

Town of Ketchum

Independent Auditor's Report and Financial Statements
Fiscal Year Ended June 30, 2011

Prepared by:
Patricia M. Brandon CPA PC
Certified Public Accountant

**Town of Ketchum, Oklahoma
Town Officials
June 30, 2011**

Board of Trustees

Chairman	Joel Webb
Vice-Chairman	Linda Haney
Member	Shirley Skinner
Member	Alison Croffut
Member	John Powell

Treasurer

Dickie Forbis

Clerk

Chris Hill

Town of Ketchum, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Town Council
Town of Ketchum, Oklahoma

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the Town of Ketchum, Oklahoma, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Town's legal entity. The financial statements do not include financial data for the Town's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Town's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Town of Ketchum, Oklahoma, as of June 30, 2011, and the changes in its financial position, and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, the Town of Ketchum, Oklahoma, has issued separate reporting entity financial statements for component units, Ketchum Public Works Authority and the South Grand Lake Regional Airport Authority.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Ketchum, Oklahoma, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows 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*, we have also issued our report dated July 17, 2011, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our 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 4 through 7 and 27 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. We have applied certain limited procedures to the required supplementary 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ketchum's financial statements as a whole. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink, appearing to read "Patricia M. Brandon CPA PC". The signature is fluid and cursive, with a large initial "P" and "B".

Patricia M Brandon CPA PC

Jay, Oklahoma

July 17, 2011

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

Honorable Mayor and Town Council
Town of Ketchum, Oklahoma

We have audited the financial statements of the governmental activities, major fund, and the aggregate remaining fund information of Town of Ketchum, Oklahoma, as of and for the year ended June 30, 2011 which collectively comprise the Town of Ketchum's basic financial statements and have issued our report thereon dated July 17, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Ketchum's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Ketchum, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Ketchum, 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town of Ketchum, Oklahoma, in a separate letter dated July 17, 2012.

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



Patricia M Brandon CPA PC

Jay, Oklahoma
July 17, 2012

**Town of Ketchum, Oklahoma
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

Our discussion and analysis of the Town's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Town exceeded its liabilities at June 30, 2011 by \$641,824, representing an increase in net assets of \$78,219 from the prior fiscal year.
- Total operating revenues were \$270,699 this fiscal year while operating expenses and other net expenses were \$192,480, resulting in the increase in net assets of \$78,219.
- The Town has \$403,965 (net of accumulated depreciation) invested in fixed assets as of June 30, 2011.

TOWN HIGHLIGHTS

- The Town added new assets at a cost of \$20,110 which included new accounting software and storm sirens. The volunteer fire department also made various small equipment purchases consisting of radio systems, hoses and monitors with a cost of \$4,231 resulting in a total cost of \$24,341.

USING THIS ANNUAL REPORT

This annual report consists of two parts; Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

Required Financial Statements

The Financial Statements of the Town report information about the Town using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the Town's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Town and assessing the liquidity and financial flexibility of the Town. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Town's operations over the past year and can be used to determine profitability, credit worthiness and whether the Town has successfully recovered all its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Town's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and capital and noncapital financing activities and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in cash balance during the reporting period?"

**Town of Ketchum
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

One of the most important questions asked about the Town's finances is "Is the Town, as a whole, better off or worse off as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets report information about the Town's activities in a way that will help answer this question. These two statements report the net assets of the Town and changes in them. You can think of the Town's net assets—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The Town's total Net Assets increased from last year by \$78,219 or about 12.2%. Our analysis below focuses on the Town's net assets (Table 1) and changes in net assets (Table 2) during the year.

Table 1

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Current Assets	\$ 496,305	\$ 232,880
Restricted Assets	-	-
Fixed Assets	403,965	398,597
Other Assets	-	-
Total Assets	<u>900,270</u>	<u>631,477</u>
Liabilities	<u>258,447</u>	<u>67,872</u>
Invested in Capital Assets, Net of Related Debt	368,509	339,304
Net Assets, Restricted	-	-
Net Assets, Unrestricted	273,315	224,301
Total Net Assets	<u>\$ 641,824</u>	<u>\$ 563,605</u>

The Town's net assets reflects its investment in capital assets (e.g., buildings, machinery and equipment) less any related debt used to acquire those assets still outstanding. The Town uses these capital assets to provide services to citizens and consumers; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Town of Ketchum
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

The balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens, customers and creditors. The Town's unrestricted net assets increased by \$49,014 or about 18% during the current year.

Changes in the Town's net assets can be determined by reviewing the following condensed Statement of Revenue, Expenses and Changes in Net Assets for the year.

Table 2

	June 30, 2011	June 30, 2010
Total Operating Revenues	\$ 270,713	\$ 261,634
Operating Expenses	(172,598)	(155,389)
Depreciation Expense	(18,972)	(15,637)
Other Non Operating Revenues (Expenses)	(923)	56
Increase (Decrease) in Net Assets	78,219	90,664
Net Assets, Beginning of Year	563,605	472,941
Net Assets, End of Year	<u>\$ 641,824</u>	<u>\$ 563,605</u>

The Town's primary source of revenue is sales tax revenue which comprises most of the operating revenues. Operating revenues increased by \$9,079 from the prior year.

Total operating expenses increased by \$17,209 (9.97%) over the past year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the Town had \$403,965 (net of accumulated depreciation) invested in capital assets, including machinery and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$5,369 or 1.3%.

Debt

The Town has one capital lease outstanding as of June 30, 2011. The Town's total obligations decreased by \$23,837 during the fiscal year as a result of the normal repayment of principal on outstanding debt. The balance of the lease with First State Bank was \$35,456 at the end of the fiscal year.

**Town of Ketchum
Management's Discussion and Analysis
For the Year Ended June 30, 2011**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

A product of an ongoing examination of how the Town does business, our budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

In considering the Town's budget for the fiscal year 2011/2012, the Board estimates that revenues and expenses in the coming year will approximate actual revenues and expenses for the past fiscal year. Therefore, net assets are expected to increase slightly as long term debt is reduced by regularly scheduled principal payments.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Directors at Town of Ketchum, P.O. Box 150, Ketchum, OK 74349.

Town of Ketchum, Oklahoma
Statement of Net Assets
June 30, 2011

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 370,011.04
Due from Other Governments	38,759.57
Due from PWA	2,269.68
Grants Receivable	83,841.00
Prepaid Insurance	1,423.89
Total Current Assets	<u>496,305.18</u>
Noncurrent Assets:	
Capital Assets:	
Property, Plant and Equipment, net	<u>403,965.09</u>
TOTAL ASSETS	<u>900,270.27</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	2,896.35
Pass Through Grants Payable	219,284.00
Accrued Vacation and Payroll	810.08
Current Portion of Long-Term Debt	14,208.81
Total Current Liabilities	<u>237,199.24</u>
Noncurrent Liabilities:	
Capital Lease Payable, net of current portion	<u>21,247.29</u>
TOTAL LIABILITIES	<u>258,446.53</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	368,508.99
Restricted	-
Unrestricted	273,314.75
TOTAL NET ASSETS	<u><u>\$ 641,823.74</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Ketchum, Oklahoma
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government:					
Maintenance and Operation	\$ 48,735.29	\$ 392.00	\$ 5,971.00	\$ -	\$ (42,372.29)
Public Safety and Judiciary:					
City Attorney	5,501.25	-	-	-	(5,501.25)
Fire	48,947.42	18,975.00	6,801.75	-	(23,170.67)
Municipal Court	32,420.85	40,596.43	-	-	8,175.58
Police	48,000.00	-	-	-	(48,000.00)
Total Public Safety and Judiciary	134,869.52	59,571.43	6,801.75	-	(68,496.34)
Transportation:					
Street and Alley	10,507.09	-	-	-	(10,507.09)
Intergovernmental Pass-Through	296,242.00	-	-	296,242.00	-
Total Governmental Activities	490,353.90	59,963.43	12,772.75	296,242.00	(121,375.72)

(continued)

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of Ketchum, Oklahoma
Statement of Activities (continued)
For the Year Ended June 30, 2011

	<u>Governmental Activities</u>
Changes in Net Asset:	
Net (Expense)/Revenue	\$ <u>(121,375.72)</u>
General Revenues:	
Taxes:	
Sales and Use Taxes	142,281.25 ✓
Franchise and Public Service Taxes	10,613.98 ✓
Motor Vehicle Collections	2,277.85 ✓
Alcoholic Beverage Tax	3,196.28 ✓
Gasoline Tax	585.80 ✓
Tobacco Tax	1,935.81 ✓
Investment Income	1,631.66 ✓
Transfer from PWA - \$1 Meter Assessment	25,497.89 ✓
Sale/Rent of Property	50.00
Donations	3,313.62 ✓
Miscellaneous Income	8,210.31
Total General Revenues and Transfers	<u>199,594.45</u>
Change in Net Assets	78,218.73
Net Assets, Beginning of Year	563,605.01
Net Assets, End of Year	<u><u>\$ 641,823.74</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement

Town of Ketchum, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2011

	General Fund	Capital Improvements Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 356,580.50	\$ 13,430.54	\$ 370,011.04
Due from Other Governments	38,759.57	-	38,759.57
Due from PWA	2,269.68	-	2,269.68
Grants Receivable	83,841.00	-	83,841.00
Prepaid Insurance	1,423.89	-	1,423.89
TOTAL ASSETS	\$ 482,874.64	\$ 13,430.54	\$ 496,305.18
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 2,896.35	\$ -	\$ 2,896.35
Pass-Through Grants Payable	219,284.00	-	219,284.00
Accrued Payroll and Vacation	810.08	-	810.08
Total Liabilities	222,990.43	-	222,990.43
Fund Balances:			
Cash Fund Balance, Unreserved	259,884.21	13,430.54	273,314.75
TOTAL LIABILITIES AND FUND BALANCES	\$ 482,874.64	\$ 13,430.54	\$ 496,305.18
<u>Reconciliation to the Statement of Net Assets</u>			
Total Governmental Funds Balance			273,314.75
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$596,501.80 and the accumulated depreciation is \$192,536.71 for a net book value of \$403,965.09 .			403,965.09
Long-term liabilities, including capitalized lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:			
Capitalized Lease Obligations Payable			(35,456.10)
Net Assets of Governmental Activities			\$ 641,823.74

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Ketchum, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2011

	General Fund	Capital Improvements Fund	Total Governmental Funds
Revenues:			
Taxes	\$ 164,782.79	\$ 2,909.93	\$ 167,692.72
Grants	12,772.75	-	12,772.75
Intergovernmental Pass-Through Grants	296,255.53	-	296,255.53
Charges for Services	19,367.00	-	19,367.00
Fines and Forfeitures	40,596.43	-	40,596.43
Investment Income	1,519.67	111.99	1,631.66
Meter Assessment	25,497.89	-	25,497.89
Sale/Lease of Property	50.00	-	50.00
Donations	3,313.62	-	3,313.62
Other Revenue	1,408.56	-	1,408.56
Total Revenues	565,564.24	3,021.92	568,586.16
Expenditures:			
General Government:			
Maintenance and Operation	50,370.65	-	50,370.65
Public Safety and Judiciary:			
City Attorney	5,501.25	-	5,501.25
Fire	63,297.16	-	63,297.16
Municipal Court	36,670.85	-	36,670.85
Police	48,000.00	-	48,000.00
Emergency Management	8,970.00	-	8,970.00
Transportation:			
Street and Alley	10,507.09	-	10,507.09
Intergovernmental Pass-Through Grants	296,242.00	13.53	296,255.53
Total Expenditures	519,559.00	13.53	519,572.53
Net Change in Fund Balance	46,005.24	3,008.39	49,013.63
Fund Balance, Beginning of Year	213,878.97	10,422.15	224,301.12
Fund Balance, End of Year	\$ 259,884.21	\$ 13,430.54	\$ 273,314.75

The accompanying Notes to the Financial Statements are an integral part of this statement

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
For the Year Ended June 30, 2011

Net Change in Fund Balances - Governmental Funds	\$ 49,013.63
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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 outlay expenditures capitalized	24,341.00
Depreciation expense	(18,972.49)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements.

Capital lease obligation principal payments	<u>23,836.59</u>
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Change in Net Assets of Governmental Activities	<u><u>\$ 78,218.73</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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 in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

A. Reporting Entity

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

Primary Government: Town of Ketchum

Discretely Presented Component Units: Ketchum Public Works Authority & South Grand Lake Municipal Airport

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units of which the Town appointed a voting majority of the units' board and the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's fund is blended into those of the Town's by appropriate activity type to comprise the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

Discretely Presented Component Units

Component Unit	Brief Description/Inclusion Criteria	Reporting
Ketchum Public Works Authority	Created to finance, develop and operate the utility services activities. The current Town Council appoints the governing body (Trustees).	Enterprise Fund

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011**

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Component Unit	Brief Description/Inclusion Criteria	Reporting
South Grand Lake Municipal Airport	Created to finance, develop and operate the municipal airport activities. The current Town Council appoints the governing body (Trustees).	Enterprise Fund

The above discretely presented component units are reported separately from the primary government and are not included in our report.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets 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. The Business-type activities, or component units, are reported separately from the primary government and are not included in our report.

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. Funds are organized into three major categories: governmental, proprietary and fiduciary. 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:

- 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, 2011**

I. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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 specific revenue sources that are legally or administratively restricted to expenditures for certain purposes. The reporting entity includes the following special revenue funds:

Capital Improvements Fund

Proprietary Fund

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 Enterprise Funds, or component units, are reported separately from the primary government and are not included in our report.

Major and Non-Major Funds

<i>Major:</i>	General Fund	
	Proprietary Fund:	Ketchum Public Works Authority (reported separately)
	Proprietary Fund:	South Grand Lake Municipal Airport (reported separately)

<i>Non-Major:</i>	Special Revenue Fund:	Capital Improvements Fund
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Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” 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 Statement of Activities, both governmental and business-like activities, as reported separately, are presented using the economic resources measurement focus as defined in item b. below.

- a. All governmental funds utilize 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 financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applied to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities, as reported separately, are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds (the Town has none) are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. All proprietary funds, or component units, are reported separately from the primary government and are not included in our report.

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011**

I. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity

Cash and Investments

For the presentation of the statement of net assets, cash includes all checking and savings accounts held by the Town.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax and other intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

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.

Government-Wide 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 Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The Town does not currently have a capital asset policy. Donated capital assets are reported at estimated fair market value at the date of donation.

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
Utility System	20-60 years
Infrastructure	20-60 years

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

II. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. The long-term debt consists of capitalized lease obligations.

Long term debt for governmental funds is not usually reported as a liability in the fund financial statements. However, the Town did sign a promissory note which is required to be reported at the fund level. The Town received a finding for noncompliance.

Compensated Absences

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Equity Classifications

Net Assets/Fund Balance

In the government-wide financial statement, net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, 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.

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 purposes 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).

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011**

III. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Equity (continued)

Net Assets/Fund Balance (continued)

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.

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.

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. Sales taxes collected by the State in June and July (which represent sales for May and June) and received by the Town in July and August have been accrued and are included under the caption "Due from other governments."

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

I. Summary of Significant Accounting Policies (continued)

E. Revenues, Expenditures and Expenses (continued)

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. Use taxes collected by the State in June and July and received by the Town in July and August are included under the caption "Due from other governments."

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified by character, such as Current (further classified by function), Debt Service, and 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.

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component units, which are reported separately, 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. 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., \$83,840.83 of the Town's deposits were exposed to custodial credit risk.

**Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011**

II. Stewardship, Compliance and Accountability (continued)

B. 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
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2011, the Town complied, in all material respects, with these revenue restrictions.

C. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2011, the Town had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2011, the Town had not become indebted.

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, 2011.

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, 2011 \$83,840.83 of Town's deposits were exposed to custodial credit risk.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

III. Detailed Notes on Transaction Classes/Accounts (continued)

B. Due from Other Governments

Accounts Receivable of the governmental activities consists of franchise tax, occupation tax, sales and use tax, motor vehicle collections and gasoline tax, and alcoholic beverage tax. As of June 30, 2011, the amount Due from Other Governments was \$38,759.57.

C. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 4,104.51	\$ -	\$ -	\$ 4,104.51
Depreciable assets:				
Buildings/Improvements	152,000.00	-	-	152,000.00
Machinery and Equipment	311,900.00	24,341.00	-	336,241.00
Vehicles	104,156.29	-	-	104,156.29
	<u>568,056.29</u>	<u>24,341.00</u>	<u>-</u>	<u>592,397.29</u>
Total	<u>572,160.80</u>	<u>24,341.00</u>	<u>-</u>	<u>596,501.80</u>
Accumulated Depreciation	(173,564.22)	(18,972.49)	-	(192,536.71)
Net Capital Assets	<u>\$ 398,596.58</u>	<u>\$ 5,368.51</u>	<u>\$ -</u>	<u>\$ 403,965.09</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 5,254.64
Public Safety and Judiciary	
Fire	13,717.85
Total Depreciation Expense	<u>\$ 18,972.49</u>

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

III. Detailed Notes on Transaction Classes/Accounts (continued)

D. Long-Term Debt

As of June 30, 2011, the governmental long-term debt of the financial reporting entity consisted of the following:

A note payable (#390367) due to the First State Bank in the principal amount of \$30,314.06 was issued on September 24, 2008. The note bears interest at the rate of 5.5%. This note was paid off on April 19, 2011.

The Town executed a lease to purchase a 2010 Chevy Silverado on April 28, 2010. The amount of the lease is \$50,010 with interest accruing at a fixed rate of 5.00% and payable in monthly installments of \$1,304.91, maturing November 20, 2013.

Estimated future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	\$ 14,208.81	\$ 1,450.11	\$ 15,658.92
2013	14,935.75	723.17	15,658.92
2014	6,311.54	73.14	6,384.68
	<u>\$ 35,456.10</u>	<u>\$ 2,246.42</u>	<u>\$ 37,702.52</u>

E. Changes in Long-Term Debt

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

	Balance June 30, 2010	Proceeds	Payments	Balance June 30, 2011	Due Within One Year
Lease Obligations	<u>\$ 59,292.69</u>	<u>\$ -</u>	<u>\$ 23,836.56</u>	<u>\$ 35,456.13</u>	<u>\$ 14,208.81</u>

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

III. Detailed Notes on Transaction Classes/Accounts (continued)

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 officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that Town, 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.

As a member of the Plan, the Town is required to pay fees set by the Plan according to an established payment schedule. The Town is responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. A Loss Fund has been established from the proceeds of fees paid by the Town. The State Insurance Fund provides coverage in excess of the Loss Fund so the Town's liability for claim loss is limited to the balance of that fund. However, failure of the State Insurance Fund to honor its obligations could result in losses to the Plan.

B. Employee Retirement System and Plan

Description of Plan

The Town participates in the Oklahoma Public Employees Retirement Plan (the "Plan") administered by the Board of Trustees of the Oklahoma Public Employees Retirement System. The Plan is a multiple employer cost-sharing public employees retirement plan which is a defined benefit pension plan covering substantially all state employees except employees covered by six other plans sponsored by the State. It also covers employees of participating county and local agencies. Agencies and/or participants not included in the Plan are as follows: teachers, municipal police, municipal firefighters, judicial, wildlife, and state law enforcement. The supervisory authority for the management and operation of the Plan is the Board, which acts as a fiduciary for investment of the funds and the application of Plan interpretations.

Town of Ketchum, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2011

IV. Other Information (continued)

B. Employee Retirement System and Plan (continued)

The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Title 74 Sections 901 through 932 of the Oklahoma Statutes establishes benefit provisions and may be amended only through legislative action. The plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Public Employees Retirement System, P.O. Box 53007, Oklahoma City, OK 73152-3007 or by calling (405) 858-6737 (or toll-free 1-800-733-9008).

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 Town, OK 73105-3414, or by calling 1-800-525-7461.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Ketchum, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and
Changes in Fund Balances - Budget and Actual -
Regulatory Basis - General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues:					
Taxes	\$ 113,762.19	\$ 113,762.19	\$ 152,351.06	\$ -	\$ 38,588.87
Grants	5,100.00	5,100.00	8,822.75	-	3,722.75
Permits	-	-	32.00	-	-
Rural Fire Runs	1,761.75	1,761.75	1,500.00	-	(261.75)
Donations	-	-	3,313.62	-	3,313.62
Fines	37,928.70	37,928.70	40,596.43	-	2,667.73
Fire Department Fees	39,305.01	39,305.01	42,794.43	-	3,489.42
Licenses	-	-	360.00	-	360.00
Investment Income	1,261.31	1,261.31	1,519.67	-	258.36
Reimbursements	1,222.08	1,222.08	1,771.54	-	549.46
Refunds	-	-	10,402.30	-	10,402.30
Miscellaneous	-	-	50.00	-	50.00
Intergovernmental	-	-	-	-	-
Total Revenues Collected	200,341.04	200,341.04	263,513.80	-	63,140.76
Expenditures:					
General Government	83,777.69	83,777.69	49,094.82	-	34,682.87
Town Attorney	7,000.00	7,000.00	5,501.25	-	1,498.75
Fire Department	49,000.00	49,000.00	45,908.41	-	3,091.59
Fire Capital Outlay	31,347.13	31,347.13	16,976.84	-	14,370.29
Emergency Management	-	-	8,970.00	-	(8,970.00)
Municipal Court	75,000.00	75,000.00	36,373.41	-	38,626.59
Police	50,000.00	50,000.00	48,000.00	-	2,000.00
Street and Alley	81,457.72	81,457.72	10,438.82	-	71,018.90
Intergovernmental	-	-	-	-	-
Total Expenditures Paid	377,582.54	377,582.54	221,263.55	-	156,318.99
Excess (Deficit)	(177,241.50)	(177,241.50)	42,250.25	-	219,459.75
Cash Fund Balance					
Beginning of Year	177,330.12	177,330.12	177,330.12	-	-
Cash Fund Balance	88.62	88.62	219,580.37	-	219,459.75

Amounts reported for general fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Due from other governments	38,759.57
Due from PWA	2,269.68
Prepaid Insurance	1,423.89
Cash difference between budget and audit	(2,149.30)

Cash Fund Balance - General Fund \$ 259,884.21

UNAUDITED

OTHER SUPPLEMENTARY INFORMATION

Town of Ketchum, Oklahoma
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation Airport Improvement Program	20.106	\$ 296,242.00

Note A - This schedule was prepared on the accrual basis of accounting. The information in this schedule is presented in Accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Town of Ketchum, Oklahoma
Schedule of Expenditures of State Awards
For the Year Ended June 30, 2011

<u>Name of Agency or Grant</u>	<u>Expenditures</u>
NE Oklahoma Electric Coop	\$ 3,950.00
NE Oklahoma Electric Coop	2,021.00
Cherokee Nation	2,404.03
Department of Agriculture	4,397.72
Total State Financial Assistance	<u>\$ 12,772.75</u>

**Town of Ketchum
Schedule of Findings and Responses
For the Year Ended June 30, 2011**

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the governmental activities of the City of Jay, Delaware County, Oklahoma.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the governmental activities City of Jay, Delaware County, Oklahoma.

FINDINGS—FINANCIAL STATEMENT AUDIT

CURRENT YEAR

None

QUESTIONED COSTS

None

PRIOR YEAR

None

QUESTIONED COSTS

None