

INDEPENDENT ACCOUNTANTS REPORT
ON APPLYING AGREED UPON PROCEDURES
TOWN OF SPARKS, OKLAHOMA
JUNE 30, 2011

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Independent Accountant's Report

To the specified Users of the Report:

Town Council, Town of Sparks
Sparks, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

I have compiled the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Sparks, Oklahoma as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis.

The management of Town of Sparks, Oklahoma is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation of the financial statements.

My 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 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 modified 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 financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Management has omitted the management's discussion and analysis that is required to be presented for purposes of additional analysis. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board,

who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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 in meeting its financial accountability requirements as prescribed by Oklahoma Statutes 11-17(105-107) and 60-180.1-.3 and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2011. Management of the Town of Sparks is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agree-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and the fieldwork and reporting standards applicable to attestation engagements as contained in *Government Auditing Standards* of the Comptroller General of the United States of America. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested of for any other purpose.

Procedures and Finding

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

1. Procedures Performed: From the Town's trial balances, I 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: I found no instances of noncompliance.

2. Procedures Performed: From the Town's trial balances, I 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: I found no instances of noncompliance.

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

Findings: I found no instances of noncompliance.

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

Findings: I found no instances of noncompliance.

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

Findings: I found no uninsured or uncollateralized deposits.

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

Findings: I found no instances of noncompliance.

7. Procedures Performed: I 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: I found no instances of noncompliance.

8. Procedures Performed: I 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: I found no instances of noncompliance.

As to the Town of Sparks Grant Programs, as of and for the fiscal year ended June 30, 2011:

1. Procedures Performed: From the Town's trial balances, I prepared schedules 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(s).

Findings: I found no instances of noncompliance.

I was not engaged to and did not conduct an examination, the object of which would be the expression of an opinion on compliance. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my 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.

Sincerely,

A handwritten signature in cursive script that reads "Ralph Osborn".

Ralph Osborn
January 27, 2012

TOWN OF SPARKS
 SPARKS, OKLAHOMA
 SUMMARY OF CHANGES IN FUND BALANCE
 MODIFIED CASH BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (UNAUDITED)

	Beginning of Year Fund Balances	Current Year Receipts	Interfund Transfers	Prior Year Disbursements	Current Year Disbursements	End of Year Fund Balances
General Fund	\$ 1,924	\$ 50,012	\$ -	\$ -	\$ (41,451)	\$ 10,485
Police Fund	<u>12,523</u>	<u>25,941</u>	<u>-</u>	<u>-</u>	<u>(25,275)</u>	<u>13,189</u>
Overall Totals	<u>\$ 14,447</u>	<u>\$ 75,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (66,726)</u>	<u>\$ 23,674</u>

Please see accompanying Accountants Reports.

TOWN OF SPARKS
 SPARKS, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (UNAUDITED)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	\$	\$
Beginning Budgetary Fund Balance:	\$ 1,924	\$ 1,924	\$ 1,924	\$ -
Resources (Inflows):				
Sales tax	15,000	15,000	18,045	3,045
Franchise tax	2,900	2,900	2,810	(90)
Other taxes	2,450	2,450	2,859	409
Miscellaneous	3,100	3,100	4,063	963
Grant Income	-	-	22,235	22,235
Total Inflows	23,450	23,450	50,012	26,562
Amounts Available for Appropriation	\$ 25,374	\$ 25,374	\$ 51,936	\$ 26,562
Charges to Appropriations (Outflows):				
General Government:				
Contract labor	3,600	3,600	3,700	(100)
Maintenance, Operations, Repairs	16,000	16,000	15,516	484
Capital Outlay	4,500	4,500	22,235	(17,735)
Total General Government	24,100	24,100	41,451	(17,351)
Total Charges to Appropriations	24,100	24,100	41,451	(17,351)
Ending Budgetary Fund Balance:	\$ 1,274	\$ 1,274	\$ 10,485	\$ 9,211

Please see accompanying Accountants Reports.

TOWN OF SPARKS
 SPARKS, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 MODIFIED CASH BASIS
 POLICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (UNAUDITED)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
	\$	\$	\$	\$
Beginning Budgetary Fund Balance:	12,523	12,523	12,523	-
Resources (Inflows):				
Fines and Forfeitures	30,000	30,000	25,941	(4,059)
Total Inflows	30,000	30,000	25,941	(4,059)
Amounts Available for Appropriation	42,523	42,523	38,464	(4,059)
Charges to Appropriations (Outflows):				
Public Safety:				
Police expenses	39,350	39,350	25,275	14,075
Total Public Safety	39,350	39,350	25,275	14,075
Total Charges to Appropriations	39,350	39,350	25,275	14,075
Ending Budgetary Fund Balance:	3,173	3,173	13,189	10,016

Please see accompanying Accountants Reports.

TOWN OF SPARKS
 SPARKS, OKLAHOMA
 RURAL ECONOMIC ACTION PLAN GRANT
 SCHEDULE OF GRANT ACTIVITY
 MODIFIED CASH BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 (UNAUDITED)

	Budget	Cumulative 6/30/10	Current Year	Total	(Over) Under Budget
Revenue					
REAP Funds	\$ 22,235	\$ -	\$ 22,235	\$ 22,235	\$ -
Total Income	22,235	-	22,235	22,235	-
Expenditures					
Street Improvements	22,235	-	22,235	22,235	-
Total Income	22,235	-	22,235	22,235	-
Revenue over (under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Please see accompanying Accountants Reports.