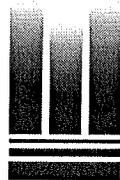


INDEPENDENT ACCOUNTANT'S REPORT

TOWN OF FAXON, OKLAHOMA

JULY 1, 2010 TO JUNE 30, 2011

BY



FURRH
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS



Kimberly A. Furrh, CPA

Adam H. Perry, CPA

Independent Accountant's Report

To the Specified Users of the Report:

Town Council, Town of Faxon
Faxon, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Cash Basis of the Town of Faxon, Oklahoma as of June 30, 2011 and the related Budgetary Comparison Schedule of General Fund-Cash Basis and the Street & Alley Fund-Cash Basis, for the fiscal year ended June 30, 2011 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The financial statements have been prepared in a format and basis of accounting, as prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A compilation is limited to presenting information in the form of financial statements prescribed by Oklahoma Statutes that is the representation of the management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared on the cash basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, we have performed the procedures enumerated below which were agreed to by the specified users of the report, as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Public Works Authority in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the Town of Faxon is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agree-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the

fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Finding

As to the **Town of Faxon** as of and for the fiscal year ended June 30, 2011:

- 1. Procedures Performed:** From the Town's trial balances, we prepared a summary of changes in fund balances for each major fund and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: We found no instances of noncompliance.

- 2. Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: We found no instances of noncompliance.

- 3. Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the Street and Alley Fund and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: We found no instances of noncompliance.

- 4. Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the ASCOG- Faxon 07 Reap Grant and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: We found no instances of noncompliance.

- 5. Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the ASCOG- Faxon 09 Reap Grant and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: We found no instances of noncompliance.

6. Procedures Performed: From the Town's trial balances, we prepared a budget and actual financial schedule for the Cotton Electric Charitable Foundation, Inc Grant and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: We found no instances of noncompliance.

7. Procedures Performed: We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: We found no instances of any significant or unusual reconciling items.

8. Procedures Performed: We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: We found no instances of noncompliance.

9. Procedures Performed: We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: We found no instances of noncompliance.

10. Procedures Performed: We compared the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: We found no instances of noncompliance.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.



FURRH & ASSOCIATES, PC

May 24, 2012

TOWN OF FAXON
FAXON, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCE-CASH BASIS
For the Fiscal Year Ended June 30, 2011
(Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
General Fund	\$ 2,430	\$ 6,684	\$ 5,273	\$ 3,841
Street & Alley Fund	1,311	691	600	1,402
Public Works Authority	6,604	46,253	41,340	11,517
PWA-Meter Deposit Fund	4,753	977	75	5,655
Community Center Grant	2,569	46,049	42,067	6,551
Town Hall Grant	<u>3,293</u>	<u>0</u>	<u>0</u>	<u>3,293</u>
Totals	<u>\$ 20,960</u>	<u>\$ 100,654</u>	<u>\$ 89,355</u>	<u>\$ 32,259</u>

TOWN OF FAXON
FAXON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
GENERAL FUND

For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 2,430	\$ 2,430	\$ 2,430	\$ 0
Resources (Inflows):				
Franchise Tax Income	3,000	3,000	3,143	143
Sales & Use Tax	2,500	2,500	2,569	69
Motor Vehicle Tax	1,000	1,000	959	(41)
Cigar Tax	0	0	9	9
Interest Income	5	5	4	(1)
Total Inflows	6,505	6,505	6,684	179
Amounts Available for Appropriation	8,935	8,935	9,114	179
Charges to Appropriations (Outflows):				
General Government:				
Personal Services	1,000	1,000	900	100
Maintenance, Operations, Repairs	7,935	7,935	4,373	3,562
Total General Government	8,935	8,935	5,273	3,662
Total Charges to Appropriations	8,935	8,935	5,273	3,662
Ending Budgetary Fund Balance:	\$ 0	\$ 0	\$ 3,841	\$ 3,841

TOWN OF FAXON
FAXON, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE-CASH BASIS
STREET AND ALLEY FUND

For the Fiscal Year Ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Beginning Budgetary Fund Balance:	\$ 1,311	1,311	1,311	\$ 0
Resources (Inflows):				
Alcohol Tax	315	315	329	14
Vehicle Tax Income	275	275	312	37
Miscellaneous Income	0	0	50	50
Total Inflows	590	590	691	101
Amounts Available for Appropriation	1,901	1,901	2,002	101
Charges to Appropriations (Outflows):				
General Government:				
Maintenance, Operations, Repairs	1,901	1,901	600	1,301
Total General Government	1,901	1,901	600	1,301
Total Charges to Appropriations	1,901	1,901	600	1,301
Ending Budgetary Fund Balance:	\$ 0	\$ 0	\$ 1,402	\$ 1,402

Town of Faxon
Faxon, Oklahoma

ASCOG REAP GRANT- FAXON 07
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Cumulative 06/30/10</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
State Grant	\$ 60,000	\$ 3,000	\$ 42,049	\$ 45,049	\$ 14,951
<u>Expenditures</u>					
Community Center Building	60,000	3,000	42,049	45,049	14,951
Total Expenditures	60,000	3,000	42,049	45,049	14,951
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Town of Faxon
Faxon, Oklahoma

ASCOG REAP GRANT- FAXON 09
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2011

<u>Revenue</u>	<u>Budget</u>	<u>Cumulative 06/30/10</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
State Grant	\$ 3,564	\$ 0	\$ 2,500	\$ 2,500	\$ 1,064
<u>Expenditures</u>					
Supplies	3,564	0	2,500	2,500	1,064
Total Expenditures	3,564	0	2,500	2,500	1,064
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Town of Faxon
Faxon, Oklahoma
Cotton Electric Charitable Foundation, Inc Grant
Revenue and Expenditures Compared with Budget
Year Ended June 30, 2011

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Private Grant	\$ 4,000	\$ 4,000	\$ 0
<u>Expenditures</u>			
Community Center Building	<u>4,000</u>	<u>18</u>	<u>3,982</u>
Total Expenditures	4,000	18	3,982
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 3,982</u>	<u>\$ (3,982)</u>