

ANNUAL FINANCIAL REPORT
TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PWA)
FOR THE YEAR ENDED JUNE 30, 2010

**TOWN OF BEAVER
BEAVER COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2010**

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**TOWN OF BEAVER
BEAVER COUNTY, OKLAHOMA
FOR THE YEAR ENDED JUNE 30, 2010**

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Management Letter and Comments

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 S.E. 32nd Street

Edmond, OK 73013

(405) 348-3800

INDEPENDENT AUDITOR'S REPORT

Honorable Governing Board
Town of Beaver, Oklahoma

We have audited the accompanying financial statements, each major fund, and the aggregate remaining fund information of the Town of Beaver, including the Beaver Public Works Authority, as of and for the year ended June 30, 2010, as listed in the table of contents, which collectively comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 combined 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 a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Town has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from modified cash basis transactions for the Town's governmental and business-type activities are not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, the respective financial position of the governmental activities, business-type activities, and the aggregate remaining fund information of the Town of Beaver, including the Beaver Public Works Authority as of and for the year ended June 30, 2010, and the cash flows of its business-type activities for the year ended on the basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2011, on our consideration of the Town's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grants, 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 accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Putnam & Company, PLLC

Edmond, Oklahoma
February 28, 2011

PUTNAM & COMPANY, PLLC

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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**

Honorable Governing Board
Town of Beaver, Oklahoma

We have audited the financial statements, each major fund, and the aggregate remaining fund information of the Town of Beaver, Oklahoma, as of and for the year ended June 30, 2010, which collectively comprise the Town's financial statements and have issued our report thereon dated February 28, 2011. The report on these financial statements is adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America because the Town has elected to prepare its financial statements in conformity with a modified cash basis of accounting, and the Town has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. 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'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 an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 prescribed 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'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 Town of Beaver in a separate letter dated February 28, 2011.

This report is intended solely for the information and use of management, the audit committee and others within the organization, 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. However, though restricted in use, this report is a matter of public record, and its distribution is not limited.

Putnam & Company

Putnam & Company, PLLC

Edmond, Oklahoma
February 28, 2011

COMBINED FINANCIAL STATEMENTS

THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINED BALANCE SHEET - MODIFIED CASH BASIS - ALL FUND TYPES
JUNE 30, 2010

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	General	Special Revenue	Capital Projects	Internal Service	Enterprise Fund	Trust and Agency	
ASSETS							
Cash, including time deposits	\$446,775	199,251	74	284,278	570,265	13,417	1,514,060
Total Assets	\$446,775	199,251	74	284,278	570,265	13,417	1,514,060
LIABILITIES							
Warrants Outstanding	\$26,043	17,458		7,934	50,402	97	101,934
Refundable Meter Deposits						12,353	12,353
OWRB Notes Payable					426,511		426,511
Total Liabilities	26,043	17,458	0	7,934	476,913	12,450	540,798
FUND EQUITY							
Fund Balance--Unreserved			74	276,344		967	277,385
Retained Earnings--Unreserved	420,732	181,793			93,352		695,877
Total Fund Equity	420,732	181,793	74	276,344	93,352	967	973,262
Total Liabilities and Fund Equity	\$446,775	199,251	74	284,278	570,265	13,417	1,514,060

See accompanying letter and notes to financial statements.

THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	General	Special Revenue	Capital Projects	Trust and Agency	
REVENUES:					
Taxes	\$43,073				43,073
Licenses and permits	1,256				1,256
Intergovernmental	400,825	13,801			414,626
Charges for Services		7,041			7,041
Fines and Forfeitures	15,592			2,962	18,554
Interest	10,801	2,415	52	93	13,361
State Reimbursements		24,941			24,941
Contract Income			553,913		553,913
Miscellaneous	21,072	48,005			69,077
Total Revenues	492,619	96,203	553,965	3,055	1,145,842
EXPENDITURES:					
Salaries Department	105,734				105,734
Office Administration	9,528				9,528
General Government	105,410				105,410
Park Department	25,329				25,329
Legal Department	2,400				2,400
Police Department	176,212				176,212
Fire Department	12,813				12,813
Street Department	148,118				148,118
Personal Services		41,603			41,603
Maintenance and Operations		58,380	553,913	2,861	615,154
Capital Outlay		2,532			2,532
Total Expenditures	585,544	102,515	553,913	2,861	1,244,833
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES:	(92,925)	(6,312)	52	194	(98,991)
OTHER FINANCING SOURCES (USES)	2,319		(2,319)	(93)	(93)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES):	(90,606)	(6,312)	(2,267)	101	(99,084)
Fund Balance, Beginning of Year	511,338	188,105	2,341	866	702,650
Fund Balance, End of Year	<u>\$420,732</u>	<u>181,793</u>	<u>74</u>	<u>967</u>	<u>603,566</u>

See accompanying letter and notes to financial statements.

THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:									
Taxes	\$41,590	43,073	1,483			0	41,590	43,073	1,483
Licenses and Permits	3,370	1,256	(2,114)			0	3,370	1,256	(2,114)
Intergovernmental	219,178	400,825	181,647		13,801	13,801	219,178	414,626	195,448
Charges for Service			0		7,041	7,041	0	7,041	7,041
Fines and Forfeitures	4,513	15,592	11,079			0	4,513	15,592	11,079
Interest	16,895	10,801	(6,094)		2,415	2,415	16,895	13,216	(3,679)
State Reimbursement			0		24,941	24,941	0	24,941	24,941
Miscellaneous	3,785	21,072	17,287		48,005	48,005	3,785	69,077	65,292
Total Revenues	289,331	492,619	203,288	0	96,203	96,203	289,331	588,822	299,491
EXPENDITURES:									
Personal Services	339,161	271,515	67,646	41,603	41,603	0	380,764	313,118	67,646
Maintenance and Operation	298,675	206,262	92,413	143,970	58,380	85,590	442,645	264,642	178,003
Capital Outlay	162,833	107,767	55,066	2,532	2,532	0	165,365	110,299	55,066
Total Expenditures	800,669	585,544	215,125	188,105	102,515	85,590	988,774	688,059	300,715
Excess of Revenues over Expenditures	(511,338)	(92,925)	418,413	(188,105)	(6,312)	181,793	(699,443)	(99,237)	600,206
OTHER FINANCING SOURCES (USES):	0	2,319	2,319	0		0	0	2,319	2,319
Excess of Revenues over Expenditures and Other Financing Sources (Uses)	(511,338)	(90,606)	420,732	(188,105)	(6,312)	181,793	(699,443)	(96,918)	602,525
Fund Balance, Beginning of Year	511,338	511,338	0	188,105	188,105	0	699,443	699,443	0
Fund Balance, End of Year	\$0	420,732	420,732	0	181,793	181,793	0	602,525	602,525

See accompanying letter and notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Beaver, Oklahoma relating to the funds included in the financial statements conform to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the Town:

(a) Reporting Entity

The Town of Beaver, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

INCLUDED ENTITIES

The Beaver Public Works Authority is a public trust created under authority of and pursuant to the provisions of 60 O.S. Sections 177-180.3, for the use and benefit of the Town of Beaver, Oklahoma. The Authority leases the existing water and sewer lines, wells and storage facilities of the Town and receives the revenues from their use.

(b) Fund Accounting

The accounts of the Town are organized on the basis of funds and a group of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are grouped by type in the financial statements in this report, as follows:

Governmental Fund Types

General Fund - The General Fund is the principal fund of the Town which accounts for all financial transactions not properly accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific taxes and other designated revenue sources.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and related costs.

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(b) Fund Accounting (continued)

Proprietary Fund Types

Internal Service Fund – Internal Service Funds are used to account for the financing of goods or services that are provided by one department or fund to another department or fund on a cost reimbursement basis.

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or 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.

Fiduciary Funds

Fiduciary funds are trust or agency funds used to account for assets held by the Town in a trustee capacity or as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

(c) Basis of Accounting

The modified cash basis of accounting is followed. Revenues are recorded when received rather than when earned. Expenditures are basically recorded when paid, however, outstanding encumbrances, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation.

This method of accounting is a comprehensive basis of accounting which differs from the method required under generally accepted accounting principles. The Town has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

(d) Total (Memorandum Only)

The combined financial statements have "Total (Memorandum Only)" columns. These columns do not purport to present the consolidated financial position of the Town of Beaver, Oklahoma. All significant interfund transactions would be eliminated and other adjustments would be made in the preparation of consolidated financial statements.

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(e) Budget

The Town's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The Town's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

(f) Compensated Absences

The Town records vacation and sick leave expenditures only at the time such leave is actually paid.

(2) DEPOSITS, INVESTMENTS, AND COLLATERAL

Custodial Credit Risk - The Town's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement.

At June 30, 2010, the Town was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The Town's investment policy limits investments to those allowed in state law applicable to municipalities 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.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(2) **DEPOSITS, INVESTMENTS, AND COLLATERAL (continued)**

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town's investment policy requires diversification of investments.

At June 30, 2010, the Town had no concentration of credit risk as defined above.

(3) **LONG-TERM DEBT**

The only debt obligations of the Town at June 30, 2010, were those existing under lease purchase contracts. Under Oklahoma law, lease purchase contracts must be ratified and renewed on an annual basis in order to remain in effect.

(As discussed below, the Beaver Public Works Authority had additional outstanding long-term debt as of June 30, 2010.)

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(3) **LONG-TERM DEBT** (continued)

The Town of Beaver, through its Beaver Public Works Authority, has two (2) outstanding loans through the Oklahoma Water Resources Board:

OWRB-ORF 96-001 - Principal in the amount of \$290,242 outstanding at June 30, 2010. The loan matures on August 15, 2015, and bears interest at the rate of 2.934%.

OWRB-ORF 97-001 - Principal in the amount of \$136,269 outstanding at June 30, 2010. The loan matures on August 15, 2015, and bears interest at the rate of 3.043%.

A summary of the changes in general long-term debt is as follows:

Payable at June 30, 2009	\$ 496,902
Debt Retired	70,391
Debt Acquired	<u> </u>
Payable at June 30, 2010	\$ <u>426,511</u>

As reflected by Exhibit E-2, monthly transfers are made from the Public Works Authority's operating fund to a special reserve fund in order to insure the timely payment of these obligations.

(4) **PENSION AND RETIREMENT PLANS**

All firefighters participate in the Oklahoma Firefighters Pension and Retirement System. The Town contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

The Town participates in the Oklahoma Public Employees Retirement System (OPERS) which provides coverage to substantially all full time employees not covered by the Oklahoma Firefighters Pension and Retirement System. Contributions are made by both the Town and its employees.

Historical trend information is presented in the annual reports for these retirement systems. This information is useful in assessing a pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

THE TOWN OF BEAVER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

(5) **RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omission; injuries to employees; and natural disasters. Accordingly, the Town purchases commercial insurance to reduce its risk of loss. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

(6) **COMMITMENTS AND CONTINGENT LIABILITIES**

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

**COMBINING FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES**

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
SCHEDULE OF REVENUE BY SOURCE--GENERAL FUND
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
TAXES			
Franchise Taxes	\$41,590	43,073	1,483
Total Taxes	41,590	43,073	1,483
LICENSES AND PERMITS			
Dog Tags	400	529	129
Permits	2,970	727	(2,243)
Total Licenses and Permits	3,370	1,256	(2,114)
INTERGOVERNMENTAL			
Alcoholic Beverage Tax	91,479	99,790	8,311
Sales Tax	123,914	297,129	173,215
Tobacco Tax	3,785	3,906	121
Total Intergovernmental	219,178	400,825	181,647
FINES AND FORFEITURES			
Police Fines	4,513	15,592	11,079
INTEREST	16,895	10,801	(6,094)
MISCELLANEOUS			
Royalties	3,785	4,357	572
Reimbursements		3,777	3,777
Abatement/Clean Up		213	213
Collections		228	228
District Court Restitution		717	717
Other - Miscellaneous		11,780	11,780
Total Miscellaneous	3,785	21,072	17,287
TOTALS	\$289,331	492,619	203,288

See accompanying letter and notes to financial statement.

**THE TOWN OF BEAVER, OKLAHOMA
 (INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
 SCHEDULE OF EXPENDITURES BY CLASSIFICATION
 BUDGET AND ACTUAL - MODIFIED CASH BASIS
 FOR THE YEAR ENDED JUNE 30, 2010**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE - FAVORABLE/ (UNFAVORABLE)
Personal Services	\$339,161	271,515	67,646
Maintenance and Operation	298,675	206,262	92,413
Capital Outlay	162,833	107,767	55,066
Total Expenditures	\$800,669	585,544	215,125

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
JUNE 30, 2010**

	<u>AIRPORT FUND</u>	<u>STREET & ALLEY MAINTENANCE</u>	<u>FIREMEN'S FUND</u>	<u>BUS TRANSIT FUND</u>	<u>SUMMER RECREATION FUND</u>	<u>DOC MAINTENANCE FUND</u>	<u>POLICE GRANT FUND</u>	<u>ALICE NEWTON FUND</u>	<u>CHRISTMAS LIGHTING FUND</u>	<u>TOTAL\$ (Memorandum Only)</u>
<u>ASSETS</u>										
Cash, Including Time Deposits	<u>\$21,614</u>	<u>130,020</u>	<u>22,724</u>	<u>1,639</u>	<u>154</u>	<u>2,564</u>	<u>201</u>	<u>18,865</u>	<u>1,470</u>	<u>199,251</u>
Total Assets	<u>\$21,614</u>	<u>130,020</u>	<u>22,724</u>	<u>1,639</u>	<u>154</u>	<u>2,564</u>	<u>201</u>	<u>18,865</u>	<u>1,470</u>	<u>199,251</u>
<u>LIABILITIES</u>										
Warrants Outstanding	<u>\$15,341</u>			<u>175</u>		<u>1,942</u>				<u>17,458</u>
Total Liabilities	<u>15,341</u>	<u>0</u>	<u>0</u>	<u>175</u>	<u>0</u>	<u>1,942</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,458</u>
<u>FUND BALANCE</u>										
Unreserved	<u>6,273</u>	<u>130,020</u>	<u>22,724</u>	<u>1,464</u>	<u>154</u>	<u>622</u>	<u>201</u>	<u>18,865</u>	<u>1,470</u>	<u>181,793</u>
Total Fund Balance	<u>6,273</u>	<u>130,020</u>	<u>22,724</u>	<u>1,464</u>	<u>154</u>	<u>622</u>	<u>201</u>	<u>18,865</u>	<u>1,470</u>	<u>181,793</u>
Total Liabilities and Fund Balance	<u>\$21,614</u>	<u>130,020</u>	<u>22,724</u>	<u>1,639</u>	<u>154</u>	<u>2,564</u>	<u>201</u>	<u>18,865</u>	<u>1,470</u>	<u>199,251</u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	AIRPORT FUND	STREET AND ALLEY FUND	FIREMEN'S FUND	BUS TRANSIT FUND	SUMMER RECREATION FUND	DOC MAINTENANCE FUND	POLICE GRANT FUND	ALICE NEWTON FUND	CHRISTMAS LIGHTING FUND	TOTALS (Memorandum Only)
REVENUES:										
INTERGOVERNMENTAL										
Gasoline Excise Tax	\$0	2,401								\$2,401
Commercial Vehicle Tax		11,400								11,400
Total Intergovernmental	0	13,801	0	0	0	0	0	0	0	13,801
CHARGES FOR SERVICE										
Bus Fares				7,041						7,041
Total Charges for Service	0	0	0	7,041	0	0	0	0	0	7,041
INTEREST										
	387	1,482	435	20		7		84		2,415
STATE REIMBURSEMENTS										
				24,941						24,941
MISCELLANEOUS										
Donations			6,925	14			639		1,470	9,048
Rent	3,050									3,050
Other	9,801	18,635		1,456		6,000	15			35,907
Total Miscellaneous	12,851	18,635	6,925	1,470	0	6,000	654	0	1,470	48,005
Total Revenues	13,238	33,918	7,360	33,472	0	6,007	654	84	1,470	96,203
EXPENDITURES:										
Personal Services	11,298			30,305						41,603
Maintenance and Operation	41,289		7,070	4,128		5,417	476			58,380
Capital Outlay	2,532									2,532
Total Expenditures	55,119	0	7,070	34,433	0	5,417	476	0	0	102,515
Excess of Revenues Over (Under) Expenditures	(41,881)	33,918	290	(961)	0	590	178	84	1,470	(6,312)
OTHER FINANCING SOURCES/(USES)										
Estopped Warrants										0
Total Other Financing Sources/(Uses)	0	0	0	0	0	0	0	0	0	0
Excess of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)	(41,881)	33,918	290	(961)	0	590	178	84	1,470	(6,312)
Fund Balance, Beginning of Year	48,154	96,102	22,434	2,425	154	32	23	18,781	0	188,105
Fund Balance, End of Year	\$6,273	130,020	22,724	1,464	154	622	201	18,865	1,470	181,793

See accompanying letter and notes to financial statements

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
CAPITAL PROJECTS FUNDS
JUNE 30, 2010**

	<u>AIRPORT FUND</u>	<u>COMMUNITY BUILDING FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
<u>ASSETS</u>			
Cash, including time deposits	<u>\$74</u>	<u>0</u>	<u>74</u>
Total Assets	<u><u>\$74</u></u>	<u><u>0</u></u>	<u><u>74</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	<u>\$0</u>	<u>0</u>	<u>0</u>
Fund Balance:			
Unreserved	<u>74</u>	<u>0</u>	<u>74</u>
Total Liabilities and Fund Equity	<u><u>\$74</u></u>	<u><u>0</u></u>	<u><u>74</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUNDS - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	AIRPORT FUND	COMMUNITY BUILDING FUND	--TOTALS-- (Memorandum Only)
REVENUE:			
Contract Income	\$553,913		553,913
Interest Income	47	5	52
TOTAL REVENUES	<u>553,960</u>	<u>5</u>	<u>553,965</u>
EXPENDITURES:	<u>553,913</u>	<u>0</u>	<u>553,913</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES:	<u>47</u>	<u>5</u>	<u>52</u>
OTHER FINANCING SOURCES (USES):			
Transfer to General Fund		(2,319)	(2,319)
TOTAL OTHER FINANCING SOURCES (USES):	<u>0</u>	<u>(2,319)</u>	<u>(2,319)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES):	<u>47</u>	<u>(2,314)</u>	<u>(2,267)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>27</u>	<u>2,314</u>	<u>2,341</u>
FUND BALANCE, END OF YEAR	<u><u>\$74</u></u>	<u><u>0</u></u>	<u><u>74</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
INTERNAL SERVICE FUND
JUNE 30, 2010**

	<u>CASH UTILITY FUND</u>
<u>ASSETS</u>	
Cash, including time deposits	<u>\$284,278</u>
Total Assets	<u><u>\$284,278</u></u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Warrants Outstanding	<u>\$7,934</u>
Fund Balance:	
Unreserved	<u>276,344</u>
Total Liabilities and Fund Equity	<u><u>\$284,278</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
INTERNAL SERVICE FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>CASH UTILITY FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
REVENUE:		
Interest Income	\$5,858	\$5,858
Reimbursements	302,693	302,693
Grant Income	12,800	12,800
	<u>321,351</u>	<u>321,351</u>
TOTAL REVENUES	<u>321,351</u>	<u>321,351</u>
EXPENDITURES:		
Personal Services	291,499	291,499
Maintenance and Operation	42,800	42,800
	<u>334,299</u>	<u>334,299</u>
TOTAL EXPENDITURES	<u>334,299</u>	<u>334,299</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES:	<u>(12,948)</u>	<u>(12,948)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>289,292</u>	<u>289,292</u>
FUND BALANCE, END OF YEAR	<u><u>\$276,344</u></u>	<u><u>\$276,344</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
ENTERPRISE FUNDS
JUNE 30, 2010**

	<u>ENTERPRISE FUNDS</u>		
<u>ASSETS</u>	<u>BPWA OPERATING FUND</u>	<u>BPWA RESERVE FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
Cash, including time deposits	<u>\$472,851</u>	<u>97,414</u>	<u>570,265</u>
 Total Assets	 <u><u>\$472,851</u></u>	 <u><u>97,414</u></u>	 <u><u>570,265</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Warrants Outstanding	\$50,402		50,402
OWRB Notes Payable	<u>426,511</u>		<u>426,511</u>
 Total Liabilities	 <u>476,913</u>	 <u>0</u>	 <u>476,913</u>
 Unreserved Retained Earnings	 <u>(4,062)</u>	 <u>97,414</u>	 <u>93,352</u>
 Total Liabilities and Fund Balance	 <u><u>\$472,851</u></u>	 <u><u>97,414</u></u>	 <u><u>570,265</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - MODIFIED CASH BASIS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>ENTERPRISE FUNDS</u>		
	<u>BPWA OPERATING FUND</u>	<u>BPWA RESERVE FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
REVENUE:			
Water	\$286,575		286,575
Sewer	102,517		102,517
Trash	188,744		188,744
Penalty	7,652		7,652
Rural Charge	3,656		3,656
Meter Maid	920		920
Reconnect Fee	2,233		2,233
Utility Connect	1,995		1,995
Collections	313		313
Water Resource Contract	58,920		58,920
Airport Contract	420,000		420,000
Reimbursements	2,057		2,057
Miscellaneous	440		440
Return Check Charges	196		196
Interest Earned	9,255		9,255
TOTAL REVENUE	<u>1,085,473</u>	<u>0</u>	<u>1,085,473</u>
EXPENSES:			
Personal Services	302,991		302,991
Maintenance & Operation	232,398		232,398
Capital Outlay	484,742		484,742
TOTAL EXPENSES	<u>1,020,131</u>	<u>0</u>	<u>1,020,131</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>65,342</u>	<u>0</u>	<u>65,342</u>
OTHER FINANCING SOURCES (USES):			
Transfers Among Funds	(87,000)	87,000	0
Reduction of Notes Payable	70,391		70,391
Loan/Bond Payments		(86,749)	(86,749)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(16,609)</u>	<u>251</u>	<u>(16,358)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>48,733</u>	<u>251</u>	<u>48,984</u>
FUND EQUITY, BEGINNING OF YEAR	<u>(52,795)</u>	<u>97,163</u>	<u>44,368</u>
FUND EQUITY, END OF YEAR	<u><u>(\$4,062)</u></u>	<u><u>97,414</u></u>	<u><u>93,352</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
STATEMENT OF CASH FLOWS - ENTERPRISE FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	\$65,342
Add (Deduct) Items Not Affecting Cash:	
Increase in Warrants Outstanding	<u>14,183</u>
Net Cash Flow From Operating Activities	<u>79,525</u>
Cash Flows From Capital Financing Activities:	
Retirement of Bonds Payable	<u>(86,749)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,224)
Cash and Cash Equivalents, June 30, 2009	<u>577,489</u>
Cash and Cash Equivalents, June 30, 2010	<u><u>\$570,265</u></u>

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

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
TRUST AND AGENCY FUND
JUNE 30, 2010**

	<u>CLEET FUND</u>	<u>METER DEPOSIT FUND</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
<u>ASSETS</u>			
Cash, including time deposits	<u>\$967</u>	<u>12,450</u>	<u>13,417</u>
 Total Assets	 <u>\$967</u>	 <u>12,450</u>	 <u>13,417</u>
 <u>LIABILITIES AND FUND EQUITY</u>			
Liabilities:			
Warrants Outstanding	\$0	97	97
Refundable Meter Deposits		<u>12,353</u>	<u>12,353</u>
Total Liabilities	<u>0</u>	<u>12,450</u>	<u>12,450</u>
 Fund Balance:			
Unreserved	<u>967</u>	<u>0</u>	<u>967</u>
 Total Liabilities and Fund Equity	 <u>\$967</u>	 <u>12,450</u>	 <u>13,417</u>

See accompanying letter and notes to financial statements.

**THE TOWN OF BEAVER, OKLAHOMA
(INCLUDING THE BEAVER PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCE
TRUST AND AGENCY FUND - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	CLEET FUND	METER DEPOSIT FUND	TOTAL (MEMORANDUM ONLY)
REVENUE:			
Police Fines	\$2,962		2,962
Interest Earned		93	93
Total Revenue	2,962	93	3,055
EXPENDITURES:			
Maintenance and Operation	2,861		2,861
Total Expenditures	2,861	0	2,861
REVENUE IN EXCESS OF EXPENDITURES	101	93	194
OTHER FINANCING SOURCES (USES):			
Meter Deposits Collected		5,000	5,000
Meter Deposits Refunded and Applied		(4,493)	(4,493)
Increase in Refundable Meter Deposits		(507)	(507)
Estopped Warrants			0
Interest Transferred to Other Funds		(93)	(93)
TOTAL OTHER FINANCING SOURCES (USES):	0	(93)	(93)
REVENUE IN EXCESS OF EXPENDITURES AND OTHER FINANCING SOURCES (USES) :	101	0	101
FUND BALANCE, BEGINNING OF YEAR	866	0	866
FUND BALANCE, END OF YEAR	\$967	0	967

See accompanying letter and notes to financial statements.

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

CERTIFIED PUBLIC ACCOUNTANTS
169 S.E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
fax (405) 348-7965

February 28, 2011

Honorable Governing Board
Town of Beaver, Oklahoma

We have audited financial statements of the Town of Beaver, including the Beaver Public Works Authority, as of and for the year ended June 30, 2010, as listed in the table of contents, and have issued our report thereon dated February 28, 2011. As a part of our audit, we made a study and evaluation of the Town's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated February 28, 2011, on the financial statements of the Town of Beaver.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the attached recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,



Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**TOWN OF BEAVER
BEAVER COUNTY, OKLAHOMA
MANAGEMENT LETTER COMMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

1. Due to the limited size of the Town's staff, it is impossible to segregate all employee duties to preclude one individual from having complete control over entire financial transactions.