

**TOWN OF JET  
ALFALFA COUNTY, OKLAHOMA**

**AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS**

**JUNE 30, 2010**

*WILLIAM K. GAUER  
CERTIFIED PUBLIC ACCOUNTANT  
WATONGA, OKLAHOMA*

**TOWN OF JET  
OKLAHOMA  
TOWN COUNCIL AND OFFICERS**

Jim Blackledge  
Herschel Kiser  
Lindeen Evans  
Wanda Gray  
Pamela Sands

Donna Keller

Mayor  
Councilperson  
Councilperson  
Councilperson  
Councilperson

Town Clerk/Treasurer

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## **INDEPENDENT AUDITOR'S REPORT**

To the Town Council  
Town of Jet, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Jet, Oklahoma, as of and for the three month period ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Jet, Oklahoma's management. My responsibility is to express opinions on these financial statements based on my audit

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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. I believe that my audit provides a reasonable basis for our opinions.

As discussed in Note 1, Town of Jet, Oklahoma, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Jet, Oklahoma, as of June 30, 2010, and the respective changes in financial position—modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (omitted) and budgetary comparison information on pages 20 & 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with

Town of Jet  
June 26, 2012  
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auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink, appearing to be "W. J. ...", written over a faint dotted line.

Watonga, Oklahoma  
June 26, 2012

**TOWN OF JET, OKLAHOMA**  
Statement of Net Assets-Modified Cash Basis  
Fiscal Year Ended June 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Unrestricted Assets:			
Cash and Cash Equivalents	\$ 47,195	\$ 47,456	\$ 94,651
Certificate of Deposits	28,708	35,000	63,708
Due from other government	-	-	-
Total Unrestricted Assets			
Restricted Assets:			
Restricted Cash	-	2,722	2,722
Land and construction-in-process	-	-	-
Other capital assets, net	-	325,416	325,416
Total Restricted Assets	75,903	410,594	486,497
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Due to Other Funds	-	-	-
Deposits	-	4,100	4,100
Long-term Liabilities			
Due within one year	-	12,064	12,064
Due in more than one year	-	78,300	78,300
Total Liabilities	-	94,464	94,464
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	-	235,052	235,052
Restricted	31,174	-	31,174
Unrestricted	44,729	81,078	125,807
Total Net Assets	\$ 75,903	\$ 316,130	\$ 392,033

See accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA  
Statement of Activities - Modified Cash Basis  
Fiscal Year Ended June 30, 2010

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 84,833	\$ -	\$ -	\$ -	\$ (84,833)	\$ -	\$ (84,833)
Culture, parks and recreation	-	-	-	-	-	-	-
Public Safety	12,171	444	5,100	-	(6,627)	-	(6,627)
Highway and Streets	9,105	-	-	-	(9,105)	-	(9,105)
Total governmental activities	<u>106,109</u>	<u>444</u>	<u>5,100</u>	<u>-</u>	<u>(100,565)</u>	<u>-</u>	<u>(100,565)</u>
<b>Business-Type Activities:</b>							
Water & Sewer	106,374	102,592	-	-	-	(3,782)	(3,782)
Trash Collections	18,591	23,121	-	-	-	4,530	4,530
Total business-type activities	<u>124,965</u>	<u>125,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>748</u>	<u>748</u>
<b>Total Primary Government</b>	<u>231,074</u>	<u>126,157</u>	<u>5,100</u>	<u>-</u>	<u>(100,565)</u>	<u>748</u>	<u>(99,817)</u>
<b>Total Component Unit</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
<b>General Revenues:</b>							
Taxes					61,764	-	61,764
Intergovernment revenue					9,939	-	9,939
Investment income					892	796	1,688
Miscellaneous					31,243	-	31,243
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					<u>103,838</u>	<u>796</u>	<u>104,634</u>
<b>Changes in Net Assets</b>					3,273	1,544	4,817
<b>Net Assets - Beginning [Unaudited]</b>					72,630	314,586	387,216
<b>Net Assets - Ending</b>					<u>75,903</u>	<u>316,130</u>	<u>392,033</u>

See accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA  
 STATEMENT OF NET ASSETS-CASH BASIS  
 GOVERNMENTAL FUNDS  
 Fiscal Year Ended June 30, 2010

	General Fund	Community Building Fund	Museum Fund	Total
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 44,729	\$ 2,466	-	\$ 47,195
Certificates of Deposit	-	18,502	10,207	28,708
Due from Other Funds (Volunteer Fire Dept)	-	-	-	-
<b>Total Current Assets</b>	<u>44,729</u>	<u>20,967</u>	<u>10,207</u>	<u>75,903</u>
Non-current Assets:				
Capital Assets				
Capital assets, net of accumulated depreciation	-	-	-	-
<b>Total Non-Current Assets</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>44,729</u>	<u>20,967</u>	<u>10,207</u>	<u>75,903</u>
<b>LIABILITIES</b>				
Accounts payable & accrued liabilities	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted :				
Community Building	-	20,967	-	20,967
Museum Fund	-	-	10,207	10,207
Unrestricted:				
General Government	44,729	-	-	44,729
<b>Total Net Assets</b>	<u>44,729</u>	<u>20,967</u>	<u>10,207</u>	<u>75,903</u>
<b>Reconciliation to Statement of Net Assets:</b>				
Amount reported for governmental activities in the statement of net assets				
Capital assets				-
				-
				<u>\$ 75,903</u>

See accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA  
 STATEMENT OF NET ASSETS-MODIFIED CASH BASIS  
 PROPRIETARY FUNDS  
 Fiscal Year Ended June 30, 2010

	Jet Utilities Authority	Total
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 47,456	\$ 47,456
Certificate of Deposits	35,000	35,000
Inventory	-	-
Total Current Assets	82,456	82,456
Noncurrent Assets:		
Restricted cash and cash equivalents	2,722	2,722
Restricted investments	-	-
Capital Assets, net of accumulated depreciation	325,416	325,416
Total noncurrent assets	328,138	328,138
Total Assets	410,594	410,594
<b>LIABILITIES</b>		
Current Liabilities:		
Deposits subject to refund	4,100	4,100
Notes payable-current portion	12,064	12,064
Due to other funds	-	-
Total current liabilities	16,164	16,164
Noncurrent Liabilities:		
Notes payable	78,300	78,300
Total noncurrent liabilities	78,300	78,300
Total Liabilities	94,464	94,464
<b>NET ASSETS</b>		
Invested in Capital Assets, net of debt	235,052	235,052
Restricted	(1,378)	(1,378)
Unrestricted	82,456	82,456
Total Net Assets	\$ 316,130	\$ 316,130

See accompanying notes to the basic financial statements,

TOWN OF JET, OKLAHOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
CASH BASIS  
GOVERNMENTAL FUNDS

	General Fund	Community Building Fund	Museum Fund	Total
<b>Revenues:</b>				
Taxes	\$ 61,764	\$ -	\$ -	\$ 61,764
Intergovernmental	9,939	-	-	9,939
Charges for Services	-	-	-	-
Fines and forfeitures	444	-	-	444
Licenses and permits	-	-	-	-
Grants	5,100	-	-	5,100
Interest	167	725	-	892
Miscellaneous	25,091	6,152	-	31,243
Total Revenues	102,505	6,877	-	109,382
<b>Expenditures:</b>				
General Government	60,436	22,301	2,096	84,833
Police Department	5,354	-	-	5,354
Fire Department	6,817	-	-	-
Street & Alley	9,105	-	-	-
Total Expenditures	81,712	22,301	2,096	90,187
Excess (deficiency) of revenues over expenditures	20,793	(15,424)	(2,096)	19,195
<b>Other Financing Sources</b>				
Transfers In	-	9,700	-	9,700
Transfers Out	(9,700)	-	-	(9,700)
Total Other Financing Sources	(9,700)	9,700	-	-
Net Changes in Fund Balance	11,093	(5,724)	(2,096)	19,195
Fund Balance - Beginning [Unaudited]	33,636	26,691	12,303	72,630
Fund Balance - Ending	\$ 44,729	\$ 20,967	10,207	\$ 91,825
<b>Reconciliation to the Statement of Activities:</b>				
Net change in fund balances				3,273
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:				
Capital assets transferred to Enterprise Fund				-
Depreciation				-
Change in net assets of governmental activities				\$ 3,273

See Accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET ASSETS  
MODIFIED CASH BASIS  
PROPRIETARY FUNDS

	Jet Utilities Authority	Total
<b>Revenues:</b>		
Charges for services:		
Water	\$ 65,670	\$ 65,670
Sewer	25,342	25,342
Sanitation	23,121	23,121
Other	11,580	11,580
Total Revenues	125,713	125,713
<b>Expenses:</b>		
Personnel Services	32,876	32,876
Maintenance & Operations	51,571	51,571
Trash	18,591	18,591
Depreciation	19,721	19,721
Total Expenses	122,759	122,759
Operating Income (Loss)	2,954	2,954
Non-operating revenues (expenses):		
Investment income	796	796
Interest expense	(2,206)	(2,206)
Other-Transfers In	-	-
Other-Transfers Out	-	-
Total Non-operating Revenues (Expenses)	(1,410)	(1,410)
Changes in Net Assets	1,544	1,544
Net Assets - Beginning	314,586	314,586
Net Assets - Ending	\$ 316,130	\$ 316,130

See Accompanying notes to the basic financial statements.

TOWN OF JET, OKLAHOMA  
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS-CASH BASIS  
Fiscal Year Ended June 30, 2010

	Jet Utilities Authority	Total
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 125,713	\$ 125,713
Payments to suppliers	(70,162)	(70,162)
Payments to employees	(32,876)	(32,876)
Total Revenues	22,675	22,675
<b>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Reclass to Certificates of Deposit	(35,000)	(35,000)
Transfers to General Fund	-	-
<b>CASH FLOW FROM CAPITAL RELATED ACTIVITIES</b>		
Capital Expenditures	(4,000)	(4,000)
Interest Paid	(2,206)	(2,206)
Principal Paid	(11,784)	(11,784)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Receipts	796	796
Net Change in cash and cash equivalents	(29,519)	(29,519)
Beginning Balance	79,697	79,697
Ending Balance	\$ 50,178	\$ 50,178
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating Income (Loss)	2,954	2,954
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	19,721	19,721
Net cash provided by operating activities	\$ 22,675	\$ 22,675

TOWN OF JET  
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Jet, Oklahoma (the "Town") is incorporated as a statutory town under the laws of the State of Oklahoma. The Town provides the following services: public safety (fire), streets, sanitation, utilities, and general administration.

The Town prepares its financial statements on the modified cash basis of accounting. Under this basis, revenues are recognized when collected and expenses and expenditures are recognized when paid. Accordingly, the Town's financial statements are not intended present financial position and results of operations in conformity with accounting principles generally accepted in the United States of America (GAAP). Discussed further in Note 3.

**1. THE REPORTING ENTITY**

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

Primary government – Town of Jet  
Blended component unit – Town of Jet Utilities Authority

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the Town's trustees, or the component unit provides services entirely to the Town. The component unit's funds are blended into those of the Town by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

Jet Utilities Authority – The Town trustees serve as trustees of the Jet Utilities Authority. The operations of the Jet Utilities Authority are reported as an enterprise fund.

**2. BASIS OF PRESENTATION**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charges 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 a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories, governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within governmental and proprietary categories. A fund is considered major if it's the primary operating fund of the Town or meets the following criteria.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

The funds of the financial entity are as described below:

GOVERNMENTAL FUND TYPES

*General Fund*

The General Fund is the general operating fund of the Town. It is used to account for all financial resources, except those required to be accounted for in another fund.

*Special Revenue Fund*

Special Revenue Funds are used to account for specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The Community Building Fund and Museum Fund are the Town's Special Revenue Funds.

PROPRIETARY FUND TYPES

*Enterprises Funds*

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

**3. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

MEASUREMENT FOCUS

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

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

- 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

TOWN OF JET  
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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 operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

**BASIS OF ACCOUNTING**

In the government-wide Statement of Net Assets and Statements of Activities and the fund financial statements, governmental and business-like are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses when they result from cash transactions with a provision for depreciation on business-type activities in the government-wide statements and proprietary fund statements. Accordingly, capital assets and infrastructure assets in the governmental activities are not recorded as assets but are reported as current expenditures in the year of purchase. Therefore no depreciation is taken on these assets. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

**4. CAPITAL ASSETS**

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

**GOVERNMENT-WIDE STATEMENTS**

In the government-wide financial statements, capital assets arising from cash transactions in the Proprietary funds only are accounted for assets in the Statement of Net Assets. These capital assets are valued at historical cost or estimated historical cost or estimated historical cost if actual is unavailable. Governmental funds' infrastructure assets are not capitalized. Governmental fund capital expenditures are recorded as a current year expense.

Depreciation of only proprietary fund capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight line method of depreciation.

TOWN OF JET  
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

FUND FINANCIAL STATEMENTS

In the fund financial statements, capital assets arising from cash transactions for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

**5. EQUITY CLASSIFICATION**

GOVERNMENT-WIDE STATEMENTS

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

- a) Invested in Capital assets, net related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b) Restricted net assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”

FUND FINANCIAL STATEMENTS

Governmental fund equity is classified the same as the government-wide statements.

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

**6. BUDGETED AND BUDETARY ACCOUNTING**

The budgetary data reflected in the accompanying financial statements reflected the Town’s legally adopted budgets. The Town’s budget is adopted by the town’s governing board in accordance with the Oklahoma Municipal Budget Act. Budgets are adopted for all funds.

**7. CASH AND INVESTMENTS**

Statues authorized the Town to place public funds in checking accounts, certificates of deposit, passbooks, and other available bank investments provided that the deposits and investments are federally insured or secured by approved securities pledged with the State Treasurer.

**8. USE OF ESTIMATES**

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

**NOTE B – GRANTS**

TOWN OF JET  
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

- Oklahoma State Fire Department grant – The town received a \$4,412 grant for the town's fire department capital outlay and operations.

**NOTE C – BUDGETARY NONCOMPLIANCE**

For the interim period ended September 30, 2011, there were no expenditures that exceeded appropriation at the legal level of control in individual funds.

**NOTE D – CAPITAL ASSETS**

Capital assets activity, resulting from modified cash basis transactions, for the three month period ended June 30, 2010, was as follows:

See Figure 1; Capital Assets

Government Type Activities:

Capital assets purchased during the year recorded as capital outlay, (not depreciated).

NONE

**NOTE E – CASH & INVESTMENTS**

CUSODIAL CREDIT RISK – DEPOSITS

The table presented below is designed to disclose the level of custodial credit risk assumed by the town based upon how its deposits were insured or secured with collateral at June 30, 2010. The comparison related to the primary government only. The categories of custodial credit risk are defined as follows:

Category 1 – Insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Town (or public trust) or by its agent in name.

Category 2 – Uninsured by collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category 3 – Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution or by its trust department of agent buy not in the Town's name; or properly collateralized with no written and approved collateral agreement

All funds held by the Town and its related authority were covered by FDIC insurance (Category 1).

During the year ended September 30, 2011, the Town's investments consisted solely of certificates and deposits.

**NOTE F – RESTRICTED NET ASSETS**

The amount reported as restricted net assets is as follows:

Governmental Activities:	
Community Building	\$ 20,967
Museum	\$ 10,207

TOWN OF JET  
Jet, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**NOTE G – LONG TERM DEBT**

Long Term Debt

The reporting entity's debt consist of notes payable with the Cleo State Bank with an original amount of \$44,110; payable in 84 monthly payments of \$631 with interest at 5.35% and a maturity of May 2016. Current balance is \$38,506.

	Balance Due	Principle Due
As of June 30, 2011	\$ 32,857	\$ 5,649
June 30, 2012	26,898	5,959
June 30, 2013	20,613	6,286
June 30, 2014	13,983	6,630
June 30, 2015	6,989	6,994
June 30, 2016	-0-	6,989

The entity also has notes payable to the Oklahoma Department of Commerce with an original amount borrowed of \$128,300, payable in monthly installments of \$534.59 with no interest. Current balance is \$51,858.

	Balance Due	Due in Fiscal Year
As of June 30, 2011	\$ 45,442	\$ 6,415
June 30, 2012	39,027	6,415
June 30, 2013	32,612	6,415
June 30, 2014	26,197	6,415
June 30, 2015	19,782	6,415
June 30, 2016	\$ 13,367	6,415
June 30, 2017	6,952	6,415
June 30, 2018	537	6,415
June 30, 2019	-0-	537

**NOTE H – COMMITMENTS AND CONTINGENCIES**

Grants:

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. (See Note B) The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent of the granting funds. Any liability for reimbursement, which may arise as a result of these audits is not believed to be material.

TOWN OF JET, OKLAHOMA  
Schedule of Changes in Capital Assets

	July 1, 2009	Additions	Disposals	September 30, 2011
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Infrastructure	-	-	-	-
Total other capital assets at historical costs	-	-	-	-
Less accumulated depreciation for:	-	-	-	-
Other capital assets, net	-	-	-	-
<b>Governmental activities capital assets, net</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Building and Utility Systems	467,743	4,000	-	471,743
Machinery and equipment	3,048	-	-	3,048
Infrastructure	-	-	-	-
Total other capital assets at historical costs	470,791	4,000	-	474,791
Less accumulated depreciation for:	129,654	19,721	-	149,375
Other capital assets, net	-	-	-	-
<b>Governmental activities capital assets, net</b>	<b>\$ 341,137</b>	<b>\$ (15,721)</b>	<b>\$ -</b>	<b>\$ 325,416</b>

# **WILLIAM K. GAUER**

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

To the Honorable Board of Trustees  
Town of Jet

To the Honorable Board of Trustees  
Jet Utility Authority

I have audited the financial statements of Town of Jet (Town) Alfalfa County, Oklahoma, as of and for the year ended June 30, 2010, and have issued my report thereon dated June 26, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

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

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I 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's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of the Town in a separate letter dated June 26, 2012.

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



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Watonga, Oklahoma  
June 26, 2012

TOWN OF JET, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
 GENERAL FUND  
 Fiscal Year Ended June 30, 2010

	Original	Final	Actual	Variance Over (Under)
<b>Beginning Budgetary Fund Balance</b>	\$ 11,689	\$ 11,689	\$ 33,636	\$ 21,947
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales Tax	47,000	47,000	36,046	(10,954)
Franchise Tax	7,600	7,600	8,931	1,331
Use Tax	2,500	2,500	15,655	13,155
Cigarette Tax	500	500	539	39
Lodging Tax	335	335	593	258
<b>Total Taxes</b>	<u>57,935</u>	<u>57,935</u>	<u>61,764</u>	<u>3,829</u>
<b>Intergovernmental:</b>				
Motor Vehicle Tax	1,800	1,800	1,641	(159)
Alcoholic Beverage Tax	5,000	5,000	8,060	3,060
Gas Excise Tax	500	500	238	(262)
Grants	15,000	15,000	5,100	(9,900)
<b>Investment Income</b>	300	300	167	(133)
<b>Miscellaneous Income:</b>				
Rental Income	-	-	-	-
Police	-	-	444	444
Other Miscellaneous	8,000	8,000	25,091	17,091
<b>Other Financing Sources</b>				
Transfer from Other Funds	10,000	10,000	-	(10,000)
<b>Amounts Available for Appropriations</b>	<u>110,224</u>	<u>110,224</u>	<u>136,141</u>	<u>25,917</u>
<b>Budgeted Expenditures</b>				
<b>GENERAL GOVERNMENT:</b>				
Personnel Service	24,849	24,849	60,436	35,587
Maintenance & Operation:	25,849	25,849	-	(25,849)
Contracted Services;	15,000	15,000	-	(15,000)
Capital Outlay	12,000	12,000	-	(12,000)
<b>TOTAL GENERAL GOVERNMENT</b>	<u>77,698</u>	<u>77,698</u>	<u>60,436</u>	<u>(17,262)</u>
<b>POLICE DEPARTMENT:</b>				
Personnel Service	3,400	3,400	5,354	1,954
Maintenance & Operation:	2,600	2,600	-	(2,600)
Capital Outlay	1,000	1,000	-	(1,000)
<b>TOTAL POLICE DEPARTMENT</b>	<u>7,000</u>	<u>7,000</u>	<u>5,354</u>	<u>(1,646)</u>
<b>FIRE DEPARTMENT:</b>				
Personnel Services:	-	-	720	720
Maintenance & Operation:	5,000	15,240	5,672	(9,568)
Capital Outlay	-	800	425	(375)
<b>TOTAL FIRE DEPARTMENT</b>	<u>5,000</u>	<u>16,040</u>	<u>6,817</u>	<u>(9,223)</u>
<b>STREET &amp; ALLEY:</b>				
Personnel Service	-	-	-	-
Maintenance & Operations	13,000	13,000	9,105	(3,895)
Capital Outlay	2,500	2,500	-	(2,500)
<b>TOTAL STREET &amp; ALLEY</b>	<u>15,500</u>	<u>15,500</u>	<u>9,105</u>	<u>(6,395)</u>
<b>Other Financing Uses:</b>				
Transfers to Other Funds	-	-	9,700	9,700
<b>Total Charges to Appropriations</b>	<u>105,198</u>	<u>116,238</u>	<u>91,412</u>	<u>(24,826)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ 5,026</u>	<u>\$ (6,014)</u>	<u>\$ 44,729</u>	<u>\$ 50,743</u>

See Accompanying notes to the basic financial statements.