

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

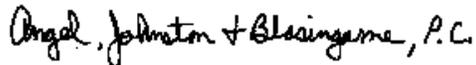
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED 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 Balance</u>
TOWN:				
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:

Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		226,321

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		237,068

Operating Income (Loss)		(10,747)
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Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		41

Net Income (Loss) Before Contributions and Transfers		(10,706)
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Capital contributions		-
Transfers in		2,095
Transfers out		-
		-

Changes in Fund Balance		(8,611)
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Fund Balance - beginning	***	24,567
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Fund Balance - ending***	\$	15,956
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***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

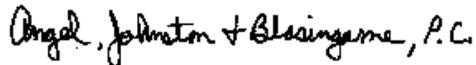
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

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Findings: No exceptions were found as a result of applying the procedure.

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6. **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: The Authority has no reserve requirement, this procedure was not performed.

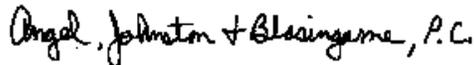
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

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Findings: The Authority has no reserve requirement, this procedure was not performed.

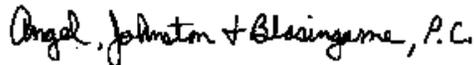
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
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Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
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Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

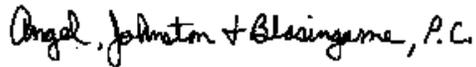
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

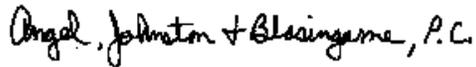
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:

Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		226,321

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		237,068

Operating Income (Loss)		(10,747)
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Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		41

Net Income (Loss) Before Contributions and Transfers		(10,706)
---	--	----------

Capital contributions		-
Transfers in		2,095
Transfers out		-
		-

Changes in Fund Balance		(8,611)
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Fund Balance - beginning	***	24,567
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Fund Balance - ending***	\$	15,956
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***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

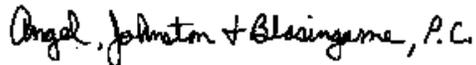
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	<u>21,538</u>	<u>21,538</u>	<u>43,413</u>	<u>21,875</u>
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	<u>15,038</u>	<u>15,038</u>	<u>14,067</u>	<u>971</u>
Other Financing Uses:				
Transfers to other funds	<u>6,500</u>	<u>6,500</u>	<u>6,495</u>	<u>5</u>
Total Charges to Appropriations	<u>21,538</u>	<u>21,538</u>	<u>20,561</u>	<u>977</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,851</u>	<u>\$ 22,851</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

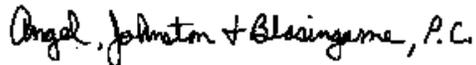
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:

Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u><u>226,321</u></u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u><u>237,068</u></u>

Operating Income (Loss)		<u><u>(10,747)</u></u>
-------------------------	--	------------------------

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u><u>41</u></u>

Net Income (Loss) Before Contributions and Transfers		(10,706)
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Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u><u>-</u></u>

Changes in Fund Balance		(8,611)
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Fund Balance - beginning	***	<u>24,567</u>
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Fund Balance - ending***	\$	<u><u>15,956</u></u>
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***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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: No exceptions were found as a result of applying the procedure.

6. **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: The Authority has no reserve requirement, this procedure was not performed.

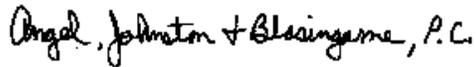
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.

TOWN OF CEMENT

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Cement
Cement, Oklahoma

Trustees of the Cement Public Works Authority
Cement, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Caddo County Clerk
Anadarko, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Cement and Public Trust, Cement, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Fund-Modified Cash Basis, Budgetary Comparison Schedule of Capital Improvement Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fire Department Grant Fund-Modified Cash Basis, Budgetary Comparison Schedule of CDBG Grant Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Cement Public Works Authority-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We 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 and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for 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 in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. 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, 2012. Management of the Town of Cement 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 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 Findings

As to the **Town of Cement** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: Expenditures exceeded total appropriations in three funds. In all other funds appropriations were exceeded at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance & operations budget was overspent \$20,939. The total budget was not overspent.
- ✚ In the Street & Alley Fund, the maintenance & operations budget was overspent by \$3,980. The total budget was overspent the same.

- ✚ In the Fire Department Fund, the maintenance & operations budget was overspent by \$1,029. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the maintenance & operations budget was overspent by \$61 and the capital outlay budget was overspent by \$1,689. The total budget was not overspent.
- ✚ In the Fire Department Grant Fund, the maintenance & operations budget was overspent by \$25,428. The total budget was overspent \$15,289.
- ✚ In the CDBG Grant Fund, there was no budget created. In prior years this fund was recorded as an authority fund, and therefore required no budget. In the current year all revenue and expense in this fund were for Town projects and should have been budgeted accordingly. As a result, the maintenance & operations budget was overspent by \$31,645 and the capital outlay budget was overspent by \$231,961. The total budget was overspent \$263,606.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

3. **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: No exceptions were found as a result of applying the procedure.

4. **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: No exceptions were found as a result of applying the procedure.

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

Findings: The Town is depositing all of the lot sales and interment revenue into the Cemetery Lot Sales Fund. This is in compliance with the 12.5% requirement for restricted revenue. However, the Town's policy requires that 75% of the revenue be transferred to the General Fund for Town use. The Town did not comply with their procedure during the year. Transfers were short \$199 based on total collections.

Recommendation: The Town should ensure that it is making the required transfers to General Fund of all unrestricted cemetery revenue as required by policy. Failure to make the required transfer means this revenue becomes restricted if the city is not keeping track of which revenues in the Cemetery Lot Sales Fund is part of the 12.5% restriction.

6. **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: No exceptions were found as a result of applying the procedure.

7. **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: The Town has no reserve requirement, this procedure was not performed.

As to the **Cement Public Works Authority**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **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: No exceptions were found as a result of applying the procedure.

3. **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: No exceptions were found as a result of applying the procedure.

4. **Procedures Performed:** We compared the Authority's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

5. **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.

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Findings: The Authority has no reserve requirement, this procedure was not performed.

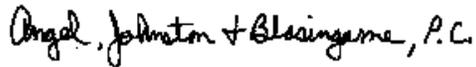
As to the **Town of Cement and Public Trust Grant Programs**, as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any noted instances of noncompliance with the grant agreement.

Findings: No exceptions were found as a result of applying the procedure.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.



Angel, Johnston and Blasingame, P.C.
December 4, 2012

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 12,610	\$ 156,402	\$ 146,920	\$ 22,091
Street & Alley Fund	1,091	4,478	5,071	498
Cemetery Care Fund	6,621	365	-	6,986
Fire Department Fund	21,538	21,875	20,561	22,851
Capital Improvement Fund	6,755	8,050	5,005	9,801
Fire Department Grant Fund	20,111	34,278	35,399	18,989
Reserve Police Fund	1,444	390	922	912
CPWA - CDBG Grant	*** 12,800	252,743	263,606	1,937
Town Subtotal	<u>82,969</u>	<u>478,581</u>	<u>477,485</u>	<u>84,066</u>
PUBLIC TRUST:				
Cement Public Works Authority	23,883	228,435	237,068	15,250
CPWA - REAP Grant	-	-	-	-
CPWA - Water Meter	684	22	-	706
Public Trust Subtotal	<u>24,567</u>	<u>228,457</u>	<u>237,068</u>	<u>15,956</u>
Overall Totals	<u>\$ 107,536</u>	<u>\$ 707,038</u>	<u>\$ 714,552</u>	<u>\$ 100,022</u>

***Reclassified from PWA to Town.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 12,610	\$ 12,610	\$ 12,610	\$ -
Charges for Services:				
Permit fees	3,899	3,899	4,757	858
Total Charges for Services	<u>3,899</u>	<u>3,899</u>	<u>4,757</u>	<u>858</u>
Intergovernmental-Local:				
Franchise tax	9,010	9,010	10,270	1,260
Police fines	-	-	11,239	11,239
Total Intergovernmental-Local	<u>9,010</u>	<u>9,010</u>	<u>21,508</u>	<u>12,498</u>
Intergovernmental-State:				
Sales tax	99,612	99,612	90,732	(8,880)
Use tax	5,901	5,901	6,757	857
Alcohol beverage tax	5,267	5,267	4,320	(947)
State grants	-	-	-	-
Cigarette tax	1,456	1,456	1,670	214
Total Intergovernmental-State	<u>112,236</u>	<u>112,236</u>	<u>103,480</u>	<u>(8,756)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	51	51	26	(25)
Rental	2,993	2,993	2,475	(518)
Royalty	12,964	12,964	12,957	(7)
Reimbursement	-	-	-	-
Miscellaneous	-	-	4,703	4,703
Total Miscellaneous Revenue	<u>16,008</u>	<u>16,008</u>	<u>20,161</u>	<u>4,154</u>
Non-Revenue Receipts:				
Transfers from other funds	11,821	11,821	6,495	(5,327)
Amounts available for appropriation	<u>165,583</u>	<u>165,583</u>	<u>169,012</u>	<u>3,428</u>
Charges to Appropriations:				
Personal Services	100,000	100,000	81,627	18,373
Maintenance & Operations	27,583	27,583	48,523	(20,939)
Capital Outlay	-	-	-	-
Debt Service	15,000	15,000	12,989	2,011
Total Other	<u>142,583</u>	<u>142,583</u>	<u>143,139</u>	<u>(556)</u>
Other Financing Uses:				
Transfers to other funds	23,000	23,000	3,781	19,219
Total Charges to Appropriations	<u>165,583</u>	<u>165,583</u>	<u>146,920</u>	<u>18,663</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,091</u>	<u>\$ 22,091</u>

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 21,538	\$ 21,538	\$ 21,538	\$ -
Revenues	-	-	18,903	18,903
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,972	2,972
Amounts available for appropriation	21,538	21,538	43,413	21,875
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	13,038	13,038	14,067	(1,029)
Capital Outlay	-	-	-	-
Debt Service	2,000	2,000	-	2,000
Total Other	15,038	15,038	14,067	971
Other Financing Uses:				
Transfers to other funds	6,500	6,500	6,495	5
Total Charges to Appropriations	21,538	21,538	20,561	977
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 22,851	\$ 22,851

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 6,755	\$ 6,755	\$ 6,755	\$ -
Revenues	-	-	8,050	8,050
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	6,755	6,755	14,806	8,050
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	61	(61)
Capital Outlay	3,255	3,255	4,944	(1,689)
Debt Service	3,500	3,500	-	3,500
Total Other	6,755	6,755	5,005	1,751
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	6,755	6,755	5,005	1,751
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 9,801	\$ 9,801

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FIRE DEPARTMENT GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 20,111	\$ 20,111	\$ 20,111	\$ -
Revenues	-	-	32,778	32,778
Non-Revenue Receipts:				
Transfers from other funds	-	-	1,500	1,500
Amounts available for appropriation	20,111	20,111	54,389	34,278
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	7,000	7,000	32,428	(25,428)
Capital Outlay	7,111	7,111	-	7,111
Debt Service	-	-	-	-
Total Other	14,111	14,111	32,428	(18,317)
Other Financing Uses:				
Transfers to other funds	6,000	6,000	2,972	3,028
Total Charges to Appropriations	20,111	20,111	35,399	(15,289)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 18,989	\$ 18,989

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CDBG GRANT FUND
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 12,800	\$ 12,800
Revenues	-	-	252,743	252,743
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	-	-	265,543	265,543
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	31,645	(31,645)
Capital Outlay	-	-	231,961	(231,961)
Debt Service	-	-	-	-
Total Other	-	-	263,606	(263,606)
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	-	-	263,606	(263,606)
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 1,937	\$ 1,937

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
CEMENT PUBLIC WORKS AUTHORITY
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Operating Revenues:

Charges for services:		
Water Revenues	\$	103,056
Sewer Revenues		37,960
Solid Waste Revenues		74,883
Penalties, Reconnect and Taps		10,217
Miscellaneous		205
Total Operating Revenue		<u>226,321</u>

Operating Expenses:

Personal Services		46,609
Maintenance & Operations		
Water		86,311
Sewer		46,282
Sanitation		57,866
Total Operating Expenses		<u>237,068</u>
Operating Income (Loss)		<u>(10,747)</u>

Non-Operating Revenues (Expenses):

Investment income		41
Miscellaneous income		-
Grant revenue		-
Grant expenses		-
Capital outlay		-
Total Non-Operating Revenues (Expenses)		<u>41</u>

Net Income (Loss) Before Contributions and Transfers (10,706)

Capital contributions		-
Transfers in		2,095
Transfers out		-
		<u>-</u>

Changes in Fund Balance (8,611)

Fund Balance - beginning *** 24,567

Fund Balance - ending*** \$ 15,956

***Public Works Authority beginning fund balance has been adjusted to reduce the balance as the CDBG Grant Fund was reclassified a Town Fund and to include the Water Meter Fund fund balance.

TOWN OF CEMENT AND PUBLIC TRUST
Cement, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Operational Grants 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
Oklahoma Housing Finance Agency - 1398 Home 11 CFDA 14.239	262,500	-	-	-	252,743	250,806	1,937
Oklahoma Department of Commerce 13783 CDBG-GIP 09	12,800	12,800	-	12,800	-	12,800	-
Association of South Central Oklahoma Governments REAP-Cement-12	45,000	-	-	-	-	-	-
Department of Homeland Security 250.073 CFDA 97.073	149,704	-	-	-	-	-	-
Town Subtotal	<u>266,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,156</u>	<u>255,219</u>	<u>1,937</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central Oklahoma Governments REAP-Cement-102256	45,000	19,636	19,636	-	-	-	-
REAP-Cement-05 ***	20,000	19,129	19,129	-	-	-	-
PWA Subtotal	<u>65,000</u>	<u>38,765</u>	<u>38,765</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Overall Totals	<u>\$ 331,913</u>	<u>\$ 38,765</u>	<u>\$ 38,765</u>	<u>\$ -</u>	<u>\$ 257,156</u>	<u>\$ 255,219</u>	<u>\$ 1,937</u>

***Town deobligated the remaining award amount. No further funds will be received.