

TOWN OF QUINTON, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2007

Ralph Osborn, CPA  
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Bristow, OK 74010-1015



## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Trustees  
Town of Quinton  
Quinton, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Quinton, Oklahoma as of and for the year ended June 30, 2007, which collectively comprise the Town of Quinton, Oklahoma's basic financial statements. These financial statements are the responsibility of Town of Quinton, Oklahoma's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Town of Quinton, Oklahoma as of June 30, 2007, and the respective changes in financial position and cash flows where appropriate, thereof, for the year ended, in conformity with the basis of accounting described in Note A.

The Town of Quinton, Oklahoma has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 15, 2011, on my consideration of Town of Quinton, Oklahoma's internal control over financial reporting and my 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 accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Quinton, Oklahoma's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Ralph Osborn*

Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
June 15, 2011



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF NET ASSETS  
JUNE 30, 2007

|  | Primary Government |                   |                     |
|--|--------------------|-------------------|---------------------|
|  | Governmental       | Business-Type     |                     |
|  | Activities         | Activities        | Total               |
| ASSETS:  |                    |                   |                     |
| Current Assets:                                    |                    |                   |                     |
| Cash and cash equivalents                          | \$ 313,312         | \$ 199,718        | \$ 513,030          |
| Investments  | 49,764             | -                 | 49,764              |
| Restricted assets:                                 |                    |                   |                     |
| Cash and cash equivalents                          | -                  | 140,749           | 140,749             |
| Investments  | -                  | 13,200            | 13,200              |
| Accounts receivable, net                           | 9,003              | 32,869            | 41,872              |
| Due from other governments                         | 28,128             | -                 | 28,128              |
| Due from other funds                               | 186                | (186)             | -                   |
| Prepaid assets                                     | -                  | 1,245             | 1,245               |
| Total current assets                               | <u>400,393</u>     | <u>387,595</u>    | <u>787,988</u>      |
| Non-current assets:                                |                    |                   |                     |
| Capital assets:                                    |                    |                   |                     |
| Land   | 10,325             | 12,029            | 22,354              |
| Other capital assets,<br>net of depreciation       | <u>65,841</u>      | <u>1,279,172</u>  | <u>1,345,013</u>    |
| Total non-current assets                           | <u>76,166</u>      | <u>1,291,201</u>  | <u>1,367,367</u>    |
| Total  | <u>476,559</u>     | <u>1,678,796</u>  | <u>2,155,355</u>    |
| LIABILITIES:                                       |                    |                   |                     |
| Accounts payable & accrued liabilities             | 5,635              | 15,130            | 20,765              |
| Accrued interest payable                           | -                  | 2,544             | 2,544               |
| Due to other funds                                 | -                  | -                 | -                   |
| Meter deposit held in trust                        | -                  | 27,949            | 27,949              |
| Long-term liabilities:                             |                    |                   |                     |
| Due within one year                                | -                  | 10,243            | 10,243              |
| Due in more than one year                          | <u>-</u>           | <u>747,689</u>    | <u>747,689</u>      |
| Total liabilities                                  | <u>5,635</u>       | <u>803,555</u>    | <u>809,190</u>      |
| NET ASSETS:  |                    |                   |                     |
| Invested in capital assets,<br>net of related debt | 76,166             | 530,725           | 606,891             |
| Restricted for:                                    |                    |                   |                     |
| Fire   | 51,130             | -                 | 51,130              |
| Cemetery maintenance                               | 16,724             | -                 | 16,724              |
| Water line replacement                             | -                  | 126,000           | 126,000             |
| Unrestricted                                       | <u>326,904</u>     | <u>218,516</u>    | <u>545,420</u>      |
| Total net assets                                   | <u>\$ 470,924</u>  | <u>\$ 875,241</u> | <u>\$ 1,346,165</u> |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

| Function/Programs              | Expenses         | Program Revenue            |  |  | Net<br>(Expenses)<br>Revenue |
|--------------------------------|------------------|----------------------------|--|--|------------------------------|
|                                |                  | Charges<br>For<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                              |
| Governmental activities        |                  |                            |  |  |                              |
| Administration                 | \$ 75,810        | \$ -                       | \$ -                                     | \$ -                                   | \$ (75,810)                  |
| Public safety                  | 135,470          | -                          | -  | -                                      | (135,470)                    |
| Community services             | 60,571           | 3,900                      | -  | -                                      | (56,671)                     |
| Interest on long-term debt     | -                | -                          | -  | -                                      | -                            |
| Total governmental activities  | <u>271,851</u>   | <u>3,900</u>               | <u>-</u>                                 | <u>-</u>                               | <u>(267,951)</u>             |
| Business-type activities       |                  |                            |  |  |                              |
| Utilities                      | <u>298,645</u>   | <u>302,473</u>             | <u>-</u>                                 | <u>-</u>                               | <u>3,828</u>                 |
| Total business-type activities | <u>298,645</u>   | <u>302,473</u>             | <u>-</u>                                 | <u>-</u>                               | <u>3,828</u>                 |
| Total primary government       | <u>\$570,496</u> | <u>\$306,373</u>           | <u>\$ -</u>                              | <u>\$ -</u>                            | <u>\$ (264,123)</u>          |

|                           | Primary Government         |                             |                     |
|---------------------------|----------------------------|-----------------------------|---------------------|
|                           | Governmental<br>Activities | Business-type<br>Activities | Total               |
| Changes in net assets:    |                            |                             |                     |
| Net (expense) revenue     | <u>\$ (267,951)</u>        | <u>\$ 3,828</u>             | <u>\$ (264,123)</u> |
| General revenues          |                            |                             |                     |
| Taxes                     |                            |                             |                     |
| Sales/Use                 | 202,796                    | -                           | 202,796             |
| Franchise                 | 20,889                     | -                           | 20,889              |
| Cigarette Tax             | 2,482                      | -                           | 2,482               |
| Liquor Tax                | 5,970                      | -                           | 5,970               |
| Fines and court fees      | 37,683                     | -                           | 37,683              |
| Intergovernmental revenue | 24,939                     | -                           | 24,939              |
| Investment income         | 6,449                      | 4,342                       | 10,791              |
| Miscellaneous             | 14,005                     | 2,202                       | 16,207              |
| Transfers                 | <u>(63,000)</u>            | <u>63,000</u>               | <u>-</u>            |
| Total general revenue     | <u>252,213</u>             | <u>69,544</u>               | <u>321,757</u>      |
| Change in net assets      | (15,738)                   | 73,372                      | 57,634              |
| Net assets - beginning    | <u>486,662</u>             | <u>801,869</u>              | <u>1,288,531</u>    |
| Net assets - ending       | <u>\$ 470,924</u>          | <u>\$ 875,241</u>           | <u>\$ 1,346,165</u> |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007

|  | <u>General</u>    | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------|---|---|
| <b>ASSETS:</b>   |                   |   |   |
| Cash and cash equivalents                              | \$ 234,105        | \$ 79,207                               | \$ 313,312                              |
| Investments  | -                 | 49,764                                  | 49,764                                  |
| Receivables:   |                   |   |   |
| Due from other governments                             | 22,850            | 5,278                                   | 28,128                                  |
| Due from other funds                                   | 142               | 916                                     | 1,058                                   |
| Court fines receivable,<br>net of allowance of \$1,054 | <u>9,003</u>      | <u>-</u>                                | <u>9,003</u>                            |
| Total assets   | <u>\$ 266,100</u> | <u>\$ 135,165</u>                       | <u>\$ 401,265</u>                       |
| <b>LIABILITIES AND FUND BALANCES:</b>                  |                   |   |   |
| Liabilities:   |                   |   |   |
| Accounts payable & accrued liabilities                 | \$ 3,721          | \$ 1,914                                | \$ 5,635                                |
| Due to other funds                                     | <u>872</u>        | <u>-</u>                                | <u>872</u>                              |
| Total liabilities                                      | <u>4,593</u>      | <u>1,914</u>                            | <u>6,507</u>                            |
| <b>Fund Balances:</b>                                  |                   |   |   |
| Reserved for:  |                   |   |   |
| Fire   | 51,130            | -                                       | 51,130                                  |
| Cemetery maintenance                                   | 16,724            | -                                       | 16,724                                  |
| Unreserved   | 193,653           | -                                       | 193,653                                 |
| Special revenue funds                                  | <u>-</u>          | <u>133,251</u>                          | <u>133,251</u>                          |
| Total net assets                                       | <u>261,507</u>    | <u>133,251</u>                          | <u>394,758</u>                          |
| Total liabilities and fund balances                    | <u>\$ 266,100</u> | <u>\$ 135,165</u>                       |   |

Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

|  |                   |
|--|-------------------|
| Capital assets used in governmental activities are not<br>financial resources and, therefore, are not reported<br>in the fund, net of accumulated depreciation of \$23,156 | <u>76,166</u>     |
| Net assets of governmental civilities  | <u>\$ 470,924</u> |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

|                                      | <u>General</u>    | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--------------------------------------|-------------------|---|---|
| REVENUES:                            |                   |   |   |
| Taxes                                | \$ 190,387        | \$ 41,750                               | \$ 232,137                              |
| Intergovernmental                    | 15,164            | 9,775                                   | 24,939                                  |
| Fines and court fees                 | 37,683            | -                                       | 37,683                                  |
| Fees for services                    | -                 | 3,900                                   | 3,900                                   |
| Investment income                    | 5,687             | 762                                     | 6,449                                   |
| Miscellaneous                        | <u>13,428</u>     | <u>577</u>                              | <u>14,005</u>                           |
| Total revenues                       | <u>262,349</u>    | <u>56,764</u>                           | <u>319,113</u>                          |
| EXPENDITURES:                        |                   |   |   |
| Administration                       | 69,893            | -                                       | 69,893                                  |
| Public safety                        | 132,770           | -                                       | 132,770                                 |
| Community service                    | 13,217            | 47,354                                  | 60,571                                  |
| Capital outlay                       | <u>13,625</u>     | <u>-</u>                                | <u>13,625</u>                           |
| Total expenditures                   | <u>229,505</u>    | <u>47,354</u>                           | <u>276,859</u>                          |
| Excess of revenues over expenditures | 32,844            | 9,410                                   | 42,254                                  |
| Other Financing Sources (Uses)       |                   |   |   |
| Transfers in                         | -                 | -                                       | -                                       |
| Transfers out                        | <u>(63,000)</u>   | <u>-</u>                                | <u>(63,000)</u>                         |
| Total other financing sources (uses) | <u>(63,000)</u>   | <u>-</u>                                | <u>(63,000)</u>                         |
| Net change in fund balances          | (30,156)          | 9,410                                   | (20,746)                                |
| Fund balances - beginning            | <u>291,663</u>    | <u>123,841</u>                          | <u>415,504</u>                          |
| Fund balances - ending               | <u>\$ 261,507</u> | <u>\$ 133,251</u>                       | <u>\$ 394,758</u>                       |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007

Net changes in fund balances - total governmental funds \$ (20,746)

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

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 | 13,625         |
| Depreciation expense                | <u>(8,617)</u> |
|                                     | <u>5,008</u>   |

Debt proceeds provide current financial resources  
to government funds, but issuing debt increases  
long-term liabilities in the Statement of Net  
Assets. Repayment of debt principal is an  
expenditure in the government funds, but the  
repayment reduces long-term liabilities in the  
Statement of Net Assets.

|   |          |
|---|----------|
| Capital lease obligation principal payments | <u>-</u> |
|---|----------|

|   |                    |
|---|--------------------|
| Change in net assets of governmental activities | <u>\$ (15,738)</u> |
|---|--------------------|

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND  
JUNE 30, 2007

|   | <u>Public Works</u>  |
|---|----------------------|
| ASSETS  |                      |
| Current assets:                                 |                      |
| Cash and cash equivalents                       | \$ 199,718           |
| Restricted assets:                              |                      |
| Cash and cash equivalents                       | 140,749              |
| Investments                                     | 13,200               |
| Accounts receivable, net                        | 32,869               |
| Prepaid insurance                               | 1,245                |
| Total current assets                            | <u>387,781</u>       |
| Non-current assets                              |                      |
| Land  | 12,029               |
| Capital assets, net of depreciation             | <u>1,279,172</u>     |
| Total non-current assets                        | <u>1,291,201</u>     |
| <br>TOTAL ASSETS                                | <br><u>1,678,982</u> |
| LIABILITIES                                     |                      |
| Current liabilities:                            |                      |
| Accounts payable and accrued liabilities        | 15,130               |
| Accrued interest payable                        | 2,544                |
| Deposits subject to refund                      | 27,949               |
| Notes payable                                   | 10,243               |
| Due to other funds                              | 186                  |
| Total current liabilities                       | <u>56,052</u>        |
| Non-current liabilities:                        |                      |
| Notes payable                                   | <u>747,689</u>       |
| Total non-current liabilities                   | <u>747,689</u>       |
| <br>TOTAL LIABILITIES                           | <br><u>803,741</u>   |
| NET ASSETS                                      |                      |
| Invested in capital assets, net of related debt | 530,725              |
| Restricted to water line replacement            | 126,000              |
| Unrestricted                                    | <u>218,516</u>       |
| Total net assets                                | <u>\$ 875,241</u>    |
| Calculation of invested capital assets:         |                      |
| Net book value                                  | \$ 1,291,201         |
| Current and non-current debt                    | <u>(760,476)</u>     |
| Invested in capital assets, net of related debt | <u>\$ 530,725</u>    |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007

|   |                     |
|---|---------------------|
|   | <u>Public Works</u> |
| <u>OPERATING REVENUES</u>               |                     |
| Charges for services:                   |                     |
| Water                                   | \$ 212,784          |
| Sewer                                   | 77,325              |
| Sanitation                              | 3,179               |
| Water/sewer taps                        | 1,050               |
| Penalties and reconnects                | 8,135               |
| Other                                   | <u>2,202</u>        |
| Total operating revenues                | <u>304,675</u>      |
| <u>OPERATING EXPENSES</u>               |                     |
| Wages                                   | 67,860              |
| Payroll taxes                           | 5,601               |
| Water                                   | 94,624              |
| Insurance                               | 4,394               |
| Maintenance and supplies                | 26,732              |
| Uniforms                                | 1,461               |
| Office and postage                      | 3,155               |
| Professional fees                       | 5,468               |
| Miscellaneous                           | 479                 |
| Bad Debt                                | 5,074               |
| Utilities                               | 3,810               |
| Depreciation                            | <u>46,625</u>       |
| Total operating expenses                | <u>265,283</u>      |
| Net Operating income (loss)             | <u>39,392</u>       |
| <u>NON-OPERATING REVENUE (EXPENSES)</u> |                     |
| Investment income                       | 4,342               |
| Grants for capital improvement          | -                   |
| Interest expense                        | (33,362)            |
| Trustee fees                            | -                   |
| Total non-operating revenue (expense)   | <u>(29,020)</u>     |
| Income before transfers                 | 10,372              |
| Transfer in                             | <u>63,000</u>       |
| Change in net assets                    | 73,372              |
| Total net assets, beginning             | <u>801,869</u>      |
| Total net assets, ending                | <u>\$ 875,241</u>   |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2007

|  | <u>Public Works</u>      |
|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES   |                          |
| Cash received from customers   | \$ 306,183               |
| Cash received from other sources   | 2,202                    |
| Cash payments to suppliers for goods and services  | (158,175)                |
| Cash payments to employees   | <u>(67,860)</u>          |
| Net cash provided (used) by operating activities   | <u>82,350</u>            |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES   |                          |
| Grant  | -                        |
| Purchases of capital assets  | -                        |
| Principal paid on capital debt   | (9,805)                  |
| Interest paid on capital debt  | (33,362)                 |
| Trustee fees   | -                        |
| Decrease in restricted assets - Debt reserve   | (126,313)                |
| Transfers in   | <u>63,000</u>            |
| Net cash used in capital and related financing activities  | <u>(106,480)</u>         |
| CASH FLOWS FROM INVESTING ACTIVITIES   |                          |
| Interest and dividends   | <u>4,342</u>             |
| Net cash provided by investing activities  | <u>4,342</u>             |
| Net decrease in cash and cash equivalents  | (19,788)                 |
| Cash and cash equivalents, beginning   | <u>219,506</u>           |
| Cash and cash equivalents, ending  | <u><u>\$ 199,718</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET<br>CASH PROVIDED BY (USED) BY OPERATING ACTIVITIES: |                          |
| Operating income (loss)  | \$ 39,392                |
| Adjustments to reconcile operating income to net<br>cash provided (used) by operating activities:    |                          |
| Depreciation expense   | 46,625                   |
| Bad debt expense   | -                        |
| Changes in assets and liabilities:   |                          |
| Receivables, net   | 3,710                    |
| Prepaid insurance  | (343)                    |
| Accounts payable   | <u>(7,034)</u>           |
| Net cash provided by operating activities  | <u><u>\$ 82,350</u></u>  |

The accompanying notes are an integral part of this financial statement.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Quinton, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a Board of Trustees form of government and is governed by a five-member Board. The Trustees elect the mayor from their own body. The Town provides the following services as authorized by its charter: general government, public safety, streets, public works, judicial, health and social services, culture, parks and recreation, public improvements, and planning and zoning for the geographic area organized as the Town of Quinton, Oklahoma. The basic financial statements include the departments, agencies, and other organizational units over which the Board of Trustees exercise oversight responsibility. In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14 and No. 39. Based on the criteria Quinton Public Works Authority is the only component unit. The definition of the financial reporting entity is primarily based on the concept of financial accountability. The financial reporting entity consists of the primary government (the Town), and activities for which the primary government is financially accountable, and the activities of Quinton Public Works Authority. Financial accountability exists if a primary government appoints a voting majority of an organizations governing body, and is either able to impose its will on the organization or there is a potential for the organization to provide a specific financial benefit to, or impose specific financial burdens on, the primary government. Based upon the application of these criteria, there are no other entities to include in the Town's financial statements.

The Quinton Public Works Authority (QPWA) was created pursuant to a Trust Indenture to acquire, construct, lease and operate the water and sewer facilities for the benefit of the Town of Quinton, Oklahoma. QPWA is empowered to incur debt for the purposes stated above. The water and sewer systems owned by the Town have been leased to QPWA. QPWA is a public trust and an agency of the State of Oklahoma under Title 60, Oklahoma Statutes and is governed by the board consisting of three trustees identical with the Town Council. The QPWA is exempt from State and Federal Income Taxes and is reported as an enterprise fund.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America applicable to government units.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

*Fund Financial Statements*

Fund financial statements of the Town are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Town's reporting entity does not apply FASB pronouncements or ABP opinions issued after November 30, 1989.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments. Reimbursements are reported as reductions to expenses. Proprietary and fiduciary fund financial statements and financial statements of Town component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considers revenues to be available if they are collected within 45 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Major revenue sources susceptible to accrual include: sales and use taxes, franchise taxes (fees), intergovernmental revenues, and investment income, and user fees. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements include revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - The general fund reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

Proprietary Funds - The Town reports the following major enterprise funds:

Quinton Public Works Authority - The Authority provides certain utility services for the Town.

Budgetary Accounting and Control

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

Investments

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The investments reported in the financial statements consist of Certificates of Deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records, however, the value of inventory on hand at June 30, 2007 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

Capital Assets, Depreciation, and Amortization

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets with cost of \$500 or more as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

|                                     |       |
|-------------------------------------|-------|
| Buildings                           | 5-60  |
| Improvements, other than buildings  | 5-10  |
| Mobile equipment                    | 5-10  |
| Furniture, machinery, and equipment | 5-10  |
| Utility system                      | 10-40 |

Compensated Absences

The Town of Quinton's policy is to permit employees to accumulate earned but unused vacation time. Full time and part time regular employees who have been employed continuously for at least 12 months are granted vacation benefits in varying amounts to specified maximums depending on tenure with the Town. The Town has not accrued compensated absences because the amount, if any, would not be material to the financial statements.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Town will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Town, and are held by counterparty or the counterparty's trust department but not in the name of the Town. The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2007, all of the Town's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$716,743 at June 30, 2007. The bank balance of the deposits at June 30, 2007 was approximately \$722,386.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2007.

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 monitors the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2007, the Town's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - ACCOUNTS RECEIVABLE

The Authority has accounts receivable from its utility customers in the amount of \$32,869.

The governmental funds have accrued sales and franchise taxes to be received in July.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables at June 30, 2007 are as follows:

| <u>Amount</u>   | <u>Due To Other Funds</u> | <u>Due From Other Funds</u> |
|-----------------|---------------------------|-----------------------------|
| \$ 186          | Public Works              | General Fund                |
| 850             | General Fund              | Street and Alley            |
| 22              | General Fund              | Cemetery                    |
| <u>\$ 1,058</u> |                           |                             |

NOTE E - RESTRICTED ASSETS

The Authority has restricted cash assets for customer deposits, capital outlay and as a loan reserve for its Rural Development loan. The following amounts were restricted at June 30, 2007:

|                   |                  |
|-------------------|------------------|
| Loan reserve      | \$ 43,200        |
| Capital outlay    | 82,800           |
| Customer deposits | <u>27,949</u>    |
| Total             | <u>\$153,949</u> |

NOTE F - CAPITAL ASSETS

Changes in capital assets.

The following table provides a summary of changes in capital assets:

|                          | <u>CAPITAL ASSETS, DEPRECIATED</u>                            |  |                  |                    | <u>Capital Assets Not Depreciated</u> |
|--------------------------|---|--|------------------|--------------------|---------------------------------------|
|                          | <u>Infrastructure &amp; Improvements Other Than Buildings</u> | <u>Furniture, Machinery, And Equipment</u> | <u>Totals</u>    |                    | <u>Land</u>                           |
| PRIMARY GOVERNMENT       |   |  |                  |                    |                                       |
| Governmental activities  |   |  |                  |                    |                                       |
| Balance, June 30, 2006   | \$ 39,000   | \$ 5,100                                   | \$ 33,197        | \$ 78,197          | \$ 7,500                              |
| Increases                | -   | -  | 10,800           | 10,800             | 2,825                                 |
| Decreases                | -   | -  | -                | -                  | -                                     |
| Balance, June 30, 2007   | <u>39,000</u>   | <u>5,100</u>                               | <u>43,997</u>    | <u>88,997</u>      | <u>10,325</u>                         |
| Accumulated Depreciation |   |  |                  |                    |                                       |
| Balance, June 30, 2006   | 998   | 435  | 13,106           | 14,539             |                                       |
| Increase                 | 998   | 255  | 7,364            | 8,617              |                                       |
| Decreases                | -   | -  | -                | -                  |                                       |
| Balance, June 30, 2007   | <u>1,996</u>  | <u>690</u>                                 | <u>20,470</u>    | <u>23,156</u>      |                                       |
| Governmental activities  |   |  |                  |                    |                                       |
| Capital Assets, Net      | <u>\$ 37,904</u>  | <u>\$ 4,410</u>                            | <u>\$ 23,527</u> | <u>\$ 65,841</u>   | <u>\$ 10,325</u>                      |
| Business-type activities |   |  |                  |                    |                                       |
| Balance, June 30, 2006   | \$ -  | \$ 1,693,947                               | \$ 70,497        | \$1,764,444        | \$ 12,029                             |
| Increases                | -   | -  | -                | -                  | -                                     |
| Decreases                | -   | -  | -                | -                  | -                                     |
| Balance, June 30, 2007   | <u>-</u>  | <u>1,693,947</u>                           | <u>70,497</u>    | <u>1,764,444</u>   | <u>12,029</u>                         |
| Accumulated Depreciation |   |  |                  |                    |                                       |
| Balance, June 30, 2006   | -   | 392,618                                    | 46,168           | 438,786            |                                       |
| Increase                 | -   | 41,537                                     | 5,088            | 46,625             |                                       |
| Decreases                | -   | -  | -                | -                  |                                       |
| Balance, June 30, 2007   | <u>-</u>  | <u>434,155</u>                             | <u>51,256</u>    | <u>485,272</u>     |                                       |
| Business-type Activities |   |  |                  |                    |                                       |
| Capital Assets, Net      | <u>\$ -</u>   | <u>\$ 1,259,792</u>                        | <u>\$ 19,241</u> | <u>\$1,279,172</u> | <u>\$ 12,029</u>                      |
| PRIMARY GOVERNMENT       |   |  |                  |                    |                                       |
| Capital Assets, Net      | <u>\$ 37,904</u>  | <u>\$ 1,264,202</u>                        | <u>\$ 42,768</u> | <u>\$1,345,013</u> | <u>\$ 22,354</u>                      |



TOWN OF QUINTON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENT ACTIVITIES

|                    |          |
|--------------------|----------|
| General government | \$ 8,437 |
| Street             | 180      |

BUSINESS-TYPE ACTIVITIES

|              |           |
|--------------|-----------|
| Public works | \$ 46,625 |
|--------------|-----------|

NOTE G - LONG TERM DEBT

As of June 30, 2007, the long-term debt payable from business-type activities resources consisted of the following:

Rural Developement Note Payable:

2004 Promissary Note, original issue amount of \$800,000  
dated June 23, 2004 issued by U.S. Department of  
Agriculture, Rural Developement, interest rate 4.375%.  
Monthly payments of \$3,600, for a term of 40 years.  
Current Portion  
Non-Current Portion  
Total Notes Payable

|                   |
|-------------------|
| \$ 757,932        |
| \$ 10,243         |
| 747,689           |
| <u>\$ 757,932</u> |

Debt Service Requirements to Maturity:

|                    | <u>Business-Type Activities</u> |                   |                     |
|--------------------|---------------------------------|-------------------|---------------------|
| <u>Year ending</u> | <u>Notes Payable</u>            |                   |                     |
| <u>June 30,</u>    | <u>Principal</u>                | <u>Interest</u>   | <u>Total</u>        |
| 2008               | \$ 10,243                       | \$ 32,957         | \$ 43,200           |
| 2009               | 10,742                          | 32,458            | 43,200              |
| 2010               | 11,174                          | 32,026            | 43,200              |
| 2011               | 11,673                          | 31,527            | 43,200              |
| 2012               | 12,198                          | 31,002            | 43,200              |
| 2013-2017          | 69,660                          | 146,340           | 216,000             |
| 2018-2022          | 86,659                          | 129,341           | 216,000             |
| 2023-2027          | 107,806                         | 108,194           | 216,000             |
| 2028-2032          | 134,113                         | 81,887            | 216,000             |
| 2033-2037          | 166,840                         | 49,160            | 216,000             |
| 2038-2041          | 136,824                         | 7,176             | 144,000             |
|                    | <u>\$ 757,932</u>               | <u>\$ 682,068</u> | <u>\$ 1,440,000</u> |

NOTE H - COMPENSATED ABSENCES

The amount that should be reported for accrued compensated absences is not known but is not believed to be material.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007

NOTE I - PENSION OBLIGATIONS

Town of Quinton participates in a statewide, cost-sharing multiple-employer defined benefit plan on behalf of volunteer firefighters. The system is administered by an agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

|  |     | Oklahoma Firefighter's Pension<br>And Retirement System  |
|--|-----|--|
| Eligibility to Participate   |     | All full-time or voluntary<br>Firefighters of a participating<br>Municipality hired before age 45  |
| Authority establishing<br>contribution obligations<br>and benefit provisions |     | State Statute  |
| Plan members' contribution rate  |     | 8% of covered payroll  |
| Town's contribution rate   |     | 13% of covered payroll   |
| Period required to vest  |     | 10 years   |
| Benefits and eligibility<br>for distribution (full time)                     |     | 20 years credited service, 2 ½% of<br>Final average salary multiplied by<br>The years of credited service with<br>A maximum of 30 years considered;<br>If vested, at or after age 50, or<br>After 10 but before 20 years of<br>Credited service, with reduced benefits |
| Benefits and eligibility<br>for distribution (Volunteer)                     |     | 20 years credited service equal to<br>\$5.46 per month per year of service<br>With a maximum of 30 Years considered  |
| Deferred retirement option   |     | Yes, 20 years credited service with<br>Continued service for 30 or more years  |
| Provisions for:  |     |  |
| Cost of living adjustments<br>(normal retirement)                            | Yes | Yes, if vested by 5/83   |
| Death (duty, non-duty,<br>post-retirement)                                   | Yes | Yes  |
| Disability   | Yes | Yes  |
| Cost of living allowances  | Yes | Yes  |

The Town is required to contribute \$60 per year per volunteer firefighter. For those years in which the Town General Fund revenue falls below a statutory amount the Town is not required to make a contribution.



TOWN OF QUINTON, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007

Contributions required by State Statute:

| <u>Fiscal<br/>Year</u> | <u>Oklahoma Firefighter's Pension<br/>And Retirement System</u> |                                   |
|------------------------|---|-----------------------------------|
|                        | <u>Required<br/>Contribution</u>                                | <u>Percentage<br/>Contributed</u> |
| 2008                   | \$ 1,260  | 100%                              |
| 2007                   | \$ 1,260  | 100%                              |

Trend information showing the progress of the system in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the plan. Copies of the report may be obtained from the state retirement systems.

Volunteer firefighters receive a monthly pension based on their years of service. The volunteer may receive death or spousal benefits if certain conditions are met.

NOTE J - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town retained legal counsel to defend it in any legal action.

NOTE K - FEDERAL STATE GRANTS

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities. The purpose of the audits is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.



TOWN OF QUINTON  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

|                           | Original and<br>Final Budget | Actual         | Variance with Original<br>And Final Budget<br>Positive(Negative) |
|---------------------------|------------------------------|----------------|--|
| <b>TAXES:</b>             |                              |                |  |
| Sales and Use Tax         | \$ 142,080                   | \$ 176,601     | \$ 34,521  |
| Franchise Tax             | <u>7,481</u>                 | <u>7,815</u>   | <u>334</u>   |
| Total Taxes               | <u>149,561</u>               | <u>184,416</u> | <u>34,855</u>  |
| <b>INTERGOVERNMENTAL:</b> |                              |                |  |
| FEMA Grant                | -                            | 5,971          | 571  |
| Liquor Tax                | <u>5,400</u>                 | <u>15,164</u>  | <u>15,164</u>  |
| Total Intergovernmental   | <u>5,400</u>                 | <u>21,135</u>  | <u>15,735</u>  |
| FINES AND FORFEITURES     | <u>52,250</u>                | <u>37,683</u>  | <u>(14,567)</u>  |
| INVESTMENT INCOME         | <u>2,090</u>                 | <u>5,687</u>   | <u>3,597</u>   |
| MISCELLANEOUS             | <u>24,315</u>                | <u>13,428</u>  | <u>(10,887)</u>  |
| TOTAL REVENUES            | <u>233,616</u>               | <u>262,349</u> | <u>28,733</u>  |
| <b>ADMINISTRATION:</b>    |                              |                |  |
| General                   |                              |                |  |
| Personal Service          | 10,400                       | 13,864         | (3,464)  |
| Other Service and Charges | 85,000                       | 50,519         | 34,481   |
| Capital Outlay            | <u>15,552</u>                | <u>2,825</u>   | <u>12,727</u>  |
| Total                     | <u>110,952</u>               | <u>67,208</u>  | <u>43,744</u>  |
| City Council:             |                              |                |  |
| Personal Service          | <u>648</u>                   | <u>618</u>     | <u>30</u>  |
| City Attorney:            |                              |                |  |
| Personal Service          | <u>3,600</u>                 | <u>3,600</u>   | <u>-</u>   |
| Clerk:                    |                              |                |  |
| Personal Service          | <u>1,400</u>                 | <u>1,292</u>   | <u>108</u>   |
| TOTAL ADMINISTRATION      | <u>116,600</u>               | <u>72,718</u>  | <u>43,882</u>  |



TOWN OF QUINTON  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

|                                   | Original and<br>Final Budget | Actual      | Variance with Original<br>And Final Budget<br>Positive (Negative) |
|-----------------------------------|------------------------------|-------------|---|
| <b>PUBLIC SAFETY:</b>             |                              |             |   |
| Police:                           |                              |             |   |
| Personal Service                  | 101,000                      | 85,602      | 15,398  |
| Materials and Supplies            | 40,000                       | 31,121      | 8,879   |
| Other Service and Charges         | -                            | -           | -   |
| Capital Outlay                    | 16,000                       | 10,800      | 5,200   |
| Total                             | 157,000                      | 127,523     | 29,477  |
| Fire:                             |                              |             |   |
| Personal Service                  | 1,200                        | 952         | 248   |
| Materials and Supplies            | 13,800                       | 11,749      | 2,051   |
| Capital Outlay                    | -                            | -           | -   |
| Total                             | 15,000                       | 12,701      | 2,299   |
| Municipal Court:                  |                              |             |   |
| Personal Service                  | 3,400                        | 3,346       | 54  |
| Total Public Safety               | 175,400                      | 143,570     | 31,830  |
| <b>COMMUNITY SERVICE:</b>         |                              |             |   |
| Animal Control:                   |                              |             |   |
| Personal Service                  | 4,000                        | 3,875       | 125   |
| Materials and Supplies            | 2,000                        | 814         | 1,186   |
| Other Service and Charges         | -                            | -           | -   |
| Total                             | 6,000                        | 4,689       | 1,311   |
| Cemetery:                         |                              |             |   |
| Personal Service                  | 8,250                        | 7,700       | 550   |
| Materials and Supplies            | 1,250                        | 159         | 1,091   |
| Other Service and Charges         | -                            | -           | -   |
| Total                             | 9,500                        | 7,859       | 1,641   |
| Civil Defense:                    |                              |             |   |
| Other Services and Charges        | 500                          | 83          | 417   |
| Community Center:                 |                              |             |   |
| Other Services and Charges        | 1,500                        | 586         | 914   |
| Total Community Service           | 17,500                       | 13,217      | 4,283   |
| Total Charges to Appropriations   | 309,500                      | 229,505     | 79,995  |
| Transfers to Other Funds:         |                              |             |   |
| Public Works Authority            | -                            | 63,000      | (63,000)  |
| Changes in Budgetary Fund Balance | \$ (75,884)                  | \$ (30,156) | \$ 45,728   |



TOWN OF QUINTON, OKLAHOMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

|                                     | SPECIAL REVENUE FUNDS       |                  |                            |
|-------------------------------------|-----------------------------|------------------|----------------------------|
|                                     | STREET<br>AND ALLEY<br>FUND | CEMETERY<br>FUND | TOTAL<br>NONMAJOR<br>FUNDS |
| ASSETS                              |                             |                  |                            |
| Cash and cash equivalents           | \$ 41,090                   | \$ 38,117        | \$ 79,207                  |
| Investments                         | -                           | 49,764           | 49,764                     |
| Receivables:                        |                             |                  |                            |
| Due from other governments          | 5,278                       | -                | 5,278                      |
| Due from other funds                | <u>893</u>                  | <u>23</u>        | <u>916</u>                 |
| Total assets                        | <u>\$ 47,261</u>            | <u>\$ 87,904</u> | <u>\$ 135,165</u>          |
| LIABILITIES                         |                             |                  |                            |
| Accounts payable                    | \$ 1,718                    | \$ -             | \$ 1,718                   |
| Payroll taxes payable               | <u>196</u>                  | <u>-</u>         | <u>196</u>                 |
| Total liabilities                   | <u>1,914</u>                | <u>-</u>         | <u>1,914</u>               |
| FUND BALANCES                       |                             |                  |                            |
| Reserved for:                       |                             |                  |                            |
| Unreserved, reported in:            |                             |                  |                            |
| Special revenue funds               | <u>45,347</u>               | <u>87,904</u>    | <u>133,251</u>             |
| Total fund balances                 | <u>45,347</u>               | <u>87,904</u>    | <u>133,251</u>             |
| Total liabilities and fund balances | <u>\$ 47,261</u>            | <u>\$ 87,904</u> | <u>\$ 135,165</u>          |



TOWN OF QUINTON, OKLAHOMA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2007

|                                      | SPECIAL REVENUE FUNDS       |                  |                            |
|--------------------------------------|-----------------------------|------------------|----------------------------|
|                                      | STREET<br>AND ALLEY<br>FUND | CEMETERY<br>FUND | TOTAL<br>NONMAJOR<br>FUNDS |
| Revenues:                            |                             |                  |                            |
| Taxes                                | \$ 41,750                   | \$ -             | \$ 41,750                  |
| Intergovernmental                    | 9,775                       | -                | 9,775                      |
| Charges for services                 | 2,925                       | 975              | 3,900                      |
| Investment income                    | -                           | 762              | 762                        |
| Miscellaneous                        | 577                         | -                | 577                        |
| Total revenues                       | 55,027                      | 1,737            | 56,764                     |
| Expenditures:                        |                             |                  |                            |
| Current:                             |                             |                  |                            |
| Community services                   | 47,354                      | -                | 47,354                     |
| Total expenditures                   | 47,354                      | -                | 47,354                     |
| Excess (deficit)                     | 7,673                       | 1,737            | 9,410                      |
| Other financing sources (uses):      |                             |                  |                            |
| Transfers out                        | -                           | -                | -                          |
| Total other financing sources (uses) | -                           | -                | -                          |
| Net change in fund balances          | 7,673                       | 1,737            | 9,410                      |
| Fund balances - beginning            | 37,674                      | 86,167           | 123,841                    |
| Fund balances - ending               | \$ 45,347                   | \$ 87,904        | \$ 133,251                 |



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

To the Honorable Mayor and Members of the City Council  
Town of Quinton  
Quinton, Oklahoma

I have audited the accompanying financial statements, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Quinton, Oklahoma, as of and for the year ended June 30, 2007, which collectively comprise the Town of Quinton, Oklahoma's basic financial statements, and have issued my report thereon dated June 15, 2011 which did not include Management's Discussion and Analysis. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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



Compliance and Other Matters

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

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

Sincerely,



Ralph Osborn  
Certified Public Accountant  
Bristow, Oklahoma  
June 15, 2011