements and have issued our report thereon dated August 17, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

 CPA PLLC

August 17, 2024

Basic Financial Statements

Town of Ketchum, Oklahoma
Statement of Net Position – Modified Cash Basis
June 30, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,229,020
Investments	593,876
Total Current Assets	1,822,896
Capital Assets:	
Property, Plant and Equipment, net	595,124
TOTAL ASSETS	2,418,020
LIABILITIES	
Current Liabilities:	
Accrued Payroll Liabilities	2,052
Total Current Liabilities	2,052
TOTAL LIABILITIES	2,052
NET POSITION	
Net Investment in Capital Assets	595,124
Restricted	98,836
Unrestricted	1,722,008
TOTAL NET POSITION	\$ 2,415,968

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

Town of Ketchum, Oklahoma
Statement of Activities – Modified Cash Basis
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue
					Governmental Activities
Governmental Activities:					
General Government:					
City Clerk/Treasurer	\$ 40,514	\$ -	\$ -	\$ -	(40,514)
Maintenance and Operation	49,067	3,056	3,500	-	(42,511)
Total General Government	89,581	3,056	3,500	-	(83,025)
Public Safety and Judiciary:					
City Attorney	11,261	-	-	-	(11,261)
Fire	51,807	52,355	19,594	50,000	70,142
Municipal Court	5,614	-	-	-	(5,614)
Police	60,000	12,060	-	-	(47,940)
Total Public Safety and Judiciary	128,682	64,415	19,594	50,000.00	5,327
Transportation:					
Street and Alley	12,501	-	-	-	(12,501)
Total Governmental Activities	230,764	67,471	23,094	50,000.00	(90,199)
General Revenues:					
Taxes:					
Sales and Use Taxes					293,014
Franchise and Public Service Taxes					21,925
Motor Vehicle Collections					3,689
Alcohol Beverage Tax					11,618
Gas Tax					815
Tobacco Tax					1,684
Donations					9,700
Refunds and Reimbursements					3,920
Investment Income					47,157
Total General Revenues and Transfers					393,522
Change in Net Position					303,323
Net Position, Beginning of Year					2,112,645
Net Position, End of Year					\$ 2,415,968

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

Town of Ketchum, Oklahoma
Balance Sheet – Governmental Funds – Modified Cash Basis
June 30, 2024

	Major Funds		Non-Major Funds		Total
	General Fund	Street and Alley	Fire KWPA Assessment	Capital Improvements Fund	Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 837,662	\$ 197,639	\$ 98,836	\$ 94,883	\$ 1,229,020
Investments	257,192	315,156	-	21,528	593,876
TOTAL ASSETS	<u>\$ 1,094,854</u>	<u>\$ 512,795</u>	<u>\$ 98,836</u>	<u>\$ 116,411</u>	<u>\$ 1,822,896</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued Payroll Liabilities	\$ 2,052	\$ -	\$ -	\$ -	\$ 2,052
Total Liabilities	<u>2,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,052</u>
Fund Balances:					
Restricted	-	-	98,836	-	98,836
Committed	-	-	-	116,411	116,411
Assigned					
Civil Defense	31,216	-	-	-	31,216
Fire Department Equipment	332,607	-	-	-	332,607
Street and Alley	512,795	512,795	-	-	1,025,590
	876,618	512,795	-	-	1,389,413
Unassigned	216,184	-	-	-	216,184
Total Fund Balances	<u>1,092,802</u>	<u>512,795</u>	<u>98,836</u>	<u>116,411</u>	<u>1,820,844</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,094,854</u>	<u>\$ 512,795</u>	<u>\$ 98,836</u>	<u>\$ 116,411</u>	<u>\$ 1,822,896</u>

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

Town of Ketchum, Oklahoma
Reconciliation of Governmental Fund and Government–Wide Statement of Net Position –
Modified Cash Basis
June 30, 2024

Reconciliation to the Statement of Net Position

Total Governmental Funds Balance	\$ 1,820,844
----------------------------------	--------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,012,387 and the accumulated depreciation is \$351,310 for a net book value of \$661,077.	595,124
--	---------

Net Position of Governmental Activities	<u>\$ 2,415,968</u>
---	---------------------

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

Town of Ketchum, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds –
Modified Cash Basis
For the Year Ended June 30, 2024

	Major Funds		Non-Major Funds		Total
	General	Street and	Fire	Capital	General
	Fund	Alley	KWPA	Improvements	Fund
			Assessment	Fund	
Revenues:					
Taxes	\$ 328,241	\$ 4,504	\$ -	\$ -	\$ 332,745
Charges for Services	3,056	-	-	-	3,056
Fines and Forfeitures	12,060	-	-	-	12,060
Fire Dues and Runs	22,725	-	29,630	-	52,355
Investment Income	3,491	39,648	1,645	2,373	47,157
Grant Income	73,094	-	-	-	73,094
Donations	9,700	-	-	-	9,700
Other Revenue	3,920	-	-	-	3,920
Total Revenues	<u>456,287</u>	<u>44,152</u>	<u>31,275</u>	<u>2,373</u>	<u>534,087</u>
Expenditures:					
General Government:					
City Clerk/Treasurer	40,514	-	-	-	40,514
Maintenance and Operations	42,944	-	-	-	42,944
Public Safety and Judiciary:					
City Attorney	11,261	-	-	-	11,261
Fire	28,053	-	-	-	28,053
Fire - Capital Outlay	45,443	-	-	-	45,443
Municipal Court	5,614	-	-	-	5,614
Police	60,000	-	-	-	60,000
Transportation:					
Street and Alley	-	6,952	-	-	6,952
Total Expenditures	<u>233,829</u>	<u>6,952</u>	<u>-</u>	<u>-</u>	<u>240,781</u>
Excess (deficiency) of Revenues over Expenditures	<u>222,458</u>	<u>37,200</u>	<u>31,275</u>	<u>2,373</u>	<u>293,306</u>
Other Financing Sources (Uses):					
Transfers To (From) Other Funds	(24,000)	-	-	24,000	-
Total Other Financing Sources (Uses)	<u>(24,000)</u>	<u>-</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
Net Change in Fund Balance	198,458	37,200	31,275	26,373	293,306
Fund Balance, Beginning of Year	894,344	475,595	67,561	90,038	1,527,538
Fund Balance, End of Year	<u>\$ 1,092,802</u>	<u>\$ 512,795</u>	<u>\$ 98,836</u>	<u>\$ 116,411</u>	<u>\$ 1,820,844</u>

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

Town of Ketchum, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government–Wide Statement of Activities –
Modified Cash Basis
For the Year Ended June 30, 2024

Net Change in Fund Balances - Governmental Funds	\$ 293,306
--	------------

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

In the governmental funds, capital outlays are reported as expenditures while
in the government-wide statement of activities, depreciation expense is reported
to allocate those expenditures over the life of the assets.

Capital asset acquisitions	45,443
Depreciation expense	(35,426)
Change in Net Position of Governmental Activities	<u>\$ 303,323</u>

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

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town's financial statements.

The Town's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

A. Reporting Entity

The Town's financial reporting entity is comprised of the following:

Primary Government: Town of Ketchum

In determining the financial reporting entity, the Town includes all component units of which the primary government exercises oversight responsibilities. The criteria used to determine whether to include other entities in the financial statements were: 1) selection of governing authority, 2) designation of management, 3) ability to significantly influence operations, and 4) accountability for fiscal matters. Based on these criteria, the Town had no component units.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the reporting government as a whole. They include all 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditure/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
- b. Total assets, liabilities, revenues or expenditure/expenses of that 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:

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024**

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Governmental Funds

The Town reports the following major government 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.

Street and Alley Fund

The Street and Alley Fund is used to account for monies earmarked either by statute or by the Town to be used for the upkeep of the Town's streets and alleys.

Additionally, the Town reports the following special revenue fund types:

Capital Improvements Fund

The Capital Improvement Fund accounts for locally received funds for the acquisition, construction or renovation of capital facilities, including land and equipment.

KPWA Fire Assessment Fund

The KPWA Fire Assessment Fund is used to account for a \$1 assessment on water bills issued by the Ketchum Public Works Authority. These funds are remitted to the Town on a monthly basis and are earmarked for fire department equipment purchases.

C. Measurement Focus and Basis of Accounting

Basis of Accounting

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:

- Capital assets and depreciation of those assets
- Cash based interfund receivables and payables
- Other cash-based receivables and payables

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity

Cash and Investments

For the presentation of the statement of net position, “cash, including time deposits” includes all checking, savings accounts and certificates of deposit held by the Town.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net position. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

The range of estimated useful lives by type of asset is as follows:

Buildings	20-60 years
Improvements	20-60 years
Machinery and Equipment	3-20 years
Infrastructure	20-60 years

Equity Classifications

Net Position/Fund Balance

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision-making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is all other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Net Position:

Net Position is displayed in three components:

- a. *Net investment in capital assets* – 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.
- b. *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

E. Revenues, Expenditures and Expenses

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

Use Tax

The Town levies a use-tax on personal property purchased outside the Town limits but stored, used or consumed within the Town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

Interfund Transfers

Permanent re-allocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component units are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Budget Information

The Town completes a budget on an annual basis in August of each year. The budget is prepared by fund, department and functional expense categories (personnel, maintenance and operations and capital outlay).

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes

For the year ended June 30, 2024, the Town complied, in all material respects, with these revenue restrictions.

D. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2024.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits are maintained in financial institutions. As of June 30, 2024, none of the Town's deposits were exposed to custodial credit risk.

B. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2023	Additions	Disposals	Balance June 30, 2024
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 4,105	\$ -	\$ -	\$ 4,105
Construction in Progress	77,123	-	-	77,123
	81,228	-	-	81,228
Depreciable assets:				
Buildings/Improvements	246,835	12,000	-	258,835
Machinery and Equipment	572,928	33,443	-	606,371
Total	819,763	45,443	-	865,206
Accumulated Depreciation	(315,884)	(35,426)	-	(351,310)
Net Capital Assets	\$ 585,107	\$ 10,017	\$ -	\$ 595,124

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 6,123
Public Safety and Judiciary	
Fire	23,754
Transportation	
Street & Alley	5,549
Total Depreciation Expense	\$ 35,426

C. Federal Grant Funds – South Grand Lake Regional Airport

The Town received \$530,077 in federal grant monies that were passed through to South Grand Lake Regional Airport, a related entity. \$200,841 was received directly from the Federal Aviation Administration and \$329,936 was received from the Oklahoma Aeronautic Commission. Since the Town only acted as a conduit for these funds, no amounts were recognized in these financial statements.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2024

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public official's liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

B. Employee Retirement System and Plan

Firemen's Pension Plan

All full-time or volunteer firefighters hired before age 45 are covered by a statewide cost-sharing multi-employer defined benefit adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8% of base salary and the Town contributes an additional 13% (\$60 for volunteer firemen). The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

C. Contingent Liabilities

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

D. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.