

**TOWN OF CROWDER, OKLAHOMA**  
**REPORT ON AUDIT OF FINANCIAL STATEMENTS**  
**AND**  
**SUPPLEMENTAL DATA FOR THE**  
**TWELVE MONTHS ENDED JUNE 30, 2011**

**CYNTHIA L WARREN CPA, P.C.**

**Eufaula, Oklahoma 74432**

**TOWN OF CROWDER  
CROWDER, OKLAHOMA  
JUNE 30, 2011**

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**CYNTHIA L WARREN CPA, P.C.**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Town of Crowder  
Crowder, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, and the major funds of the Town of Crowder as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Crowder'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 opinions.

In my opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Crowder as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 5 through 10, and budgetary comparison information on page 31 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information; however, I did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, I have also issued a report dated December 31, 2011 on my consideration of the Town of Crowder's internal control over financial reporting and on 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 my 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 this audit.

*Cynthia L Warren CPA, P.C.*

Cynthia L Warren CPA, P.C.  
December 31, 2011

*Town of Crowder*  
*Crowder, Oklahoma 74330*

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

The following discussion and analysis of the Town of Crowder's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. The information contained in this MD&A should be considered in conjunction with the accompanying basic financial statements.

***Financial Highlights***

The assets of the Town of Crowder exceeded its liabilities at the close of the fiscal year ending June 30, 2011 by \$972,255. Of this amount, \$102,471 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The Town of Crowder's net assets increased \$6,064. This can be attributed to a decrease in assets of \$24,828 but also a decrease in liabilities of \$30,892.

The Town of Crowder's total debt decreased \$13,338 during the current fiscal year.

Revenues of the Town decreased \$162,505 and expenses decreased \$7,989 for a net decrease in change in net assets of \$154,516.

***Overview of the Financial Statements***

This discussion and analysis serves as an introduction to the Town of Crowder's basic financial statements. The Town of Crowder's basic financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. The basic statements provide readers with a broad overview of the Town's finances. The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Government-wide financial statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Crowder's finances, in a manner similar to a private-sector business. The Statement of Net Assets presents information on all of the Town of Crowder's assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Town of Crowder is improving or deteriorating. The Statement of Net Assets combines and consolidates governmental funds' current financial resources with capital assets and long-term obligations. Other nonfinancial factors should also be taken into consideration such as economic factors. The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. Both the statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting and economic resources measurement focus.

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

*Fund Financial Statements*

Fund financial statements focus separately on governmental funds and proprietary funds. Governmental fund statements report only current financial resources on the modified accrual basis of accounting. As a result, capital assets and long-term debt are not reported in government fund financial statements. Proprietary fund financial statements are presented, similar to the government-wide financial statements, on the economic resources measurement focus and accrual basis of accounting, and include all assets and liabilities. The Town's major fund, Streets and Alley, is presented in its own column.

*Notes to the Financial Statements*

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Town's financial condition.

*Supplementary Information*

As required by generally accepted accounting principles, a budgetary comparison is presented for the general fund.

***Town as a Whole***

*Government-wide Financial Statements*

A condensed version of the Statement of Net Assets at June 30, 2011 and June 30, 2010 is as follows:

	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Variance</u>
Current Assets :			
Governmental Activities	\$ 49,976	\$ 24,241	\$ 25,735
Business-type Activities	<u>61,624</u>	<u>85,099</u>	<u>(23,475)</u>
	<u>111,600</u>	<u>109,340</u>	<u>2,260</u>
Noncurrent Assets:			
Governmental Activities	26,044	36,100	(10,056)
Business-type Activities	<u>1,284,790</u>	<u>1,301,822</u>	<u>(17,032)</u>
	<u>1,310,834</u>	<u>1,337,922</u>	<u>(27,088)</u>
Total Assets	<u>\$ 1,422,434</u>	<u>\$ 1,447,262</u>	<u>\$ (24,828)</u>
Current Liabilities:			
Governmental Activities	\$ 3,735	\$ 9,264	\$ (5,529)
Business-type Activities	<u>19,397</u>	<u>30,758</u>	<u>(11,361)</u>
	<u>23,132</u>	<u>40,022</u>	<u>(16,890)</u>
Noncurrent Liabilities:			
Governmental Activities	\$ -	\$ -	\$ -
Business-type Activities	<u>427,047</u>	<u>441,049</u>	<u>(14,002)</u>
	<u>427,047</u>	<u>441,049</u>	<u>(14,002)</u>
Total Liabilities	<u>450,179</u>	<u>481,071</u>	<u>(30,892)</u>

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

Net Assets:

Invested in Capital Assets, net:

Governmental Activities	\$ 26,044	\$ 36,100	\$ (10,056)
Business-type Activities	<u>810,328</u>	<u>817,642</u>	<u>(7,314)</u>
	<u>836,372</u>	<u>853,742</u>	<u>(17,370)</u>

Restricted Net Assets:

Governmental Activities	\$ -	\$ -	\$ -
Business-type Activities	<u>33,412</u>	<u>29,792</u>	<u>3,620</u>
	<u>33,412</u>	<u>29,792</u>	<u>3,620</u>

Unrestricted Net Assets:

Governmental Activities	\$ 46,241	\$ 14,977	\$ 31,264
Business-type Activities	<u>56,230</u>	<u>67,680</u>	<u>(11,450)</u>
	<u>102,471</u>	<u>82,657</u>	<u>19,814</u>

Net Assets	<u>\$ 972,255</u>	<u>\$ 966,191</u>	<u>\$ 6,064</u>
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Total assets have decreased \$24,828 from the prior year which consists of an increase of current assets in the amount of \$2,260 and a decrease in noncurrent assets in the amount of \$27,088. The decrease in current assets is attributable to the decrease in Cash and Cash Equivalents and Investments from use of restricted grant funds. The noncurrent assets of the Town decreased from a net decrease in capital assets from the purchase of capital assets less the increase in accumulated depreciation from the depreciation expense.

Total liabilities decreased by \$14,002. Current liabilities decreased by the use of the deferred OWRB grant income in the amount of \$11,600. Noncurrent liabilities have decreased from the principal payments on the long-term debt and bonds and current liabilities decreased from a decrease in accounts payable.

Total net assets increased \$6,064, the difference between revenues and expenses, less depreciation expense, for the current fiscal year.

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

A condensed version of the Statement of Activities follows:

	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>Variance</u>
<b>Governmental Activities:</b>			
Program Revenues:			
General Government	\$ -	\$ -	\$ -
Police	921	420	501
Fire	422	-	422
Park	18,983	9,088	9,895
Street and Alley	<u>3,952</u>	<u>3,963</u>	<u>(11)</u>
	<u>24,278</u>	<u>13,471</u>	<u>10,807</u>
General Revenues:			
Taxes less Internal Transfers	58,652	53,430	5,222
Investment Earnings	54	26	28
Miscellaneous	<u>10,679</u>	<u>3,797</u>	<u>6,882</u>
	<u>69,385</u>	<u>57,253</u>	<u>12,132</u>
<b>Business-Type Activities:</b>			
Program Revenues:			
Public Works - Sewer	65,921	261,370	(195,449)
Trash Collections	<u>34,133</u>	<u>33,454</u>	<u>679</u>
	<u>100,054</u>	<u>294,824</u>	<u>(194,770)</u>
General Revenues:			
Internal Transfers	18,841	21,005	(2,164)
Capital Grants	11,211	-	11,211
Investment Earnings	2,072	1,259	813
Miscellaneous	<u>1,857</u>	<u>2,391</u>	<u>(534)</u>
	<u>33,981</u>	<u>24,655</u>	<u>9,326</u>
Total Revenues	<u>227,698</u>	<u>390,203</u>	<u>(162,505)</u>
<b>Governmental Activities:</b>			
Expenses:			
General Government	\$ 7,561	\$ 13,672	\$ (6,111)
Police	-	-	-
Fire	18,162	22,881	(4,719)
Park	26,162	29,765	(3,603)
Street and Alley	<u>20,570</u>	<u>32,263</u>	<u>(11,693)</u>
	<u>72,455</u>	<u>98,581</u>	<u>(26,126)</u>
<b>Business-Type Activities:</b>			
Expenses:			
Public Works - Sewer	114,979	96,482	18,497
Trash Collections	<u>34,200</u>	<u>34,560</u>	<u>(360)</u>
	<u>149,179</u>	<u>131,042</u>	<u>18,137</u>
Total Program Expenses	<u>221,634</u>	<u>229,623</u>	<u>(7,989)</u>
Change in Net Assets	6,064	160,580	(154,516)
Net Assets, Beginning	<u>966,191</u>	<u>805,611</u>	<u>160,580</u>
Net Assets, Ending	<u>\$ 972,255</u>	<u>\$ 966,191</u>	<u>\$ 6,064</u>

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**JUNE 30, 2011**

The amounts reported for the 2011 fiscal year in the above condensed Statement of Activities indicated some significant variances. Revenues for the current year decreased over the prior year in the amount of \$162,505 with expenses decreasing over the prior year in the amount of \$7,989. The program revenues for governmental activities increased \$10,807. Program revenues for Business-type activities increased over the prior year from an increase in charges.

The Town of Crowder experienced a net decrease in expenses for Government Activities in the amount of \$26,126 from decreases in expenses incurred for all areas. Expenses for the Business-type activities had an increase of \$18,137.

***Fund Financial Information and Budgetary Highlights***

The Town of Crowder operates under the Budget Act statutes of Oklahoma. Over the course of the year, there were no budget revisions. At the end of the year, the General Fund experienced an unfavorable revenue variance of \$1,128 with a favorable expenditure variance of \$21,639, which combined for a favorable variance in the amount of \$20,511 in terms of net change to fund balance.

***Capital Assets and Debt Administration***

***Capital Assets***

At June 30, 2011, the Town has \$1,277,421 invested in capital assets, including machinery and equipment, infrastructures, and the sewer system. As viewed below, the decrease in Net Capital Assets is attributed to additions to the current year Construction in Progress less the current year depreciation expense.

	<b>Balance</b>			<b>Balance</b>
	<b><u>6/30/2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>6/30/2011</u></b>
<i>Governmental Activities:</i>				
Infrastructure	\$ 11,000	\$ -	\$ -	\$ 11,000
Machinery and Equipment	96,050	-	-	96,050
Less: Accumulated Depreciation	<u>(70,950)</u>	<u>(10,056)</u>	<u>-</u>	<u>(81,006)</u>
	<u>36,100</u>	<u>(10,056)</u>	<u>-</u>	<u>26,044</u>
<i>Business-type Activities:</i>				
Construction in Progress	316,113	11,211	-	327,324
Machinery and Equipment	9,056	-	-	9,056
Water and Sewer System	1,410,526	-	-	1,410,526
Less: Accumulated Depreciation	<u>(463,665)</u>	<u>(31,864)</u>	<u>-</u>	<u>(495,529)</u>
	<u>1,272,030</u>	<u>(20,653)</u>	<u>-</u>	<u>1,251,377</u>
	<u>\$ 1,308,130</u>	<u>\$ (30,709)</u>	<u>\$ -</u>	<u>\$ 1,277,421</u>

See Note 4 on page 28 for additional information on capital assets activity and balances.

**MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

*Debt Outstanding*

The Town of Crowder has not incurred any new debt during the current year. There are three loans payable to Rural Development which is shown below in total.

	<i>Balance</i>			<i>Balance</i>	<i>Due in</i>
	<u>6/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2011</u>	<u>One Year</u>
<i>Business-type Activities:</i>					
Rural Development Loans	<u>\$ 454,388</u>	<u>\$ -</u>	<u>\$ 13,338</u>	<u>\$ 441,050</u>	<u>\$ 14,003</u>

See Note 5 on page 29 for additional information on long-term debt activity and balances.

***Economic Factors and Conditions***

The Town of Crowder’s budget for June 30, 2011 includes \$65,000 in estimated revenues and expenditures for the General Fund. The General Fund budget for June 30, 2012 is \$62,000 which is a small decrease. The decrease is estimated from an expected decrease in revenues.

During the fiscal year ending June 30, 2010, the Town was awarded two CDBG grants in the amounts of \$19,383 and \$231,200. Also the Town had received grant revenues from OWRB in the amount of \$99,999 for sewer repairs and upgrades during a previous year. These grants are currently in process but very near finish.

No major purchases were made during the fiscal year of June 30, 2011 except for grant expenditures and at the current time major purchases are not anticipated.

The Town of Crowder is currently working on an additional RV Park in Crowder. Up to this point, labor and materials have been donated to the Town. The work on the park is just beginning and will be completed as finances allow. As of now, the dirt work has been prepared and tin horns have been installed. This will be a great asset to the Town of Crowder when completed.

***Financial Contact***

The Town’s financial statements are designed to present users with a general over view of the Town’s finances and to demonstrate the Town’s accountability. If you have questions about the report or need additional financial information, please contact the Mayor or Town Clerk at the Town of Crowder, PO Box 98, Crowder, and OK 74430.

**TOWN OF CROWDER, OKLAHOMA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 32,772	\$ 7,653	\$ 40,425
Accounts Receivable, Net	4,704	8,742	13,446
Investments, Unrestricted	<u>12,500</u>	<u>45,229</u>	<u>57,729</u>
Total Current Assets	<u>49,976</u>	<u>61,624</u>	<u>111,600</u>
<b>Noncurrent Assets:</b>			
Restricted Cash & Cash Equivalents, Debt Reserve	-	33,412	33,412
Capital Assets, Non-depreciable	-	327,325	327,325
Capital Assets, Net of Depreciation	<u>26,044</u>	<u>924,053</u>	<u>950,097</u>
Total Assets	<u>\$ 76,020</u>	<u>\$ 1,346,414</u>	<u>\$ 1,422,434</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 3,735	\$ 3,866	\$ 7,601
Accrued Interest Payable	-	1,355	1,355
Accrued Wages and Payroll Taxes	-	173	173
Deferred Revenue	-	-	-
Notes Payable, Current	<u>-</u>	<u>14,003</u>	<u>14,003</u>
Total Current Liabilities	3,735	19,397	23,132
<b>Noncurrent Liabilities:</b>			
Notes Payable	<u>-</u>	<u>427,047</u>	<u>427,047</u>
Total Liabilities	<u>3,735</u>	<u>446,444</u>	<u>450,179</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	26,044	810,328	836,372
Restricted Net Assets	-	33,412	33,412
Unrestricted Net Assets	<u>46,241</u>	<u>56,230</u>	<u>102,471</u>
Total Net Assets	<u>72,285</u>	<u>899,970</u>	<u>972,255</u>
Total Liabilities and Net Assets	<u>\$ 76,020</u>	<u>\$ 1,346,414</u>	<u>\$ 1,422,434</u>

See accompanying notes to the basic financial statements.

Exhibit B

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011**

	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Governmental Activities:</b>							
General Government	\$ 7,561	\$ -	\$ -	\$ -	\$ (7,561)	\$ -	\$ (7,561)
Public Safety:							
Police		\$ 921					
Fire	18,162	-	422	-	(17,740)	-	(17,740)
Park	26,162	18,983	-	-	(7,179)	-	(7,179)
Street and Alley	<u>20,570</u>	<u>-</u>	<u>3,952</u>	<u>-</u>	<u>(16,618)</u>	<u>-</u>	<u>(16,618)</u>
<b>Total Governmental Activities</b>	<u>72,455</u>	<u>19,904</u>	<u>4,374</u>	<u>-</u>	<u>(48,177)</u>	<u>-</u>	<u>(48,177)</u>
<b>Business-type Activities:</b>							
Public Works - Sewer	114,979	42,419	23,502	-	-	(49,058)	(49,058)
Trash Collections	<u>34,200</u>	<u>34,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(67)</u>	<u>(67)</u>
<b>Total Business-type Activities</b>	<u>149,179</u>	<u>76,552</u>	<u>23,502</u>	<u>-</u>	<u>-</u>	<u>(49,125)</u>	<u>(49,125)</u>
<b>Total</b>	<u>\$ 221,634</u>	<u>\$ 96,456</u>	<u>\$ 27,876</u>	<u>\$ -</u>	<u>\$ (48,177)</u>	<u>\$ (49,125)</u>	<u>\$ (97,302)</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF ACTIVITIES, CONT.  
FOR THE TWELVE MONTHS ENDED JUNE 30, 2011**

	<b>Net (Expenses) Revenue and Changes in Net Assets</b>		
	<b>Governmental</b>	<b>Business-type</b>	
	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Total</u></b>
<b>Changes in Net Assets:</b>			
Net Expenses (Over) Under Revenues	<u>(48,177)</u>	<u>(49,125)</u>	<u>(97,302)</u>
<b>General Revenues:</b>			
Taxes:			
Sales and Use Tax	46,056	-	46,056
Franchise Tax	9,733	-	9,733
Intergovernmental - State Alcoholic Beverage Tax	2,863	-	2,863
Investments Earnings	54	2,072	2,126
Miscellaneous	6,179	1,857	8,036
Capital Grants		11,211	11,211
Transfers - internal activity	<u>4,500</u>	<u>18,841</u>	<u>23,341</u>
Total General Revenues and Transfers	<u>69,385</u>	<u>33,981</u>	<u>103,366</u>
Changes in Net Assets	21,208	(15,144)	6,064
Net Assets at Beginning of Year	<u>51,077</u>	<u>915,114</u>	<u>966,191</u>
Net Assets at End of Year	<u>\$ 72,285</u>	<u>\$ 899,970</u>	<u>\$ 972,255</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2011**

	<b>General <u>Fund</u></b>	<b>Street/Alley <u>Fund</u></b>	<b>Total Governmental <u>Funds</u></b>
<b><u>ASSETS</u></b>			
Cash	\$ 28,909	\$ 3,863	\$ 32,772
Accounts Receivable, Net	2,875	1,829	4,704
Investments, Unrestricted	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total Assets	<u>\$ 44,284</u>	<u>\$ 5,692</u>	<u>49,976</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts Payable	<u>3,097</u>	<u>638</u>	<u>3,735</u>
Total Liabilities	<u>3,097</u>	<u>638</u>	<u>3,735</u>
<b>Fund Balances:</b>			
Unassigned Fund Balance	<u>41,187</u>	<u>5,054</u>	<u>46,241</u>
Total Fund Balances	<u>41,187</u>	<u>5,054</u>	46,241
 Total Liabilities and Fund Balances	 <u>\$ 44,284</u>	 <u>\$ 5,692</u>	
 Capital Assets, net of accumulated depreciation, used in Governmental Activities are not current financial resources and therefore are not reported in the governmental funds.			 <u>26,044</u>
 Net Assets of Governmental Activities			 <u>\$ 72,285</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>General</b>	<b>Street/Alley</b>	<b>Total</b>
	<b><u>Fund</u></b>	<b><u>Fund</u></b>	<b><u>Funds</u></b>
<b>Revenues:</b>			
Taxes	\$ 39,514	\$ 19,138	\$ 58,652
Fines and Forfeitures	921	-	921
Operating Grants and Contributions	421	-	421
Rental Income	18,983	-	18,983
Intergovernmental - State Gas Excise and Commercial Vehicle Tax	-	3,952	3,952
Miscellaneous	3,979	2,200	6,179
Interest	<u>54</u>	<u>-</u>	<u>54</u>
<b>Total Revenues</b>	<u>63,872</u>	<u>25,290</u>	<u>89,162</u>
<b>Expenditures:</b>			
<i>Current:</i>			
<b>General Government:</b>			
Personal Services	4,546	-	4,546
Maintenance and Operations	3,015	-	3,015
<b>Park:</b>			
Personal Services	8,264	-	8,264
Maintenance and Operations	13,863	-	13,863
<b>Fire Department:</b>			
Maintenance and Operations	13,673	-	13,673
<b>Street and Alley:</b>			
Personal Services	-	4,428	4,428
Maintenance and Operations	-	14,609	14,609
<i>Capital Outlay:</i>			
Fire Department	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>43,361</u>	<u>19,037</u>	<u>62,398</u>
<b>Net Change in Fund Balance</b>	20,511	6,253	26,764
Transfers	-	4,500	4,500
<b>Fund Balance, Beginning</b>	<u>20,676</u>	<u>(5,699)</u>	
<b>Fund Balance, End</b>	<u>\$ 41,187</u>	<u>\$ 5,054</u>	<u>\$ 31,264</u>

(Continued on next page.)  
See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2011**

*Reconciliation of Change in Fund Balances  
to Change in Net Assets:*

Net Change in Fund Balance - Governmental Funds	\$ 31,264
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**Adjustments for the Statement of Activities:**

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the net amount in which depreciation expense exceeded capital outlays in the current year.

(10,056)

**Change in Net Assets - Governmental Activities**

\$ 21,208

(Continued from previous page.)

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF NET ASSETS - PROPRIETARY FUND  
JUNE 30, 2011**

	<u>Public Works</u> <u>Enterprise</u> <u>Fund</u>
<b><u>ASSETS</u></b>	
<b>Current Assets:</b>	
Cash	\$ 7,653
Accounts Receivable, Net	8,742
Investments, Unrestricted	<u>45,229</u>
Total Current Assets	<u>61,624</u>
<b>Noncurrent Assets:</b>	
Restricted Investments, Debt Reserve	33,412
Capital Assets, Non-depreciable	327,325
Capital Assets, Net of Depreciation	<u>924,053</u>
Total Assets	<u>\$ 1,346,414</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities:</b>	
Accounts Payable	\$ 3,866
Accrued Interest Payable	1,355
Accrued Wages and Payroll Taxes	173
Notes Payable, Current Portion	<u>14,003</u>
Total Current Liabilities	19,397
<b>Noncurrent Liabilities:</b>	
Notes Payable, Less Current Maturities	<u>427,047</u>
Total Liabilities	<u>446,444</u>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	810,328
Restricted Net Assets	33,412
Unrestricted Net Assets	<u>56,230</u>
Total Net Assets	<u>899,970</u>
 Total Liabilities and Net Assets	 <u>\$ 1,346,414</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Public Works</u> <u>Enterprise</u> <u>Fund</u>
<b>Operating Revenues:</b>	
Charges for services - Sewer	\$ 42,419
Charges for services - Trash Collections	34,133
Operating Grants	23,502
Miscellaneous	<u>1,857</u>
<b>Total Revenues</b>	<u>101,911</u>
<b>Operating Expenses:</b>	
Salaries and Wages	13,384
Grant Operating Expense	22,558
Trash Service	34,200
Repairs and Maintenance	1,264
Materials and Supplies	2,912
Testing and Fees	2,820
Other Services and Charges	6,268
Insurance	7,710
Utilities	4,801
Depreciation	<u>31,863</u>
<b>Total Expenditures</b>	<u>127,780</u>
<b>Net Operating Income (Loss)</b>	(25,869)
<b>Nonoperating Revenue(Expense)</b>	
Investment Income	2,072
Interest Expense	<u>(21,399)</u>
<b>Total Nonoperating Revenue(Expense)</b>	<u>(19,327)</u>
<b>Net Income (Loss), before Capital Grants and Transfers</b>	(45,196)
Transfers from General Fund	18,841
Capital Grants	<u>11,211</u>
<b>Increase (Decrease) in Net Assets</b>	(15,144)
<b>Net Assets, Beginning</b>	<u>915,114</u>
<b>Net Assets, Ending</b>	<u>\$ 899,970</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Public Works</u> <u>Enterprise</u> <u>Funds</u>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Customers	\$ 76,459
Receipts of Operating Grants	23,502
Receipts of Other Income	1,857
Payments to Employees	(13,383)
Payments to Suppliers and Vendors	<u>(82,931)</u>
Net Cash Provided (Used) by Operating Activities	<u>5,504</u>
 <b>Cash Flows from Non-Capital Financing Activities:</b>	
Transfers from other Funds	<u>18,841</u>
 <b>Cash Flows from Capital and Related Financing Activities:</b>	
Receipts of Capital Grants	11,211
Purchase of Capital Assets	(22,811)
Principal Paid on Long-term Debt	(13,338)
Interest Paid on Long-term Debt	<u>(21,427)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(46,365)</u>
 <b>Cash Flows from Investing Activities:</b>	
Decrease in Investments	4,771
Receipts of Interest Income	<u>2,072</u>
Net Cash Provided (Used) from Investing Activities	<u>6,843</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(15,177)
Cash and Cash Equivalents, Beginning	<u>56,242</u>
Cash and Cash Equivalents, Ending	<u>\$ 41,065</u>
Cash and Cash Equivalents	\$ 7,653
Cash and Cash Equivalents, Restricted for Debt Reserve	<u>33,412</u>
	<u>\$ 41,065</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

**Reconciliation of Operating Income to Net Cash**

**Provided (Used) by Operating Activities:**

Operating Income (Loss)	<u>\$ (25,869)</u>
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	31,863
Change in Assets and Liabilities:	
Accounts Receivable	(93)
Accounts Payable	(398)
Accrued Liabilities	<u>1</u>
Total Adjustments	<u>31,373</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,504</u>

See accompanying notes to the basic financial statements.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Town of Crowder (the Town) relating to the fund types included in the financial statements conform to generally accepted accounting principles prescribed by the Governmental Accounting Standards Board. The following represent the more significant accounting and reporting policies and practices of the Town.

**Reporting Entity**

The Town of Crowder, for financial reporting purposes, includes all funds and authorities over which the Town Board has financial accountability as defined by GASB-14 and GASB-39. Financial accountability was determined on the basis of the Town's ability to significantly influence operations, select the governing authority, and participate in fiscal management and scope of public service. On this basis, the reporting entity of the Town of Crowder includes all its funds as well as the funds and accounts of the blended component unit; the Crowder Public Works Authority.

The Crowder Public Works Authority is a public trust created under the authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1961, and Sections 176 to 180, for the use and benefit of the Town of Crowder. The trust has as its purpose to budget, construct, plan, establish, install, enlarge, improve, equip, operate, control and regulate facilities, whether water, sewer, gas, electric or other forms or types of public and municipal services within and without the corporate boundaries of the Town of Crowder. The CPWA is governed by the trustees of the Town of Crowder.

**Basis of Presentation***Government-wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for the fiduciary funds of which the Town has none. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Fund Financial Statements:*

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are generally organized into three major categories: governmental, proprietary, and fiduciary. The Town has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. The funds of the financial reporting entity are described below:

*Governmental Funds:*

General Fund - The general fund is the primary operating fund of the Town and always classified as a major fund. This fund accounts for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Fund - These funds are used to account for the revenues derived from specific taxes, governmental grants, or other revenue sources which are designated to finance particular functions or activities of the Town. The Town has one special revenue fund - the Street & Alley fund.

*Proprietary Fund Types:*

Enterprise Fund - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Town reports a single enterprise fund - the Crowder Public Works Authority Fund.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 30 days after year end. Expenditures are recorded when the related fund liability is incurred. Capital assets and long-term debt are not reported in governmental fund financial statements because they do not involve current financial resources.

***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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the accounting period. Actual results could differ from those estimates.

***Budgetary Process***

Annually, a legally adopted budget is prepared under the Municipal Budget Act for the governmental funds and an operating budget forecast is prepared for the Public Works Authority Fund. The legally adopted budgets are formally approved by the Board of Trustees before filing with the State of Oklahoma. Actual expenditures within the General Fund may not legally exceed the adopted budget appropriations at the object category level within the department of a fund.

***Assets, Liabilities, and Equity***

***Cash and Cash Equivalents:***

For the purpose of the Statement of Net Assets, and the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit with an original maturity of three months or less.

***Investments:***

Investments consist of long-term certificates of deposits and are stated at cost, which approximates market unless otherwise indicated with a maturity at the time of purchase of more than three months.

***Receivables:***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivables.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Restricted Assets:*

Under the terms of the bond indentures, the Crowder Public Works Authority must maintain certain "funds". These are not funds in the sense of fiscal and accounting entities with self-balancing sets of accounts; they merely represent mandatory asset segregation. The restricted assets are related to notes payable to Rural Development.

*Capital Assets:*

The accounting treatment over property, plant and equipment (Capital assets) depends on whether the assets are used in general governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

All Capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated Capital assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. It is the policy of the Town to capitalize all assets with a cost of \$1,000 or greater.

Depreciation of all exhaustible Capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follow:

Buildings	20 years
Improvements	10 - 20 years
Machinery and Equipment	5 - 10 years
Infrastructure	40 years

Fund Financial Statements

In the fund financial statements, Capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Long-term Debt:*

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business type resources are reported as liabilities in the government-wide statements. The long-term debt currently consists of notes payable by the CPWA.

*Equity Classifications:*

Government-wide Statements

Equity is classified as net assets and displayed in the following components:

- A. Invested in Capital Assets, Net of Related Debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- B. Restricted Net Assets - Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
- C. Unrestricted Net Assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund Balance is further classified as nonspendable, restricted, committed, assigned and unassigned, to the extent applicable. Proprietary fund equity is classified the same as in the government-wide statements.

**Revenues, Expenditures, and Expenses**

*Sales Tax:*

The Town is currently receiving sales tax on each dollar. This tax revenue is deposited into the general fund for the purpose of paying the operation and maintenance costs incurred by the Town.

*Operating Revenues and Expenses:*

Operating revenues and expenses for proprietary funds are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Expenditures/Expenses:*

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Government Funds - By Character

- Current
- Capital Outlay

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

*Interfund Transfers*

Interfund receivables and payables arise from Interfund transactions and are recorded by all programs affected in the period in which the transactions are executed. These receivables and payables within the same fund type are eliminated for presentation of the financial statements in the government-wide statements. Net receivables and payables between governmental activities and business-type activities are reported as internal balances and internal transfers.

**NOTE 2 – CASH, CASH EQUIVALENTS, RESTRICTED CASH AND INVESTMENTS**

The Town of Crowder is governed by the deposit and investment limitations of state law. The deposits and investments held at June 30, 2011, and reported at fair value are as follow:

<u><b>TYPE</b></u>	<u><b>Carrying Value</b></u>
<b>Deposits:</b>	
Demand Deposits	\$ 45,253
<b>Investments:</b>	
Certificates of Deposit	<u>86,313</u>
<b>Total Deposits and Investments</b>	<u><u>\$ 131,566</u></u>
<b>Reconciliation to Statement of Net Assets:</b>	
Cash and Cash Equivalents	\$ 40,425
Restricted Investments, Debt Reserve	33,412
Investments, Unrestricted	<u>57,729</u>
	<u><u>\$ 131,566</u></u>

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 2 - CASH, CASH EQUIVALENTS, RESTRICTED CASH AND INVESTMENTS,  
Continued**

*Custodial Credit Risk* - State law governs the requirements for managing custodial credit risk. Such law requires uninsured deposits to be secured with collateral having market value at least equal to the amount of uninsured deposits. Deposits in financial institutions, reported as components of cash, cash equivalents, and investments, had a bank balance of \$136,977 at June 30, 2011, which was fully insured by depository insurance or secured with collateral held by the Town's agent in its name.

*Investment Interest Rate Risk* - The Town has no formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Nonnegotiable certificates of deposit are not subject to interest rate risk, therefore their maturity dates are not provided.

*Investment Credit Risk* - The Town as no investment policy which limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of Deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trust whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

**TOWN OF CROWDER, OKLAHOMA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

**NOTE 2 - CASH, CASH EQUIVALENTS, RESTRICTED CASH AND INVESTMENTS,**  
**Continued**

*Concentration of Investment Credit Risk* - The Town places no limit on the amount it may invest in any one issuer. At June 30, 2011, the Town had limited concentration of credit risk because the investments consist of Certificates of Deposit.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable in the enterprise fund represent utility billings at June 30, 2011. As of this date, no allowance is considered necessary as all receivables are considered collectible.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011 is as follows:

	<b>Balance</b>			<b>Balance</b>
	<b><u>6/30/2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>6/30/2011</u></b>
<i>Governmental Activities:</i>				
Infrastructure	11,000	-	-	11,000
Machinery and Equipment	<u>96,050</u>	-	-	<u>96,050</u>
	<u>107,050</u>	-	-	<u>107,050</u>
Less: Accumulated Depreciation				
Infrastructure	3,850	550	-	4,400
Machinery and Equipment	<u>67,100</u>	<u>9,506</u>	-	<u>76,606</u>
Total Accumulated Depreciation	<u>70,950</u>	<u>10,056</u>	-	<u>81,006</u>
	<u>36,100</u>	<u>(10,056)</u>	-	<u>26,044</u>
<i>Business-type Activities:</i>				
Non-Depreciable Assets:				
Construction in Progress	<u>316,113</u>	<u>11,211</u>	-	<u>327,324</u>
Depreciable Assets:				
Machinery and Equipment	9,056	-	-	9,056
Water and Sewer System	<u>1,410,526</u>	-	-	<u>1,410,526</u>
	<u>1,419,582</u>	-	-	<u>1,419,582</u>
Less: Accumulated Depreciation				
Water and Sewer System	456,594	30,854	-	487,448
Machinery and Equipment	<u>7,071</u>	<u>1,010</u>	-	<u>8,081</u>
Total Accumulated Depreciation	<u>463,665</u>	<u>31,864</u>	-	<u>495,529</u>
	<u>1,272,030</u>	<u>(20,653)</u>	-	<u>1,251,377</u>
	<u>\$ 1,308,130</u>	<u>\$ (30,709)</u>	<u>\$ -</u>	<u>\$ 1,277,421</u>

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 5 - LONG-TERM DEBT**

Long-term debt consists of three loans owed by the Crowder Public Works Authority to Rural Development. These loans are as follow:

Note payable to Rural Development at 4.75% interest rate, payable in monthly installments of \$1,694, including interest with a balance due of \$307,075.

Note payable to Rural Development at 4.75% interest rate, payable in monthly installments of \$466, including interest with a balance due of \$85,673.

Note payable to Rural Development at 5.00% interest rate, payable in monthly installments of \$737, including interest with a balance due of \$48,302.

A summary of long-term debt follows:

	<i>Balance</i>			<i>Balance</i>	<i>Due in</i>
	<u>6/30/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/2011</u>	<u>One Year</u>
<i>Business-type Activities:</i>					
Rural Development Loans	<u>\$ 454,388</u>	<u>\$ -</u>	<u>\$ 13,338</u>	<u>\$ 441,050</u>	<u>\$ 14,003</u>

Maturities of long-term debt are as follow:

<u>Year Ending</u>	<u>Principal</u> <u>Payments</u>	<u>Interest</u> <u>Payments</u>	<u>Total</u>
6/30/2012	14,003	20,761	34,764
6/30/2013	14,700	20,064	34,764
6/30/2014	15,432	19,332	34,764
6/30/2015	16,200	18,564	34,764
6/30/2016	17,007	17,757	34,764
6/30/2017 to 6/30/2021	63,718	78,191	141,909
6/30/2022 to 6/30/2026	65,719	63,881	129,600
6/30/2027 to 6/30/2031	83,297	46,303	129,600
6/30/2032 to 6/30/2036	105,578	24,022	129,600
6/30/2037 to 6/30/2039	<u>45,396</u>	<u>2,155</u>	<u>47,551</u>
	<u>\$ 441,050</u>	<u>\$ 311,030</u>	<u>\$ 752,080</u>

**TOWN OF CROWDER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**NOTE 6 - LITIGATION**

Neither the Town nor the Authority has any known or pending claims or lawsuits as of June 30, 2011, the outcome of which would result in a material liability or damage claim.

**NOTE 7 - CONTINGENCIES**

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refunds by the entity to the federal grantors and/or program beneficiaries.

**NOTE 8 - 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 for which the Town purchases commercial insurance.

Management believes this coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded coverage in any of the past three fiscal years.

**NOTE 9 – RELATED ORGANIZATION**

The Town of Crowder is part of a related organization with two other communities. The Pittsburg County Public Works Authority acts as a collection agency for sewer and trash. Amounts collected for these services are given to the Town's Treasurer. This Authority provides these services for one other town and another community. The Pittsburg County Public Works Authority is a Title 60 Trust under Oklahoma Statutes. There are monthly compiled financial statements available upon request and an annual audit is also conducted of the Authority. The beneficiary of the Pittsburg County Public Works Authority is the County of Pittsburg.

**TOWN OF CROWDER, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>Original</b>	<b>Final</b>		<b>Variance</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Positive</u></b>
				<b><u>(Negative)</u></b>
<b>Revenues:</b>				
Taxes	\$ 40,000	\$ 40,000	\$ 39,514	\$ (486)
Fines and Forfeitures	1,000	1,000	921	(79)
Operating Grants & Contributions	2,250	2,250	421	(1,829)
Rental Income	18,000	18,000	18,983	983
Miscellaneous	3,200	3,200	3,979	779
Interest	<u>550</u>	<u>550</u>	<u>54</u>	<u>(496)</u>
<b>Total Revenues</b>	<u>65,000</u>	<u>65,000</u>	<u>63,872</u>	<u>(1,128)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Personal Services	5,200	5,200	4,546	654
Maintenance and Operations	11,900	11,900	3,015	8,885
<b>Park:</b>				
Personal Services	20,000	20,000	8,264	11,736
Maintenance and Operations	10,000	10,000	13,863	(3,863)
<b>Fire Department:</b>				
Maintenance and Operations	15,200	15,200	13,673	1,527
Capital Outlay	<u>2,700</u>	<u>2,700</u>	<u>-</u>	<u>2,700</u>
<b>Total Expenditures</b>	<u>65,000</u>	<u>65,000</u>	<u>43,361</u>	<u>21,639</u>
<b>Net Change in Fund</b>				
<b>Balance</b>	-	-	20,511	20,511
<b>Fund Balance, Beginning</b>	<u>20,676</u>	<u>20,676</u>	<u>20,676</u>	<u>-</u>
<b>Fund Balance, End</b>	<u>\$ 20,676</u>	<u>\$ 20,676</u>	<u>\$ 41,187</u>	<u>\$ 20,511</u>

**TOWN OF CROWDER, OKLAHOMA  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE – STREET/ALLEY FUND  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<b>Variance</b> <b>Positive</b> <b>(Negative)</b>
<b>Revenues:</b>				
Taxes	\$ 22,800	\$ 22,800	\$ 23,090	\$ 290
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>6,700</u>	<u>5,700</u>
<b>Total Revenues</b>	<u>23,800</u>	<u>23,800</u>	<u>29,790</u>	<u>5,990</u>
<b>Expenditures:</b>				
<b>Street and Alley:</b>				
Personal Services	13,200	13,200	4,428	8,772
Maintenance and Operations	10,600	10,600	14,609	(4,009)
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>23,800</u>	<u>23,800</u>	<u>19,037</u>	<u>4,763</u>
<b>Net Change in Fund</b>				
<b>Balance</b>	-	-	10,753	10,753
<b>Fund Balance, Beginning</b>	<u>(5,699)</u>	<u>(5,699)</u>	<u>(5,699)</u>	<u>-</u>
<b>Fund Balance, End</b>	<u>\$ (5,699)</u>	<u>\$ (5,699)</u>	<u>\$ 5,054</u>	<u>\$ 10,753</u>

CYNTHIA L WARREN CPA, P.C.

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**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**

Board of Commissioners  
Town of Crowder  
Crowder, Oklahoma

I have audited the financial statements of the Town of Crowder, as of and for the year ended June 30, 2011, and have issued my report thereon dated December 31, 2011. *Management's Discussion and Analysis* on pages 5 through 10 and Budgetary Comparison Schedules on page 31 and 32 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I did not audit the information and express no opinion on it. 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 the Town of Crowder's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness.

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 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. I consider the deficiency described in the accompanying schedule of findings as finding #2011-01 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of 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 statements 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*.

The Town of Crowder's response to the findings identified in my audit is described in the accompanying schedule of responses and corrective actions. I did not audit the Town's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management, the board of commissioners, others within the entity 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.

*Cynthia L Warren CPA, P.C.*

Cynthia L Warren CPA, P.C.  
December 31, 2011

**TOWN OF CROWDER, OKLAHOMA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

**#2011-01      *Lack of Segregation of Duties***

***Criteria:*** The Town should have a sufficient and properly designed internal control structure. This structure relies greatly on a proper segregation of duties between individuals. In the perfect situation, duties relating to asset custody and initiating, authorizing, recording, processing and reporting financial data would be segregated to provide reasonable assurance that a misstatement of the authority's financial statements which is more than inconsequential would be prevented or detected and corrected.

***Condition:*** The Town has one administrative employee and as a result does not have the personnel to assign duties and responsibilities in such a way which would segregate duties as mentioned above. The limited number of employees results in an inadequate overall internal control structure design.

***Cause:*** Due to cost restrictions, the Town has limited staff. Resources are not currently available for additional employees for the appropriate segregation of duties.

***Effect:*** The lack of segregation of duties related to controls as stated above are significant deficiencies that could result in the likelihood that a material misstatement of the financial statements due to either errors or fraud may occur and not be prevented or detected.

***Recommendation:*** As the Town has limited resources available, at the current time, additional segregation of duties is not financially feasible. The Town should review its procedures and controls to determine additional controls which can be implemented in order to achieve the control objectives related to segregation of duties. The cost effectiveness of these actions should be considered in the implementation of additional controls. All checks should have dual signatures.

**SCHEDULE OF RESPONSES AND CORRECTIVE ACTIONS  
FOR THE YEAR ENDED JUNE 30, 2011**

The following are the responses and corrective actions of the Town of Crowder concerning the findings reported in the accompanying Schedule of Findings for the year ending June 30, 2011:

**#2011-01**      The Town of Crowder is a small governmental entity. The Town is aware of the limitations in the segregation of duties but at the current time with the current revenues, it is not feasible to increase the segregation of duties.

***Contact Persons:      Town Clerk and Town Council***