

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING
AGREED-UPON PROCEDURES
TOWN OF FAXON, OKLAHOMA
JULY 1, 2014 TO JUNE 30, 2015**

BY





Independent Accountant's Report on Applying Agreed Upon Procedures

Town Council, Town of Faxon
Faxon, Oklahoma

Trustees of the Faxon Public Works Authority
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, 2015 and the related Budgetary Comparison Schedule of the General Fund-Cash Basis, Street & Alley Fund-Cash Basis and the Public Works Authority Fund-Cash Basis, for the fiscal year ended June 30, 2015 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 is responsible for the preparation and fair presentation of the accompanying statements in accordance with their comprehensive basis of accounting. Management is also responsible for the designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

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, 2015. 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. 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, 2015:

- 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 summary of 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: The Town had not prepared a budget for the General Fund for the year ended June 30, 2015. Therefore, they were noncompliant with budget laws of the State of Oklahoma.

- 3. Procedures Performed:** From the Town's trial balances, we prepared a summary of budget and actual financial schedule for the Street & 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: The Town had not prepared a budget for the Street & Alley fund for the year ended June 30, 2015. Therefore, they were noncompliant with budget laws of the State of Oklahoma.

- 4. 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.

- 5. Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: We found no uninsured or uncollateralized deposits.

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

Findings: We found no instances of noncompliance.

- 7. 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.

- 8. 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.

As to the **Town of Faxon Public Works Authority**, as of and for the fiscal year ended June 30, 2015:

- 1. Procedures Performed:** From the Authority'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 Authority's trial balances, we prepared a summary of budget and actual financial schedule for the Public Works Authority Fund and compared the actual expenditures and encumbrances reported to the authorized

appropriations to report any noted instances of noncompliance with appropriation limitations.

Findings: The Town had not prepared a budget for the Public Works Authority Fund for the year ended June 30, 2015. Therefore, they were noncompliant with budget laws of the State of Oklahoma.

3. Procedures Performed: We agreed the Authority'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.

4. Procedures Performed: We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: We found no uninsured or uncollateralized deposits.

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

Findings: We found no instances of noncompliance.

6. Procedures Performed: We compared the accounting for the Authority'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.

7. Procedures Performed: We compared the Authority'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.

As to the **Town of Faxon and Faxon Public Works Authority** as of and for the fiscal year ended June 30, 2015:

1. Procedures Performed: From the Town's and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: We found no instances of noncompliance.

2. Procedures Performed: From the Town's and Authority's trial balances, we compiled the Annual Survey of City and City Finances (SA&I 2643) as described in Oklahoma Statutes 11-17-105.1.

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
FURRH & ASSOCIATES, PC
Lawton, Oklahoma
December 23, 2015

Town of Faxon
Faxon, Oklahoma

Summary of Changes in Fund Balance - Cash Basis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Beginning of Year Fund Balances	Current Year Receipts	Current Year Disbursements	End of Year Fund Balances
General Fund	\$ 29,949	\$ 26,385	\$ 25,009	\$ 31,325
Street & Alley Fund	1,958	852	564	2,246
Public Works Authority	24,105	40,529	40,214	24,420
PWA-Meter Deposit Fund	6,954	1,251	192	8,013
Community Center Grant	50	1,350	849	551
Totals	<u>\$ 63,016</u>	<u>\$ 70,367</u>	<u>\$ 66,828</u>	<u>\$ 66,555</u>

Town of Faxon
Faxon, Oklahoma
Budgetary Comparison Schedule - Cash Basis
General Fund

For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original / Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Beginning Budgetary Fund Balance:	\$ 0	\$ 29,949	\$ 29,949
Resources (Inflows):			
Grant Income	0	15,093	15,093
Sales & Use Tax	0	8,102	8,102
Franchise Tax Income	0	1,704	1,704
Lease Income	0	1,440	1,440
Cigar Tax	0	36	36
Interest Income	0	10	10
Total Inflows	0	26,385	26,385
Amounts Available for Appropriation	0	56,334	56,334
Charges to Appropriations (Outflows):			
Personal Services	0	2,400	2,400
Maintenance, Operations, Repairs	0	5,417	5,417
Grant Expense	0	17,192	17,192
Total Charges to Appropriations	0	25,009	25,009
Ending Budgetary Fund Balance:	\$ 0	\$ 31,325	\$ (31,325)

Town of Faxon
Faxon, Oklahoma
Budgetary Comparison Schedule - Cash Basis
Street Alley Fund

For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original / Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Beginning Budgetary Fund Balance:	\$ 0	\$ 1,958	\$ 1,958
Resources (Inflows):			
Alcohol Tax Income	0	435	435
Gas Tax Income	0	277	277
Miscellaneous Income	0	140	140
Total Inflows	0	852	852
Amounts Available for Appropriation	0	2,810	2,810
Charges to Appropriations (Outflows):			
Maintenance, Operations, Repairs	0	564	564
Total Charges to Appropriations	0	564	564
Ending Budgetary Fund Balance:	\$ 0	\$ 2,246	\$ (2,246)

Town of Faxon
Faxon, Oklahoma
Budgetary Comparison Schedule - Cash Basis
Public Works Authority Fund
For the Fiscal Year Ended June 30, 2015
(Unaudited)

	Original / Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Beginning Budgetary Fund Balance:	\$ 0	\$ 24,105	\$ 24,105
Resources (Inflows):			
Utilities Income	0	37,499	37,499
Motor Vehicle Tax	0	1,118	1,118
Miscellaneous Income	0	1,912	1,912
Total Inflows	0	40,529	40,529
Amounts Available for Appropriation	0	64,634	64,634
Charges to Appropriations (Outflows):			
Utilities Purchased	0	27,353	27,353
Maintenance, Operations, Repairs	0	12,861	12,861
Total Charges to Appropriations	0	40,214	40,214
Ending Budgetary Fund Balance:	\$ 0	\$ 24,420	\$ (24,420)