

**INDEPENDENT ACCOUNTANT'S REPORT**

**TOWN OF FAXON, OKLAHOMA**

**JULY 1, 2011 TO JUNE 30, 2012**

BY





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### 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, 2012 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, 2012 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 of Faxon and its Public Works Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Faxon is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the additional requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. 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, 2012:

- 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 and Associates, PC*

FURRH & ASSOCIATES, PC

December 19, 2012

**TOWN OF FAXON**  
**FAXON, OKLAHOMA**  
**SUMMARY OF CHANGES IN FUND BALANCE-CASH BASIS**  
**For the Fiscal Year Ended June 30, 2012**  
**(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	\$ 3,841	\$ 16,045	\$ 8,320	\$ 11,566
Street & Alley Fund	1,402	613	244	1,771
Public Works Authority	11,517	45,307	37,330	19,494
PWA-Meter Deposit Fund	5,655	1,168	405	6,418
Community Center Grant	6,551	63,820	70,167	204
Town Hall Grant	<u>3,293</u>	<u>0</u>	<u>3,293</u>	<u>0</u>
<b>Totals</b>	<u>\$ 32,259</u>	<u>\$ 126,953</u>	<u>\$ 119,759</u>	<u>\$ 39,453</u>

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

For the Fiscal Year Ended June 30, 2012  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
	\$	\$	\$	Over (Under)
<b>Beginning Budgetary Fund Balance:</b>	3,841	3,841	3,841	0
				\$
<b>Resources (Inflows):</b>				
Franchise Tax Income	4,000	4,000	3,290	(710)
Sales & Use Tax	10,000	10,000	10,362	362
Motor Vehicle Tax	1,000	1,000	845	(155)
Cigar Tax	100	100	50	(50)
Interest Income	10	10	8	(2)
Miscellaneous Income	0	0	678	678
Transfer in from PWA	0	0	812	812
Total Inflows	<u>15,110</u>	<u>15,110</u>	<u>16,045</u>	<u>935</u>
<b>Amounts Available for Appropriation</b>	<u>18,951</u>	<u>18,951</u>	<u>19,886</u>	<u>935</u>
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Personal Services	2,000	2,000	1,800	(200)
Maintenance, Operations, Repairs	16,951	16,951	6,520	(10,431)
Total General Government	<u>18,951</u>	<u>18,951</u>	<u>8,320</u>	<u>(10,631)</u>
<b>Total Charges to Appropriations</b>	<u>18,951</u>	<u>18,951</u>	<u>8,320</u>	<u>(10,631)</u>
<b>Ending Budgetary Fund Balance:</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,566</u>	<u>\$ (11,566)</u>

**TOWN OF FAXON**  
**FAXON, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE-CASH BASIS**  
**STREET AND ALLEY FUND**  
**For the Fiscal Year Ended June 30, 2012**  
**(Unaudited)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 1,402	1,402	1,402	\$ 0
<b>Resources (Inflows):</b>				
Alcohol Tax	300	300	330	30
Vehicle Tax Income	275	275	283	8
Miscellaneous Income	0	0	0	0
Total Inflows	<u>575</u>	<u>575</u>	<u>613</u>	<u>38</u>
<b>Amounts Available for Appropriation</b>	<u>1,977</u>	<u>1,977</u>	<u>2,015</u>	<u>38</u>
<b>Charges to Appropriations (Outflows):</b>				
<b>General Government:</b>				
Maintenance, Operations, Repairs	1,977	1,977	244	(1,733)
Total General Government	<u>1,977</u>	<u>1,977</u>	<u>244</u>	<u>(1,733)</u>
<b>Total Charges to Appropriations</b>	<u>1,977</u>	<u>1,977</u>	<u>244</u>	<u>(1,733)</u>
<b>Ending Budgetary Fund Balance:</b>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,771</u>	\$ <u>(1,771)</u>

**Town of Faxon**  
**Faxon, Oklahoma**  
**ASCOG REAP GRANT- FAXON 07**  
**Revenue and Expenditures Compared with Budget**  
**Year Ended June 30, 2012**

	<u>Budget</u>	<u>Cumulative 06/30/11</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
State Grant	\$ 60,000	\$ 45,049	\$ 14,951	\$ 60,000	\$ 0
<u>Expenditures</u>					
Community Center Building	60,000	45,049	14,951	60,000	0
Total Expenditures	60,000	45,049	14,951	60,000	0
<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, 2012**

	<u>Budget</u>	<u>Cumulative 06/30/11</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
State Grant	\$ 3,564	\$ 2,500	\$ 600	\$ 3,100	\$ 464
<u>Expenditures</u>					
Supplies	3,564	2,500	600	3,100	464
Total Expenditures	3,564	2,500	600	3,100	464
Grant Funds De-obligated	0	0	464	464	(464)
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 3,564</u>	<u>\$ 2,500</u>	<u>\$ 1,064</u>	<u>\$ 3,564</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, 2012**

	<u>Budget</u>	<u>Cumulative 06/30/11</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>					
Private Grant	\$ 4,000	\$ 4,000	\$ 0	\$ 4,000	\$ 0
<u>Expenditures</u>					
Supplies	4,000	18	3,982	4,000	0
Total Expenditures	4,000	18	3,982	4,000	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 3,982</u>	<u>\$ (3,982)</u>	<u>\$ 0</u>	<u>\$ 0</u>