

AUDIT REPORT

TOWN OF TAFT, OKLAHOMA

TAFT PUBLIC WORKS AUTHORITY

JUNE 30, 2011



KERSHAW CPA & ASSOCIATES, PC

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TOWN OF TAFT, OKLAHOMA  
JUNE 30, 2011

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TOWN OF TAFT, OKLAHOMA  
JUNE 30, 2011

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TOWN OF TAFT, OKLAHOMA  
BOARD OF TRUSTEES  
JUNE 30, 2011

BOARD OF TRUSTEES

<u>NAME</u>	<u>POSITION</u>
Lelia Davis	Mayor
Janice Bowler	Vice-Mayor
Debra Culton	Trustee
Elsie Ceasar	Trustee
Vacant	Trustee

Unaudited

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Taft, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Taft, Oklahoma, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Town of Taft, Oklahoma's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Taft, Oklahoma's management. Our responsibility is to express an opinion 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, and in accordance with Oklahoma Statutes. 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 opinion.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the Town has not maintained accurate capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for my review. The amount by which this departure would affect the assets, net assets, and expenditures/expenses of the Governmental & Business-Type Activities is not readily determinable.

We were unable to obtain sufficient financial records of the Volunteer Fire Department Fund necessary to perform sufficient auditing procedures. Therefore, the assets, liabilities, fund balances, revenues and expenses of the Volunteer Fire Department Fund included in the financial statements do not present activity of both accounts operated by the Fire Department.

In our opinion, except for the effects, if any, on the financial statements of improper capital asset recordkeeping and the exclusion of the Volunteer Fire Department described in the preceding paragraphs, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Taft,

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Oklahoma, as of June 30, 2011, and the changes in financial position thereof for the year then ended in conformity with the basis of accounting described above.

In accordance with Government Auditing Standards, we have also issued our report dated August 2, 2012, on our consideration of the Town of Taft, Oklahoma'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Town of Taft has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34. However the Town has not presented the Management's Discussion and Analysis or a Budgetary Comparison Schedule required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Taft's basic financial statements. The introductory and the other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion thereon.

*Kershaw CPA & Associates, P.C.*

Kershaw, CPA & Associates, PC

August 2, 2012

**TOWN OF TAFT, OKLAHOMA**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2011 Total</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets:</u></b>			
Cash and cash equivalents	\$ 22,754	\$ 3,288	\$ 26,042
Taxes Receivable	-	-	-
Accounts Receivable	-	-	-
Due from other funds	3,799	-	3,799
Total Current Assets	<u>26,553</u>	<u>3,288</u>	<u>29,841</u>
<b><u>Other Assets:</u></b>			
Cash and cash equivalents - Restricted	-	18,753	18,753
Total Other Assets	<u>-</u>	<u>18,753</u>	<u>18,753</u>
<b><u>Capital Assets:</u></b>			
Capital Assets, net of Accum. Depreciation	-	446,322	446,322
Total Capital Assets	<u>-</u>	<u>446,322</u>	<u>446,322</u>
<b>TOTAL ASSETS</b>	<u>26,553</u>	<u>468,363</u>	<u>494,916</u>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities:</u></b>			
Accounts Payable	-	-	-
Due to other funds	-	3,799	3,799
Current Portion of Long-Term Debt	-	6,859	6,859
Meter Deposits	-	10,516	10,516
Total Current Liabilities	<u>-</u>	<u>21,174</u>	<u>21,174</u>
<b><u>Long-Term Liabilities:</u></b>			
Rural Development Note 9103	-	56,531	56,531
Rural Development Note 9104	-	188,209	188,209
Less: Current Portion of Long-Term Debt	-	(6,859)	(6,859)
Total Long-Term Liabilities	<u>-</u>	<u>237,881</u>	<u>237,881</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>259,055</u>	<u>259,055</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	-	201,582	201,582
Restricted for:			
Debt Service	-	18,753	18,753
Other Purposes	-	-	-
Unrestricted	26,553	(11,027)	15,527
<b>TOTAL NET ASSETS</b>	<u>\$ 26,553</u>	<u>\$ 209,308</u>	<u>\$ 235,861</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Personal Services	\$ 22,704	\$ -	\$ -	\$ -	\$ (22,704)
Materials & Supplies	14,555	-	-	-	(14,555)
Other Services & Charges	54,681	-	4,398	-	(50,283)
Capital Outlay	122,960	-	-	115,918	(7,042)
Total Governmental Activities	214,901	-	4,398	115,918	(94,585)
<b>Business-type activities:</b>					
Water, Sewer & Sanitation	94,275	50,238	-	-	(44,037)
Total Business-type Activities	94,275	50,238	-	-	(44,037)
<b>Total</b>	<b>\$ 309,175</b>	<b>\$ 50,238</b>	<b>\$ 4,398</b>	<b>\$ 115,918</b>	<b>\$ (138,622)</b>

**Changes in Net Assets:**

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ (94,585)	\$ (44,037)	\$ (138,622)
<b>General revenues:</b>			
Sales Tax	70,489	-	70,489
Cigar Tax	1,054	-	1,054
Alcoholic Beverage Tax	1,439	-	1,439
Franchise Tax	7,420	-	7,420
Gasoline Excise Tax	692	-	692
Commercial Vehicle Tax	2,900	-	2,900
Interest Income	6	15	22
Sanitation Fees (from PWA)	-	-	-
Fire Department Dues (from PWA)	1,576	-	1,576
Miscellaneous Income	2,059	-	2,059
Transfers - Internal Activity	(41,471)	41,471	-
Total general revenues & transfers	46,164	41,487	87,651
Changes in net assets	(48,421)	(2,550)	(50,971)
Net assets - beginning	74,763	211,820	286,583
Net assets - prior year adjustment	211	38	249
Net assets - ending	\$ 26,553	\$ 209,308	\$ 235,861

See Accountant's Audit Report & Notes Which Accompany These Financial Statements



**TOWN OF TAFT, OKLAHOMA  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 16,641	\$ 1,143	\$ 4,970	\$ 22,754
Taxes Receivable	-	-	-	-
Due from other funds	3,799	-	-	3,799
<b>TOTAL ASSETS</b>	<b><u>\$ 20,440</u></b>	<b><u>\$ 1,143</u></b>	<b><u>\$ 4,970</u></b>	<b><u>\$ 26,553</u></b>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Payroll Taxes Payable	-	-	-	-
Due to other funds	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	1,143	4,970	6,113
Unassigned	20,440	-	-	20,440
<b>TOTAL FUND BALANCES</b>	<b><u>20,440</u></b>	<b><u>1,143</u></b>	<b><u>4,970</u></b>	<b><u>26,553</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 20,440</u></b>	<b><u>\$ 1,143</u></b>	<b><u>\$ 4,970</u></b>	

**Reconciliation to Statement of Net Assets:**

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

Capital assets used in governmental activities of \$0, net of accumulated depreciation of \$0, are not financial resources and, therefore, are not reported in the funds. -

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds. -

**Net Assets of Governmental Activities** **\$ 26,553**

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b><u>REVENUES:</u></b>				
Sales Tax	\$ 70,489	\$ -	\$ -	70,489
Cigar Tax	1,054	-	-	1,054
Alcoholic Beverage Tax	1,439	-	-	1,439
Franchise Tax	7,420	-	-	7,420
Gasoline Excise Tax	692	-	-	692
Commercial Vehicle Tax	2,900	-	-	2,900
Grant Income - DOC	42,329	-	4,398	46,727
Grant Income - EODD	73,589	-	-	73,589
Interest Income	-	2	4	6
Fire Department Dues (from PWA)	-	-	1,576	1,576
Miscellaneous Income	504	-	1,555	2,059
<b>TOTAL REVENUES</b>	<b>200,416</b>	<b>2</b>	<b>7,533</b>	<b>207,951</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	22,154	-	550	22,704
Materials & Supplies	11,744	-	2,811	14,555
Other Services & Charges	50,132	-	4,549	54,681
Capital Outlay	121,710	-	1,250	122,960
<b>TOTAL EXPENDITURES</b>	<b>205,740</b>	<b>-</b>	<b>9,160</b>	<b>214,901</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,324)</b>	<b>2</b>	<b>(1,628)</b>	<b>(6,949)</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfers In	5,199	-	2,550	7,749
Operating Transfers Out	(44,021)	-	(5,199)	(49,221)
Capital Debt Proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(38,822)</b>	<b>-</b>	<b>(2,649)</b>	<b>(41,471)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(44,146)</b>	<b>2</b>	<b>(4,277)</b>	<b>(48,421)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>64,550</b>	<b>1,141</b>	<b>9,071</b>	<b>74,763</b>
<b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>	<b>36</b>	<b>-</b>	<b>175</b>	<b>211</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 20,440</b>	<b>\$ 1,143</b>	<b>\$ 4,970</b>	<b>26,553</b>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Reconciliation to Statement of Activities:**

Net change in fund balances - total governmental funds	\$ (48,421)
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**Amounts reported for governmental activities in the Statement of Activities are different because:**

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Capital debt obligation principal payments	-
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Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Assets:

Capital Debt Proceeds	-
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Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	-
Depreciation expense	-

	-
Change in Net Assets of Governmental Activities	\$ (48,421)

**See Accountant's Audit Report & Notes Which Accompany These Financial Statements**

TOWN OF TAFT, OKLAHOMA  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2011

	Taft Public Works Authority Enterprise Fund June 30, 2011
<b><u>ASSETS</u></b>	
Current Assets:	
Cash and cash equivalents	\$ 3,288
Total Current Assets	<u>3,288</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	18,753
Other capital assets, net of accumulated depreciation	<u>446,322</u>
Total Noncurrent Assets	<u>465,075</u>
<b>TOTAL ASSETS</b>	<u><b>468,363</b></u>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>	
Current Liabilities:	
Accounts Payable	-
Due to other funds	3,799
Current Portion of Long-Term Debt	6,859
Meter Deposits	<u>10,516</u>
Total Current Liabilities	<u>21,174</u>
Noncurrent Liabilities:	
Rural Development Note 9103	56,531
Rural Development Note 9104	188,209
Less: Current Portion of Long-Term Debt	<u>(6,859)</u>
Total Noncurrent Liabilities	<u>237,881</u>
<b>TOTAL LIABILITIES</b>	<u><b>259,055</b></u>
<b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	201,582
Restricted for debt service	18,753
Unrestricted	<u>(11,027)</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 209,308</b></u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Taft Public Works Authority Enterprise Fund June 30, 2011
<b><u>OPERATING REVENUES:</u></b>	
Water & Sewer Collections	\$ 50,238
Other Income	-
<b>TOTAL OPERATING REVENUES</b>	<b>50,238</b>
<b><u>OPERATING EXPENSES:</u></b>	
Water Purchases	41,471
Wages & Payroll Taxes	18,484
Materials & Supplies	3,358
Other Services & Charges	6,889
Depreciation Expense	12,290
Town Trash Collection Payments	-
Fire Dept Dues	1,046
<b>TOTAL OPERATING EXPENSES</b>	<b>83,538</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>(33,300)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	15
Interest Expense	(10,737)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>(10,722)</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(44,022)</b>
Capital Contributions	-
Transfers in	41,471
Transfers out	-
<b>CHANGE IN NET ASSETS</b>	<b>(2,550)</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>211,820</b>
<b>TOTAL NET ASSETS - PRIOR YEAR ADJUSTMENT</b>	<b>38</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 209,308</b>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA  
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>June 30, 2011</u>
<b><u>Net Cash Flows from Operating Activities:</u></b>	
Cash Receipts from Customers	\$ 50,238
Other Cash Receipts	-
Payments to Suppliers, Employees & Laborers	(71,248)
Receipts of Customer Utility Deposits, Net of Refunds	1,285
Net Cash Provided (Used) by Operating Activities	<u>(19,726)</u>
<b><u>Net Cash Flows from Non-Capital Financing Activities:</u></b>	
Operating Transfers in	41,471
Operating Transfers Out	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>41,471</u>
<b><u>Net Cash Flows from Capital &amp; Related Financing Activities:</u></b>	
Additions to Capital Assets	-
Loan Proceeds received	-
Principal paid on Notes	(6,615)
Interest Expense	(10,737)
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(17,352)</u>
<b><u>Net Cash Flows from Investing Activities:</u></b>	
Interest Income	15
Net Cash Provided (Used) by Investing Activities	<u>15</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,409
Cash & Cash Equivalents, Beginning of Year	17,594
Cash & Cash Equivalents, Prior Year Adjustment	38
Cash & Cash Equivalents, End of Year	<u>\$ 22,041</u>
<b><u>Reconciliation of operating income (loss) to net cash provided</u></b>	
<b><u>operating activities:</u></b>	
Operating Income (Loss)	\$ (33,300)
Adjustments to reconcile operating income (loss) to net cash	
provided (used) by operating activities	
Depreciation Expense	12,290
(Increase)Decrease in Accounts Receivable	-
Increase(Decrease) in Due to Other Funds	-
Increase(Decrease) in Accounts Payable	-
Increase(Decrease) in Meter Deposits	1,285
Net Cash Provided (Used) by Operating Activities	<u>\$ (19,726)</u>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity:

The reporting entity includes the primary government of the Town of Taft, Oklahoma (the Town) and its component unit, Taft Public Works Authority (the Authority). Financial information for the Taft Public Works Authority is blended with the financial information of the Town of Taft as an enterprise fund. The Board of Trustees of the Town and the Authority are identical in membership. Financial transactions between the Town and the Authority occur on a regular basis. The Authority operates the water and sewer services of the Town. The Town does not have component units other than the Authority.

B. Basis of Presentation - Fund Accounting:

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts, which include its assets, liabilities, fund equity, cash receipts, cash disbursements, and certain accruals. The Town maintains a separate bank account for each fund. All bank accounts are at institutions that are FDIC insured.

The PWA Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing services, such as water and sewer, on a continuing basis, are financed through user charges, paid by the general public. Proprietary fund types utilize the modified cash basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary fund fixed assets are valued at estimated historical cost, or if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses: renewals and betterments are capitalized.

C. Basis of Accounting

The Town of Taft and the Taft Public Works Authority prepare its financial statements on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The Governmental Fund types recognize revenues, expenditures, and liabilities when received or paid. Proprietary Fund types recognize revenues when earned and expenses are recorded at the time liabilities are incurred.

D. Budgetary Data:

The Town's annual operating budget represents appropriations as authorized by the Town Council and County Excise Board in accordance with the provisions of Title 68 of the Oklahoma Statutes. The Town's budget is limited by law to 90% of the amount of revenue collected in the prior year plus unreserved fund balance. In addition, revisions may be made to the budget throughout the year

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

as authorized by the Board of Trustees and County Excise Board. The legal level of control of the budget is the expenditures category within a department.

E. Inventory of Supplies:

Inventory of supplies is not reported on the financial statements of the Town. The amount of inventory on hand is not material to the financial statements.

F. Cash and Cash Equivalents:

The statement of cash flows for proprietary fund types explains the change in cash and cash equivalents during the fiscal period. For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

G. Receivables

As a result of the cash basis of accounting, the Town has not accrued receivables and the Authority does not have an allowance for doubtful accounts because it believes the ultimate amount received will be materially similar to the amount accrued.

H. Property, Plant and Equipment:

Public domain (infrastructure) general capital assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges, are not capitalized. Property, plant and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure. The Town of Taft does not maintain detailed asset records.

For the proprietary fund, the sale or disposal of capital assets is recorded by removing cost and accumulated depreciation from the accounts, and charging the resulting gain or loss to income. Depreciation has been calculated on each class of depreciable property using the straight-line method, with one-half year's depreciation in the year of acquisition. Estimated useful lives are as follows:

System Facilities	50 years
Equipment	5-10 years

Capitalization Policy:

Purchases of capital items in excess of \$500.00 that increase the capacity or operation efficiency or extend the useful life of any asset are capitalized. Repairs and maintenance are expensed as incurred.



TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

I. Fund Equity:

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

1. Invested in capital assets, net of related debt—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net assets—Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. 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 Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Capital Improvement Fund	Grant Income Interest Income

J. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain of the significant changes in the Statement include the following:

1. For the first time the financial statement should include:
  - a. A Management Discussion and Analysis (MD&A) section providing analysis of the Town's overall financial position and results of operations. However, the Town has chosen not to present the required MD&A for the current year.
  - b. Financial statements prepared using full accrual accounting for all of the Town's activities, except for including the General capital assets or infrastructure (roads, bridges, etc.).
2. A change in the fund financial statements to focus on major funds.

These and other changes are reflected in the accompanying financial statements (including the notes to the financial statements). The Town has elected to implement the general provisions of the Statement and report infrastructure acquired after July 1, 2003 as provided by GASB standards.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2011, the Town held deposits of approximately \$48,594 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Investment Interest Rate Risk

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school Town tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school Town.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the Town is subject to various federal, state, and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the Town's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

Finance-related Legal & Contractual Provisions

As described in Note 4, the Authority was in compliance with the reserve requirements of the Rural Development loan agreements.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the Town for this fiscal year.

Excess of Expenditures Over Appropriations

As indicated in Note 1, the Town prepares an Estimate of Needs budget. However, a Budgetary Comparison Schedule has not been prepared.

NOTE 4 - RESTRICTED CASH

The Authority records the amount held for meter deposits and the Rural Development loan reserve as restricted assets. The Authority had \$3,100 in a certificate of deposit for use in meeting meter refund requirements. However, during the fiscal year ending June 30, 2007, this certificate was cashed in and deposited into the PWA Gross Revenue Account. During the fiscal year ending June 30, 2010, the Authority opened a meter deposit account. However, the account does not have a balance sufficient to cover the liability. The Authority has a loan reserve account (PWA Savings) with a balance of \$15,953. The reserve requirement for the existing loan was \$5,940.00. For

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

the new loan, the Authority is required to set aside into a Reserve Account the sum of 10% of the monthly installment or \$95.10 each month until there is accumulated in that account the sum of the annual installment (\$11,412.00), after which deposits may be suspended, except to replace withdrawals. The Authority cannot withdraw funds from the reserve account without USDA approval. As of June 30, 2011, the Authority was required to have at least \$9,890.40 set aside in the reserve account for the new loan. The total reserve requirement at June 30, 2010 was \$15,830.40. Therefore, the Authority is in compliance with the covenants of the loan agreement.

NOTE 5 - CHANGES IN CAPITAL ASSETS

Proprietary Fund Capital Assets:

	2010	Additions	Deductions	2011
System Facilities	\$ 145,355	\$ -	\$ -	\$ 145,355
Water System Additions	362,079	-	-	362,079
Sewer System Additions	99,558	-	-	99,558
Office Equipment	1,413	-	-	1,413
Truck	2,700	-	-	2,700
Total Capital Assets	611,105	-	-	611,105
Less: Accum. Depreciation	(152,493)	(12,290)		(164,783)
Net Capital Assets	\$ 458,612	\$ (12,290)	\$ -	\$ 446,322

There were no current year additions to capital assets.

NOTE 6 -LONG-TERM DEBT:

In August 1983, the Authority borrowed \$122,808 from the United States Department of Agriculture Rural Development (USDA). The note included interest at 3.75% for a term of 40 years, with monthly installments of \$495. The Rural Development loan number is 9103 for this loan.

In October 2001, the Authority borrowed \$209,300 from the United States Department of Agriculture Rural Development (USDA). The note included interest at 4.50% for a term of 40 years, with monthly installments of \$951. The Rural Development loan number is 9104 for this loan.

Changes in Long-Term Debt:

	2010	Additions	Retirements	2011
USDA RD Loan #9103	\$ 60,275	\$ -	\$ (3,743)	\$ 56,531
USDA RD Loan #9104	191,080	-	(2,872)	188,209
Total Long-Term Debt	251,355	-	(6,615)	244,740

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of June 30, 2011, are as follows:

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

<u>USDA RD Loan #9103</u>				
Year Ending June 30,	Principal	Interest	Total	
2012	\$ 3,880	\$ 2,060	\$ 5,940	
2013	4,034	1,906	5,940	
2014	4,188	1,752	5,940	
2015	4,348	1,592	5,940	
2016	4,510	1,430	5,940	
2017-2021	25,283	4,417	29,700	
2022-2026	10,289	375	10,664	
Total	<u>\$ 56,531</u>	<u>\$ 13,533</u>	<u>\$ 70,064</u>	

<u>USDA RD Loan #9104</u>				
Year Ending June 30,	Principal	Interest	Total	
2012	\$ 2,979	\$ 8,433	\$ 11,412	
2013	3,139	8,273	11,412	
2014	3,283	8,129	11,412	
2015	3,434	7,978	11,412	
2016	3,570	7,842	11,412	
2017-2021	20,567	36,493	57,060	
2022-2026	25,747	31,313	57,060	
2027-2031	32,232	24,828	57,060	
2032-2036	40,344	16,716	57,060	
2037-2041	50,521	6,539	57,060	
2042-2046	2,392	45	2,437	
Total	<u>\$ 188,209</u>	<u>\$ 156,588</u>	<u>\$ 344,797</u>	

NOTE 7 - PENSION OBLIGATIONS

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the System), a statewide cost-sharing, multiple-employer, defined benefit plan, on behalf of volunteer firefighters. Participation in the System is open to all full-time or volunteer firefighters of a participating municipality hired before age 45. Contribution rates for full-time and volunteer firefighters are set by state statute. The System is supported by employee contributions, municipal contributions, and state appropriations.

Benefits under the System are vested after 10 years of credited service. Volunteers may receive benefits after obtaining 20 years of credited service. Benefits are determined at the rate of \$5.46 per month per year of credited service, with a maximum of 30 years considered.

During the year ended June 30, 2011, the Town made a contribution of \$1,080.00 for 27 volunteer firefighters at \$40.00 each.

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 8 - FIRE DEPARTMENT

Some of the bank records for the Fire Department Fund were unavailable.

NOTE 9 - FUND EQUITY

As described in Note 1 above, equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt
2. Restricted net assets
3. Unrestricted net assets

The restricted net assets include assets related to Note 4 above.

Fund Balances

Town of Taft  
Disclosure of Fund Balances Reported on Balance Sheet  
For Fiscal Year Ending June 30, 2011

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>FUND BALANCES:</b>				
Assigned to:				
Capital Improvements	\$ -	\$ 1,143	\$ -	\$ 1,143
Cemetery Fund	-	-	1,561	1,561
Resource Center	-	-	1,709	1,709
Fire Dept Fund	-	-	1,700	1,700
Unassigned	20,440	-	-	20,440
Total	<u>\$ 20,440</u>	<u>\$ 1,143</u>	<u>\$ 4,970</u>	<u>\$ 26,553</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

**GRANT PROGRAMS**

The Town participates in certain federal and state grant programs as available; currently the town is not participating in any ongoing programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. The amount of expenditures that may be disallowed by the granting agency cannot be determined at this time, although it is believed by the Town that the amount, if any, would not be significant.

**LITIGATION**

The financial statements do not include accrual or provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, such judgments may become liabilities only of the Debt Service Fund and only in the year in which tax revenue is specifically assessed for payment of the claim, and only to the extent of the taxes so specifically assessed in that year.

TOWN OF TAFT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011

NOTE 11 - INTERFUND PAYABLES

The interfund payable recorded in the financial statements is the amount due from the enterprise fund to the general fund. The interfund transactions are not reconciled and the balances shown in the financial statements are carried forward from previous years without additions and deductions.

NOTE 12 - OPERATING TRANSFERS

Interfund operating transfers for the year ended June 30, 2011, were as follows:

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Capital Improvement Fund	\$ -	\$ -
Cemetery Fund	5,199.20	2,550.00
Resource Center	-	-
Fire Department Fund	-	-
Taft Public Works Authority	-	41,471.45
Total General Fund	<u>\$ 5,199.20</u>	<u>\$ 44,021.45</u>
SPECIAL REVENUE FUNDS:		
Capital Improvement Fund:		
General Fund	\$ -	\$ -
Cemetery Fund:		
General Fund	2,550.00	5,199.20
Fire Department Fund:		
General Fund	-	-
Taft Public Works Authority	-	-
Total Special Revenue Funds	<u>\$ 2,550.00</u>	<u>\$ 5,199.20</u>
ENTERPRISE FUNDS		
Taft		
General Fund	\$ 41,471.45	\$ -
Fire Department Fund	-	-
Total Enterprise Funds	<u>\$ 41,471.45</u>	<u>\$ -</u>
	<u>\$ 49,220.65</u>	<u>\$ 49,220.65</u>

NOTE 13 - ACCUMULATED UNPAID VACATION AND SICK LEAVE BENEFITS

Accumulated unpaid vacation and sick leave benefits have not been shown as a liability in the financial statements. The Town's position is that any accrued benefits are not significant and would not materially affect the financial statements

NOTE 14 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through August 2, 2012, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2011.

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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 Board of Trustees  
Town of Taft, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining funds of the Town of Taft, State of Oklahoma, as of June 30, 2011, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles and which collectively comprise the Town's basic financial statements and have issued our report thereon as of August 2, 2012, which was qualified for the effect on the basic financial statements for the omission of the capital assets which should be included in order to conform with accounting principles generally accepted in the United States of America and the incomplete reporting of the Volunteer Fire Department. The Town has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, except that the Town did not present the required MD&A or the Budgetary Comparison Information. We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and in accordance with Oklahoma Statutes.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Taft's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing and opinion on the effectiveness of the Town of Taft's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Taft'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 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 weakness, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings that we consider to be significant deficiencies in internal control over financial reporting. Those deficiencies are listed as Item 11-01, 11-02, 11-03 & 11-04. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Taft's financial statements are free of material misstatement, we performed tests of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is included in the Schedule of Findings as Item 11-05. The results of our tests disclosed no instances of other matters that are required to be reported under *Government Auditing Standards*.

Town of Taft's response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit Town of Taft's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of trustees and management of the Town of Taft and is not intended to be and should not be used by anyone other than these specified parties.

*Kershaw CPA & Associates, P.C.*

Kershaw, CPA & Associates, PC

August 2, 2012

TOWN OF TAFT, OKLAHOMA  
TAFT PUBLIC WORKS AUTHORITY  
SCHEDULE OF FINDINGS  
JUNE 30, 2011

INTERNAL CONTROL FINDINGS:

Item 11-01: Meter Deposits

Criteria: It is the responsibility of the Town to properly report and account for the financial information.

Condition: The Meter Deposit Control Account has not been accurately posted with all transactions during past years and the certificate of deposit which was to be used for meeting meter refund requirements was cashed in during the fiscal year ending June 30, 2007.

Cause/Effect: Customers could potentially not receive proper reimbursement on their deposit and the organization's balance sheet could be incorrect with respect to the deposit account.

Recommendation: All deposit refunds and final bills should be accurately posted to reconcile the account at yearend. A Meter Deposit Ledger should be maintained so that an accurate liability amount can be reported. The Town should also maintain a reserved bank account to be used for refunding meter deposits.

Response: The Town is making efforts to establish a meter deposit ledger and identify meter deposits separately from utility revenue. In this effort, a new account was opened for meter deposits.

Item 11-02: Water Purchases

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, ensuring validity of financial records and reports, promoting adherence to policies, procedures, regulations and laws, and promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transactions. In general terms, internal controls are simply good business practices.

Condition: The Town did not have strong internal controls in place for promoting effectiveness and efficiency of operations and in some instances internal control is virtually non-existent.

Cause/Effect: Due to the weak internal control system, the water purchases continue to grow rapidly each year, while income is growing at a much smaller rate. It appears that the system has leaks that need to be located and

TOWN OF TAFT, OKLAHOMA  
TAFT PUBLIC WORKS AUTHORITY  
SCHEDULE OF FINDINGS  
JUNE 30, 2011

repaired. The Authority continues to need additional money from the Town and is not able to operate on its own.

Recommendation: The Authority needs to determine where the problem is with the increasing water purchases. The Board should continue to be actively involved in the operations of the Town.

Response: The Town is aware of the problem and is trying to determine a solution.

Item 11-03: Accounts Receivable

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, ensuring validity of financial records and reports, promoting adherence to policies, procedures, regulations and laws, and promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the financial transactions. In general terms, internal controls are simply good business practices.

Condition: The Town did not have strong internal controls in place for promoting effectiveness and efficiency of operations and in some instances internal control is virtually non-existent.

Cause/Effect: Due to the weak internal control system, the Authority has a large balance of accounts receivables due from customers. This balance is not reflected in the modified cash basis financial statements.

Recommendation: The Authority needs to make efforts to reduce the large outstanding balance. The Board should continue to be actively involved in the operations of the Town.

Response: The Town is aware of the problem and is trying to determine a solution.

Item 11-04: Safeguarding assets

Criteria: Internal control refers to the methods and procedures used to provide reasonable assurance regarding the achievement of objectives in the following categories: Safeguarding assets, Ensuring validity of financial records and reports, Promoting adherence to policies, procedures, regulations and laws, and Promoting effectiveness and efficiency of operations. Internal control also refers to how an entity processes, summarizes and records the

TOWN OF TAFT, OKLAHOMA  
TAFT PUBLIC WORKS AUTHORITY  
SCHEDULE OF FINDINGS  
JUNE 30, 2011

financial transactions. In general terms, internal controls are simply good business practices.

Condition: The Town did not have strong internal controls in place for safeguarding its assets (i.e. cash), and in some instances is virtually non-existent.

Cause/Effect: Due to the weak internal control system, it would be possible for employees to purchase gasoline for personal vehicles and have it paid with Town funds.

Recommendation: The Town needs to have policies and procedures in place that document all business vehicle expenditures with voucher forms and management oversight.

Response: The Town is aware of the problem and is trying to determine a solution.

COMPLIANCE FINDINGS:

Item 11-05: Water and Sewer Recordkeeping

Criteria: The loan agreement with the United States Department of Agriculture Rural Development (USDA) requires the Authority to maintain income and expense records for water and sewer systems separately.

Condition: The Authority maintains separate bank accounts for water and sewer income. However, the Authority does not maintain separate income and expense accounts for the water and sewer systems.

Cause/Effect: This leaves the Authority out of compliance with the Rural Development loan agreement as the USDA will no longer be accepting audits that do not have Water and/or Sewer Records broken out separately.

Response: The Authority is aware of the situation.

TOWN OF TAFT, OKLAHOMA  
 COMBINING BALANCE SHEET - MODIFIED CASH BASIS  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2011

	SPECIAL REVENUE FUNDS			Total Nonmajor Governmental Funds
	Cemetery Fund	Resource Center	Fire Dept. Fund	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,561	\$ 1,709	\$ 1,700	\$ 4,970
Investments	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 1,561</b>	<b>\$ 1,709</b>	<b>\$ 1,700</b>	<b>\$ 4,970</b>
<b><u>LIABILITIES &amp; FUND EQUITY</u></b>				
<b><u>LIABILITIES:</u></b>				
Payroll Taxes Payable	\$ -	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>FUND BALANCES:</u></b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	1,561	1,709	1,700	4,970
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>1,561</b>	<b>1,709</b>	<b>1,700</b>	<b>4,970</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,561</b>	<b>\$ 1,709</b>	<b>\$ 1,700</b>	<b>\$ 4,970</b>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**TOWN OF TAFT, OKLAHOMA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>SPECIAL REVENUE FUNDS</b>			<b>Total Nonmajor Governmental Funds</b>
	<b>Cemetery Fund</b>	<b>Resource Center</b>	<b>Fire Dept. Fund</b>	
<b><u>REVENUES:</u></b>				
Grant Income	\$ -	\$ -	\$ 4,398	\$ 4,398
Interest Income	4	-	-	4
Fire Department Dues (from PWA)	-	-	1,576	1,576
Miscellaneous Income	1,000	555	-	1,555
<b>TOTAL REVENUES</b>	<b>1,004</b>	<b>555</b>	<b>5,974</b>	<b>7,533</b>
<b><u>EXPENDITURES:</u></b>				
Personal Services	-	-	550	550
Materials & Supplies	-	233	2,578	2,811
Other Services & Charges	2,250	215	2,085	4,549
Capital Outlay	-	-	1,250	1,250
<b>TOTAL EXPENDITURES</b>	<b>2,250</b>	<b>448</b>	<b>6,462</b>	<b>9,160</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,246)</b>	<b>107</b>	<b>(489)</b>	<b>(1,628)</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Operating Transfers In	2,550	-	-	2,550
Operating Transfers Out	(5,199)	-	-	(5,199)
Capital Debt Proceeds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,649)</b>	<b>-</b>	<b>-</b>	<b>(2,649)</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(3,895)</b>	<b>107</b>	<b>(489)</b>	<b>(4,277)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,456</b>	<b>1,451</b>	<b>2,164</b>	<b>9,071</b>
<b>FUND BALANCE - PRIOR YEAR ADJUSTMENT</b>	<b>-</b>	<b>150</b>	<b>25</b>	<b>175</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,561</b>	<b>\$ 1,709</b>	<b>\$ 1,700</b>	<b>\$ 4,970</b>

See Accountant's Audit Report & Notes Which Accompany These Financial Statements