

REPORT OF AUDIT
TOWN OF NASH
INCLUDING
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

OFFICERS

TERRY DOTY	MAYOR
MYLES DERSHEM	MEMBER/TRUSTEE
CORY SHREWSBURY	MEMBER/TRUSTEE
BOBBY PARR	MEMBER/TRUSTEE
JALENE HOFFMAN	MEMBER/TRUSTEE
HEATHER THOMAS	CLERK/TREASURER

AUDIT

PATRICK W. CARROLL
CERTIFIED PUBLIC ACCOUNTANT

CERTIFICATE #4081

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

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TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY – OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

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Chas. W. Carroll, P.A.

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Board of Trustees
Town of Nash
Grant County, Oklahoma

I have audited the accompanying financial statements, each major fund and the aggregate remaining fund information of the Town of Nash, Grant County, Oklahoma, as of and for the year ended June 30, 2012, as listed in the Table of Contents, which collectively comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting. The financial statements are the responsibility of the Town of Nash, Oklahoma, management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note No. 1, the Town of Nash, Oklahoma prepares its financial statements on a basis of accounting that demonstrates compliance with a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Management has not presented government-wide financial statements to display the modified cash basis financial position and changes in modified cash basis financial position of its governmental activities. Accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from modified cash basis transactions for the Town's governmental activities are not reasonably determinable.

In my opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with the basis of accounting described in Note 1, the modified cash basis financial position of the Town of Nash, Oklahoma, as of June 30, 2012, or the changes in its modified cash basis financial position, where applicable, for the year then ended.

The Budgetary Comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and do not express an opinion on it.

My audit was conducted for the purpose of forming an opinion on the accompanying modified cash basis financial statements taken as a whole. The general fund budgetary comparison information, combining financial statements and supporting schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the modified cash basis financial statements of the Town of Nash, Oklahoma.

The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole on the modified cash basis of accounting described in Note 1.

Sincerely,

A handwritten signature in cursive script that reads "Chas. W. Carroll, P.A.".

Chas. W. Carroll, P.A.
December 10, 2012

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINED STATEMENT OF ASSETS AND
 LIABILITIES - MODIFIED CASH BASIS -
 ALL GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

EXHIBIT A

	GOVERNMENTAL FUNDS		FIDUCIARY FUND TYPES	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	PERMANENT FUND	FISCAL YR. 2011-12
ASSETS:				
Cash and Cash Equivalents	\$206,273.19	\$28,816.61	\$6,522.35	\$241,612.15
Investments	134,694.12	0.00	0.00	134,694.12
TOTAL ASSETS	\$340,967.31	\$28,816.61	\$6,522.35	\$376,306.27
LIABILITIES AND FUND BALANCES:				
LIABILITIES -				
Warrants & Checks Outstanding	\$6,013.47	\$0.00	\$0.00	\$6,013.47
Encumbrances	21,205.28	14.26	0.00	21,219.54
Total Liabilities	27,218.75	14.26	0.00	27,233.01
FUND BALANCES-				
Nonspendable	0.00	0.00	0.00	0.00
Restricted	0.00	25,073.81	6,522.35	31,596.16
Committed	0.00	0.00	0.00	0.00
Assigned	22,721.50	3,471.58	0.00	26,193.08
Unassigned	291,027.06	256.96	0.00	291,284.02
Total Fund Balances	313,748.56	28,802.35	6,522.35	349,073.26
TOTAL LIABILITIES AND FUND BALANCES	\$340,967.31	\$28,816.61	\$6,522.35	\$376,306.27

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINED STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - ALL FUNDS TYPES
 JULY 01, 2011 TO JUNE 30, 2012

EXHIBIT B

	GOVERNMENTAL FUNDS		FIDUCIARY FUND TYPES	TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	PERMANENT FUND	FISCAL YR. 2011-12
REVENUE:				
Service Collections	\$136,952.67	\$25,716.04	\$0.00	\$162,668.71
Taxes	94,598.53	3.05	0.00	94,601.58
Fines, Penalties & Permits	188,282.54	0.00	0.00	188,282.54
Interest Earned	571.17	42.98	0.00	614.15
Patron Deposits	0.00	0.00	1,300.00	1,300.00
Royalties & Other	56,764.95	0.00	0.00	56,764.95
Intergovernmental	43,500.00	684,312.77	0.00	727,812.77
TOTAL	520,669.86	710,074.84	1,300.00	1,232,044.70
EXPENDITURES:				
Personal Service	125,949.08	0.00	0.00	125,949.08
Maintenance & Operation	109,106.65	10,610.31	282.22	119,999.18
Capital Projects	47,555.00	108,575.75	0.00	156,130.75
Debt service	0.00	670,146.99	0.00	670,146.99
TOTAL	282,610.73	789,333.05	282.22	1,072,226.00
Excess of Revenues Over/ <Under> Expenditures	238,059.13	(79,258.21)	1,017.78	159,818.70
Operating Transfers	(47,964.07)	48,581.85	(617.78)	(0.00)
Estopped Warrants	89.86	0.00	45.00	134.86
Bank Fees/Charges	(3,124.00)	0.00	0.00	(3,124.00)
Excess of Revenues Over/ <Under> All Uses	187,060.92	(30,676.36)	445.00	156,829.56
Balance at 7/01/11	126,687.64	59,478.71	6,077.35	192,243.70
Balance at 6/30/12	\$313,748.56	\$28,802.35	\$6,522.35	\$349,073.26

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND FUND
 BALANCES - BUDGET AND ACTUAL - MODIFIED
 CASH BASIS - GENERAL FUND ONLY
 FOR THE FISCAL YEAR ENDING JUNE 30, 2012

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE <UNFAVORABLE>
REVENUES:				
Services	\$0.00	\$0.00	\$11,267.00	\$11,267.00
Taxes	51,102.87	51,102.87	94,598.53	43,495.66
Fines, Penalties & Permits	101,489.21	101,489.21	174,551.54	73,062.33
Rentals/Royalties	0.00	0.00	7,454.95	7,454.95
Intergovernmental	0.00	0.00	43,500.00	43,500.00
Other	0.00	0.00	49,570.40	49,570.40
TOTAL	152,592.08	152,592.08	380,942.42	217,083.34
EXPENDITURES:				
Personal Services	105,000.00	123,000.00	112,054.45	10,945.55
Maintenance & Operation	53,000.00	71,000.00	44,546.42	26,453.58
Capital Outlay	87,500.00	47,500.00	40,000.00	7,500.00
Other Uses	30,862.10	34,862.10	11,953.37	22,908.73
Bank Fees	0.00	0.00	3,124.00	(3,124.00)
TOTAL	276,362.10	276,362.10	211,678.24	64,683.86
Excess of Revenues Over/ <Under> Expenditures	(123,770.02)	(123,770.02)	169,264.18	281,767.20
Operating Transfers	0.00	0.00	(1,815.50)	(1,815.50)
Excess of Revenue Over/ <Under> All Uses	(123,770.02)	(123,770.02)	167,448.68	279,951.70
Balance at 7/01/11	123,770.02	123,770.02	123,770.02	0.00
Balance at 6/30/12	\$0.00	\$0.00	\$291,218.70	291,218.70

Notes to Required Supplemental Information-Budgetary Comparison Schedule

Budgetary Accounting

The Town prepares its budget for the General Fund on the modified cash basis of accounting described in Note 1 to the Financial Statements. This basis is consistent with the basis of accounting used in presenting the General Fund in the combining financial statements. The Town utilizes an appropriated budgetary system and all unencumbered appropriations lapse at year end.

TOWN OF NASH
 GRANT COUNTY, OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 ALLOCATIONS & EXPENDITURES
 07/01/11 TO 06/30/12

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY CONTRACT / PROJECT NUMBER	PROGRAM OR AWARD AMOUNT	CASH/ACCRUED OR (DEFERRED) Revenue at July 1, 2011	RECEIPTS OR REVENUE RECOGNIZED	DISBURSEMENTS/ EXPENDITURES	CASH/ACCRUED OR (DEFERRED) Revenue at JUNE 30, 2012
<u>US DEPARTMENT OF - AGRICULTURE</u>							
<u>DIRECT PROGRAMS</u>							
Rural Development	10.760	92-01, 92-02	\$706,700.00	\$0.00	\$588,400.00	\$578,647.99	(\$9,752.01)
<u>DEPARTMENT OF COMMERCE</u>							
<u>DIRECT PROGRAMS</u>							
Community Development Block Grant	14.228	14684-CDBG 06	91,500.00	0.00	91,500.00	91,500.00	\$0.00
TOTAL FEDERAL FINANCIAL ASSISTANCE				0.00	679,900.00	670,147.99	(9,752.01)

SEE NOTES TO FINANCIAL STATEMENTS

NOTE A: Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of Town of Nash and is presented on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method expenditures are recognized when an approved purchase order is issued.

NOTE B: There were no amounts passed to subrecipients.

NOTE C: Grantor provides adequate insurance coverage against loss on assets purchased with Federal Awards.

The accompanying notes are an integral part of these financial statements

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF ASSETS
 AND LIABILITIES - MODIFIED CASH BASIS-
 GENERAL FUND TYPE GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

	GENERAL FUND TYPE GOVERNMENTAL FUNDS		
	GENERAL FUND	PUBLIC WORKS AUTHORITY	TOTALS 2011-12
ASSETS:			
Cash and Cash Equivalents	\$171,926.10	\$34,347.09	\$206,273.19
Investments	134,694.12	0.00	134,694.12
TOTAL ASSETS	\$306,620.22	\$34,347.09	\$340,967.31
LIABILITIES AND FUND BALANCES:			
LIABILITIES-			
Warrants & Checks			
Outstanding	\$2,171.42	\$3,842.05	\$6,013.47
Encumbrances Outstanding	13,233.10	7,972.18	21,205.28
Total Liabilities	15,404.52	11,814.23	27,218.75
FUND BALANCES-			
Nonspendable	0.00	0.00	0.00
Restricted	0.00	0.00	0.00
Committed	0.00	0.00	0.00
Assigned	22,721.50	0.00	22,721.50
Unassigned	268,494.20	22,532.86	291,027.06
Total Fund Balances	291,215.70	22,532.86	313,748.56
TOTAL LIABILITIES AND FUND BALANCES	\$306,620.22	\$34,347.09	\$340,967.31

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF ASSETS
 AND LIABILITIES - MODIFIED CASH BASIS-
 NON-MAJOR OTHER GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

SCHEDULE B-2

	OTHER GOVERNMENTAL FUNDS - NON-MAJOR			
	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTALS 2011-12
ASSETS:				
Cash and Cash Equivalents	\$4,007.34	\$5,538.80	\$19,270.47	\$28,816.61
Investments	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$4,007.34	\$5,538.80	\$19,270.47	\$28,816.61
LIABILITIES AND FUND BALANCES:				
LIABILITIES -				
Warrants & Checks Outstanding	\$0.00	\$0.00	\$0.00	\$0.00
Encumbrances Outstanding	14.26	0.00	0.00	14.26
Total Liabilities	14.26	0.00	0.00	14.26
FUND BALANCES-				
Nonspendable	0.00	0.00	0.00	0.00
Restricted	521.50	5,538.80	19,013.51	25,073.81
Committed	0.00	0.00	0.00	0.00
Assigned	3,471.58	0.00	0.00	3,471.58
Unassigned	0.00	0.00	256.96	256.96
Total Fund Balances	3,993.08	5,538.80	19,270.47	28,802.35
TOTAL LIABILITIES AND FUND BALANCES	\$4,007.34	\$5,538.80	\$19,270.47	\$28,816.61

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF ASSETS
 AND LIABILITIES - MODIFIED CASH BASIS - SPECIAL REVENUE
 NON-MAJOR OTHER GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

SCHEDULE B-3

SPECIAL REVENUE
 GOVERNMENTAL FUNDS

	NEDA FUND	FIRE DEPARTMENT FUND	TOTALS 2011-12
ASSETS:			
Cash and Cash Equivalents	\$0.00	\$4,007.34	\$4,007.34
Investments	0.00	0.00	0.00
TOTAL ASSETS	\$0.00	\$4,007.34	\$4,007.34
LIABILITIES AND FUND BALANCES:			
LIABILITIES-			
Warrants & Checks			
Outstanding	\$0.00	\$0.00	\$0.00
Encumbrances Outstanding	0.00	14.26	14.26
Total Liabilities	0.00	14.26	14.26
FUND BALANCES-			
Nonspendable	0.00	0.00	0.00
Restricted	0.00	521.50	521.50
Committed	0.00	0.00	0.00
Assigned	0.00	3471.58	3,471.58
Unassigned	0.00	0.00	0.00
Total Fund Balances	0.00	3,993.08	3,993.08
TOTAL LIABILITIES AND FUND BALANCES	\$0.00	\$4,007.34	\$4,007.34

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF ASSETS
 AND LIABILITIES - MODIFIED CASH BASIS- CAPITAL PROJECTS
 NON-MAJOR OTHER GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

SCHEDULE B-4

	CAPITAL PROJECTS GOVERNMENTAL FUND TYPE				TOTALS 2011-12
	NEDA CONSTRUCTION FUND	OWRB REAP GRANT FUND	CDBG GRANT FUND	USDA CONSTRUCTION FUND	
ASSETS:					
Cash and Cash Equivalents	\$0.00	\$0.12	\$0.00	\$5,538.68	\$5,538.80
Investments	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS	\$0.00	\$0.12	\$0.00	\$5,538.68	\$5,538.80
LIABILITIES AND FUND BALANCES:					
LIABILITIES -					
Warrants & Checks Outstanding	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Encumbrances Outstanding	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00	0.00
FUND BALANCES-					
Nonspendable	0.00	0.00	0.00	0.00	0.00
Restricted	0.00	0.12	0.00	5,538.68	5,538.80
Committed	0.00	0.00	0.00	0.00	0.00
Assigned	0.00	0.00	0.00	0.00	0.00
Unassigned	0.00	0.00	0.00	0.00	0.00
Total Fund Balances	0.00	0.12	0.00	5,538.68	5,538.80
TOTAL LIABILITIES AND FUND BALANCES	\$0.00	\$0.12	\$0.00	\$5,538.68	\$5,538.80

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF ASSETS
 AND LIABILITIES - MODIFIED CASH BASIS- DEBT SERVICE
 NON-MAJOR OTHER GOVERNMENTAL FUNDS
 AS OF JUNE 30, 2012

SCHEDULE B-5

	DEBT SERVICE FUNDS				TOTALS 2011-12
	NEDA RURAL DEVELOPMENT LOAN FUND	NEDA RURAL DEVELOPMENT RESERVE FUND	SINKING FUND	USDA SEWER LOAN/RESERVE FUNDS	
ASSETS:					
Cash and Cash Equivalents	\$0.00	\$7,305.47	\$256.96	\$11,708.04	\$19,270.47
Investments	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS	0.00	7,305.47	256.96	11,708.04	19,270.47
LIABILITIES AND FUND BALANCES:					
LIABILITIES -					
Warrants & Checks Outstanding	0.00	0.00	0.00	0.00	0.00
Encumbrances Outstanding	0.00	0.00	0.00	0.00	0.00
Total Liabilities	0.00	0.00	0.00	0.00	0.00
FUND BALANCES-					
Nonspendable	0.00	0.00	0.00	0.00	0.00
Restricted	0.00	7,305.47	0.00	11,708.04	19,013.51
Committed	0.00	0.00	0.00	0.00	0.00
Assigned	0.00	0.00	0.00	0.00	0.00
Unassigned	0.00	0.00	256.96	0.00	256.96
Total Fund Balances	0.00	7,305.47	256.96	11,708.04	19,270.47
TOTAL LIABILITIES AND FUND BALANCES	\$0.00	\$7,305.47	\$256.96	\$11,708.04	\$19,270.47

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS -
 GENERAL FUND TYPE GOVERNMENTAL FUNDS
 JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-1

	GENERAL FUND TYPE GOVERNMENTAL FUNDS		
	GENERAL FUND	PUBLIC WORKS AUTHORITY	TOTALS 2011-12
REVENUE:			
Services	\$59.12	\$136,893.55	\$136,952.67
Taxes	94,598.53	\$0.00	94,598.53
Fines, Penalties & Permits	185,848.54	\$2,434.00	188,282.54
Interest Earned	571.17	0.00	571.17
Royalties & Other	56,343.60	421.35	56,764.95
Intergovernmental	43,500.00	0.00	43,500.00
TOTAL	380,920.96	139,748.90	520,669.86
EXPENDITURES:			
Personal Service	107,474.45	18,474.63	125,949.08
Maintenance & Operation	57,404.79	51,701.86	109,106.65
Capital Projects	43,675.00	3,880.00	47,555.00
Debt Service	0.00	0.00	0.00
TOTAL	208,554.24	74,056.49	282,610.73
Excess of Revenues Over/ <Under> Expenditures	172,366.72	65,692.41	238,059.13
Operating Transfers	(1,818.50)	(46,145.57)	(47,964.07)
Eatopped Warrants	21.46	68.40	89.86
Bank Fees	(3,124.00)	0.00	(3,124.00)
Excess of Revenues Over/ <Under> All Uses	167,445.68	19,615.24	187,060.92
Balance at 7/01/11	123,770.02	2,917.62	126,687.64
Balance at 6/30/12	\$291,215.70	\$22,532.86	\$313,748.56

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE -
 MODIFIED CASH BASIS - NON-MAJOR OTHER GOVERNMENTAL FUNDS
 JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-2

	OTHER GOVERNMENTAL FUNDS - NON-MAJOR			
	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTALS 2011-12
REVENUE:				
Services	\$6,719.04	\$0.00	\$18,997.00	\$25,716.04
Taxes	0.00	0.00	3.05	3.05
Fines, Penalties & Permits	0.00	0.00	0.00	0.00
Interest Earned	0.00	0.00	42.98	42.98
Patron Deposits	0.00	0.00	0.00	0.00
Intergovernmental	4,412.77	679,900.00	0.00	684,312.77
TOTAL	11,131.81	679,900.00	19,043.03	710,074.84
EXPENDITURES:				
Personal Service	0.00	0.00	0.00	0.00
Maintenance & Operation	10,610.31	0.00	0.00	10,610.31
Debt Service	0.00	0.00	108,575.75	108,575.75
Capital Projects	0.00	670,146.99	0.00	670,146.99
TOTAL	10,610.31	670,146.99	108,575.75	789,333.05
Excess of Revenues Over/ <Under> Expenditures	521.50	9,753.01	(89,532.72)	(79,258.21)
Operating Transfers	0.00	(4,229.18)	52,811.03	48,581.85
Estopped Warrant	0.00	0.00	0.00	0.00
Excess of Revenues Over/ <Under> All Uses	521.50	5,523.83	(36,721.69)	(30,676.36)
Balance at 7/01/11	3,471.58	14.97	55,992.16	59,478.71
Balance at 6/30/12	\$3,993.08	\$5,538.80	\$19,270.47	\$28,802.35

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - MODIFIED CASH BASIS - SPECIAL REVENUE
 NON-MAJOR OTHER GOVERNMENTAL FUNDS
 JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-3

SPECIAL REVENUE
 GOVERNMENTAL FUNDS

	NEDA FUND	FIRE DEPARTMENT FUND	TOTALS 2011-12
REVENUE:			
Services	\$6,719.04	\$0.00	\$6,719.04
Taxes	0.00	\$0.00	0.00
Fines, Penalties & Permits	0.00	\$0.00	0.00
Interest Earned	0.00	0.00	0.00
Royalties & Other	0.00	0.00	0.00
Intergovernmental	0.00	4,412.77	4,412.77
TOTAL	6,719.04	4,412.77	11,131.81
EXPENDITURES:			
Personal Service	0.00	0.00	0.00
Maintenance & Operation	6,719.04	3,891.27	10,610.31
Capital Projects	0.00	0.00	0.00
Debt Service	0.00	0.00	0.00
TOTAL	6,719.04	3,891.27	10,610.31
Excess of Revenues Over/ <Under> Expenditures	0.00	521.50	521.50
Operating Transfers	0.00	0.00	0.00
Bank Fees	0.00	0.00	0.00
Excess of Revenues Over/ <Under> All Uses	0.00	521.50	521.50
Balance at 7/01/11	0.00	3,471.58	3,471.58
Balance at 6/30/12	<u>\$0.00</u>	<u>\$3,993.08</u>	<u>\$3,993.08</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - CAPITAL PROJECTS
 MODIFIES CASH BASIS - NON-MAJOR OTHER GOVERNMENTAL FUNDS
 JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-4

	CAPITAL PROJECTS GOVERNMENTAL FUND TYPE				TOTALS 2011-12
	NEDA CONSTRUCTION FUND	OWRB REAP GRANT FUND	CDBG GRANT FUND	USDA CONSTRUCTION FUND	
REVENUE:					
Services	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Taxes	0.00	0.00	0.00	0.00	0.00
Fines, Penalties & Permits	0.00	0.00	0.00	0.00	0.00
Interest Earned	0.00	0.00	0.00	0.00	0.00
Donations and Other	0.00	0.00	0.00	0.00	0.00
Intergovernmental	0.00	0.00	91,500.00	588,400.00	679,900.00
TOTAL	0.00	0.00	91,500.00	588,400.00	679,900.00
EXPENDITURES:					
Personal Service	0.00	0.00	0.00	0.00	0.00
Maintenance & Operation	0.00	0.00	0.00	0.00	0.00
Capital Projects	0.00	0.00	91,500.00	578,646.99	670,146.99
TOTAL	0.00	0.00	91,500.00	578,646.99	670,146.99
Excess of Revenues Over/ <Under> Expenditures	0.00	0.00	0.00	9,753.01	9,753.01
Operating Transfers	(14.85)	0.00	0.00	(4,214.33)	(4,229.18)
Excess of Revenues Over/ <Under> All Uses	(14.85)	0.00	0.00	5,538.68	5,523.83
Balance at 7/01/11	14.85	0.12	0.00	0.00	14.97
Balance at 6/30/12	\$0.00	\$0.12	\$0.00	\$5,538.68	\$5,538.80

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
GRANT COUNTY - OKLAHOMA
SCHEDULE C-5

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - DEBT SERVICE
MODIFIED CASH BASIS - NON-MAJOR OTHER GOVERNMENTAL FUNDS
JULY 01, 2011 TO JUNE 30, 2012

	DEBT SERVICE FUNDS					TOTALS 2011-12
	NEDA RURAL DEVELOPMENT LOAN FUND	NEDA RURAL DEVELOPMENT RESERVE FUND	SINKING FUND	OWRB WATER SYSTEM GRANT FUNDS	USDA SEWER LOAN/RESERVE FUNDS	
REVENUE:						
Services	\$17,270.00	\$1,727.00	\$0.00	\$0.00	\$0.00	\$18,997.00
Taxes	0.00	0.00	3.05	0.00	0.00	3.05
Interest Earned	0.00	29.54	0.00	0.00	13.44	42.98
Patron Deposits	0.00	0.00	0.00	0.00	0.00	0.00
Donations and Other	0.00	0.00	0.00	0.00	0.00	0.00
Intergovernmental	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	17,270.00	1,756.54	3.05	0.00	13.44	19,043.03
EXPENDITURES:						
Personal Service	0.00	0.00	0.00	0.00	0.00	0.00
Maintenance & Operation	0.00	0.00	0.00	0.00	0.00	0.00
Debt Service	17,270.00	0.00	0.00	62,877.75	28,428.00	108,575.75
Capital Projects	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	17,270.00	0.00	0.00	62,877.75	28,428.00	108,575.75
Excess of Revenues Over/ <Under> Expenditures	0.00	1,756.54	3.05	(62,877.75)	(28,414.56)	(89,532.72)
Operating Transfers	0.00	14.85	0.00	12,673.58	40,122.60	52,811.03
Excess of Revenues Over/ <Under> All Uses	0.00	1,771.39	3.05	(50,204.17)	11,708.04	(36,721.69)
Balance at 7/01/11	0.00	5,534.08	253.91	50,204.17	0.00	55,992.16
Balance at 6/30/12	\$0.00	\$7,305.47	\$256.96	\$0.00	\$11,708.04	\$19,270.47

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
GRANT COUNTY - OKLAHOMA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE - OWRB DEBT SERVICE
MODIFIED CASH BASIS - NON-MAJOR OTHER GOVERNMENTAL FUNDS
JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-6

	DEBT SERVICE FUNDS (OWRB)		TOTALS 2011-12
	OWRB PWA '92 RESERVE FUND	OWRB PWA '92 BOND FUND	
REVENUE:			
Services	\$0.00	\$0.00	\$0.00
Taxes	0.00	0.00	0.00
Interest Earned	0.00	0.00	0.00
Patron Deposits	0.00	0.00	0.00
Donations and Other	0.00	0.00	0.00
Intergovernmental	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00
EXPENDITURES:			
Personal Service	0.00	0.00	0.00
Maintenance & Operation	0.00	0.00	0.00
Debt Service	0.00	62,877.75	62,877.75
Capital Projects	0.00	0.00	0.00
TOTAL	0.00	62,877.75	62,877.75
Excess of Revenues Over/ <Under> Expenditures	0.00	(62,877.75)	(62,877.75)
Operating Transfers	(23,959.44)	36,633.02	12,673.58
Excess of Revenues Over/ <Under> All Uses	(23,959.44)	(26,244.73)	(50,204.17)
Balance at 7/01/11	23,959.44	26,244.73	50,204.17
Balance at 6/30/12	\$0.00	\$0.00	\$0.00

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
 GRANT COUNTY - OKLAHOMA
 COMBINING STATEMENT OF REVENUES,
 EXPENDITURES AND CHANGES IN FUND BALANCE - USDA DEBT SERVICE
 MODIFIED CASH BASIS - NON-MAJOR OTHER GOVERNMENTAL FUNDS
 GOVERNMENTAL FUND TYPE
 JULY 01, 2011 TO JUNE 30, 2012

SCHEDULE C-7

	DEBT SERVICE FUNDS (USDA)			TOTALS 2011-102
	USDA SEWER LOAN FUND	USDA SEWER RESERVE FUND	USDA SEWER SHORT LIVED ASSETS	
REVENUE:				
Services	\$0.00	\$0.00	\$0.00	\$0.00
Taxes	0.00	0.00	0.00	0.00
Interest Earned	0.00	6.22	7.22	13.44
Patron Deposits	0.00	0.00	0.00	0.00
Donations and Other	0.00	0.00	0.00	0.00
Intergovernmental	0.00	0.00	0.00	0.00
TOTAL	0.00	6.22	7.22	13.44
EXPENDITURES:				
Personal Service	0.00	0.00	0.00	0.00
Maintenance & Operation	0.00	0.00	0.00	0.00
Debt Service	28,428.00	0.00	0.00	28,428.00
Capital Projects	0.00	0.00	0.00	0.00
TOTAL	28,428.00	0.00	0.00	28,428.00
Excess of Revenues Over/ <Under> Expenditures	(28,428.00)	6.22	7.22	(28,414.56)
Operating Transfers	33,120.00	3,240.60	3,762.00	40,122.60
Excess of Revenues Over/ <Under> All Uses	4,692.00	3,246.82	3,769.22	11,708.04
Balance at 7/01/11	0.00	0.00	0.00	0.00
Balance at 6/30/12	\$4,692.00	\$3,246.82	\$3,769.22	\$11,708.04

The accompanying notes are an integral part of these financial statements.

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies

The accounting and reporting of the Town of Nash, Grant County, Oklahoma, relating to the funds included in the combined financial statements demonstrates conformity with a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The more significant of the municipalities' policies are described below.

A. Reporting Entity

The municipality is a corporate body for public purposes created under Title II of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The general operating authority for the municipality is the Oklahoma Municipal Code contained in Title II, Oklahoma Statutes. The governing body of the municipality is the Board of Trustees composed of elected members. The mayor is the executive officer of the municipality.

In evaluating how to define the municipality, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by professional standards. The basic -- but not the only -- criterion for including a potential component unit within the reporting entity is the governing body's oversight responsibility, especially financial interdependency. A second criterion used in evaluating potential component units is the scope of public service. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Town is able to exercise oversight responsibilities.

Based upon the application of this criteria, the Public Works Authority is included in the Town's reporting entity. While the Public Works Authority Trust and Town are separate legal entities, the Public Works Authority is not only financially accountable to the Town, the two entities operate jointly as one unit. Certain expenditures may be paid by either entity and money may be transferred from the Public Works Authority to the Town for operating needs by board approval. Therefore, the Public Works Authority is included in the financial reports as a part of the Town's General Fund operation.

B. Fund Accounting

The Town uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain town functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into two categories; governmental and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

Fund Description

The following funds are utilized by the Town of Nash, Oklahoma.

Governmental Fund Types -

Fiduciary Fund Types -

General Fund

Permanent Fund

Special Revenue Funds

Capital Project Funds

Debt Service Funds

The General Fund accounts for all financial transactions not accounted for in any other fund. The revenues include taxes, utility collections, fees, licenses and permits, fines and forfeits, etc. Expenditures are for personal services, maintenance and operations and capital outlay. The Public Works Authority is considered a portion of the Town's General Fund operations. The Public Works Authority is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue source is utility service collections. Transfers are made from the Public Works Authority to the Debt Service Fund for retirement of long-term debt.

Special Revenue Funds are funds which must be spent in accordance with special regulations and restrictions. There are major classifications to account for operating funds for which the use of revenues is restricted or designated by outside sources.

The Nash Economic Development Authority is considered a portion of the Town's Special Revenue Funds and operations. The Nash Economic Development Authority is used to account for funds received from SWOSU to pay for insurance costs for the Salt Fork Adventure Program, a juvenile facility.

Special Revenue Funds -

Fire Department

Nash Economic Development Authority

USDA Sewer Reserve

USDA Short Lived Assets

The Capital Project Funds are the Nash Economic Development Authority Construction Fund, OWRB REAP Fund and the USDA Construction Fund. The Nash Economic Development Authority Fund is used for renovation and remodel of the Nash School Building, the OWRB REAP Fund is used for improvement of the Town's water system and the USDA Construction Fund is used for sewer lagoon repair.

The Debt Service Fund is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. An additional revenue source is interest earnings from temporary investments.

Debt Service Fund Types -

Oklahoma Water Resources Board - PWA ' 92 Bond Fund

Sinking Fund

Nash Economic Development Authority

USDA Sewer Loan

Fund Description (continued)

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. When these assets are held under the terms of a formal trust agreement, either a permanent fund or an expendable trust fund is used. The terms "permanent" and "expendable" refer to whether or not the Town is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the Town holds on behalf of others as their agent and do not involve measurement of results of operations.

Permanent Fund -

Water and Sewer Deposit Fund

Fund Equity

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- Restricted: This classification includes amount for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has classified Street and Alley revenue as being restricted because the use is restricted by State Statute. Debt service resources are to be used for future servicing of the general obligation bonds and are restricted through debt covenants. Capital project revenue from bond proceeds is restricted by State Statute and is legally segregated for funding of voter approved uses.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town has assigned interest earnings to the funds where earned for the purposes defined by the fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other government fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Memorandum Only - Total Column

The total column on the modified cash basis financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

C. Basis of Presentation

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental and fiduciary funds are accounted for using a modified cash basis of accounting. Revenues, except for certain grant revenues, are recognized when they are received rather than earned. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized when the grant expenditure is made. Under this modified cash basis of accounting, expenditures are generally recognized when encumbered/reserved rather than at the time the related fund liability is incurred.

The Town of Nash, Oklahoma utilizes an appropriated budget system of accounting. This system has an approved budget appropriation for its General Fund. All expenditures are recorded against the appropriation on a ledger by classification.

D. Budgets and Budgetary Accounting

The Town is required by state law to prepare an annual budget. The Town must submit a budget by August 22 of each year according to Oklahoma Statutes, Title 68, Section 3002. The budget amount for the Town is the appropriated balance approved by the County Excise Board. The budget, as set by the governing board, constitutes the maximum funds that may be spent during the fiscal year by any department of the local government required to appropriate funds. The budget includes revenues which are collected by the Town or transfers into a specific fund from another fund. The Town's budget does not include an ad valorem tax levy.

A budget is legally adopted by the Board of Trustees for the General Fund that includes revenues and expenditures.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders and other commitments of resources are recorded as expenditures of the applicable fund -- is utilized in all governmental funds of the Town.

The unencumbered balance of current fiscal year appropriations and the unexpended reserve appropriations of the previous fiscal year are lapsed and become a part of the beginning fund balance for the succeeding fiscal year.

E. Assets, Liabilities and Fund Equity

Cash, Cash Equivalents and Investments

All monies which are not invested in Certificate of Deposits are maintained in NOW Checking Accounts or Savings Accounts.

Safeguard of Deposits and Investments

State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or obligations of Oklahoma and its agencies that have a market value of not less than the principal amount of the deposits. The Town Treasurer is responsible for maintaining adequate coverage of all funds on deposit through security pledges approved by the Treasurer of the State of Oklahoma.

Deposit Categories of Credit Risk

- (A) Insured by Federal Deposit Insurance
- (B) Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- (C) Uncollateralized.

	<u>Category</u>			<u>Bank</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>
Cash/Investments	\$ <u>378,064.15</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>378,064.15</u>

Pooled Cash

The Town of Nash and the Nash Public Works Authority use a pooled cash concept in maintaining its investment account. Receipts deposited in the General Fund include the state-shared gasoline motor vehicle taxes. While these revenues are separately classified on the Town's ledgers, they are combined with all other revenues and expenditures for a single fund balance. Expenditures of these funds shall be made as provided by statute.

Fixed Assets and Property, Plant and Equipment

Property and equipment purchases are recorded as capital outlays in the accompanying statements of revenues, expenditures and changes in fund balances. The Town does not maintain complete financial records of capital assets purchased which would include depreciation schedules.

Property Tax

The Town's property tax is levied each October 1, on the assessed value listed as of January 1, of the same year for all real and personal property located in the Town, except certain exempt property. Assessed values are established by the Oklahoma Tax Commission and the State Equalization Board. A revaluation of all property is required once every five (5) years.

The Town does not have a millage levy for the General Fund for the 2011-12 period.

Compensated Absences

The Town does not have a policy which would allow vacation leave or sick pay benefits to accrue to employees past the current year. Therefore, no liability is recorded in the accompanying financial statements for compensated absences.

Operating Leases

The Town had no operating leases during the current fiscal year; therefore, no liability is recorded in the accompanying financial statements.

Long Term Debt

a) USDA Rural Development Promissory Note 97-01

Renovation and remodel of Nash School Building

Date of Loan, 7/26/07 - Original issue of \$245,200.00, principal balance of \$210,018.64 (none delinquent), interest rate of 4.25%. Monthly principal and interest payments in the amount of \$1,570.00 are due beginning August 26, 2008, for a term of 20 years.

Total Outstanding Principal/Interest \$211,070.17

b) USDA Rural Development Promissory Note 92-01

Sewer Lagoon Repair

Date of Loan, 10/3/11 - Original issue of \$238,700.00, principal balance of \$215,950.37 (none delinquent), interest rate of 3.0%. Monthly principal and interest payments in the amount of \$1,016.00 are due beginning November 3, 2011, for a term of 40 years. Remaining annual payments are as follows:

Total Outstanding Principal/Interest \$216,427.53

c) USDA Rural Development Promissory Note 92-02

Sewer Lagoon Repair

Date of Loan, 10/3/11 - Original issue of \$468,000.00, principal balance of \$349,175.68 (none delinquent), interest rate of 3.0%. Monthly principal and interest payments in the amount of \$1,676.00 are due beginning November 3, 2011, for a term of 40 years. Remaining annual payments are as follows:

Total Outstanding Principal/Interest \$349,405.27

2. Risk Management

Liability Protection Plan

The Town's Commercial Liability Insurance agreements cover claims against municipalities for all government functions, utilities, and services. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating Town pays all cost, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

Liability Protection Plan (continued)

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

Surety Bonds

The Town of Nash and the Nash Public Works Authority maintains a Public Official Position Schedule Bond with CNA Surety in the amount of \$58,000.00. The bond number is 18020054, dated December 31, 2011 to December 31, 2012. The positions covered are as follows:

Treasurer/Secretary	\$33,000.00
Town Clerk/Court Clerk	\$25,000.00

The Nash Economic Development Authority maintains a Position Schedule Bond with CNA Surety in the amount of \$10,000.00. The bond number is 70234578, dated January 23, 2012 to January 23, 2013. The positions covered are as follows:

Secretary	\$10,000.00
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3. Consumers and Service Rates

Average number of consumers for audit period:

Consumers:

Residential	143	(102 water, sewer & trash/28 water only/3 water & trash only 10 water & sewer only /10 dumpsters/11 extra polycarts)
Institution	1	
Commercial	8	
Churches	<u>2</u>	
Total Consumers	154	

Monthly Service Rates:

Water -	\$25.00	Minimum charge up to 3,000 gallons
	2.00	each additional 1,000 gallons
Sewer -	26.00	Residential – up to 1,000 gallons
	1.31	each additional 1,000 gallons
	48.50	Commercial – up to 1,000 gallons
	1.31	each additional 1,000 gallons
Trash -	15.00	Residential
	29.00	Residential dumpster
	29.00	Commercial dumpster billed individually
Deposits -	100.00	Owner
Deposits -	200.00	Renter

4. Employee Retirement Plans

Description of Plan

Only the Town's volunteer fireman are covered by a pension plan. This noncontributory plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). The Oklahoma Firefighters Pension and Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414, or by calling 1-800-525-7461.

Funding Policy

The Town is required to make annual contributions of \$60.00 per active volunteer fireman to OFPRS. This contribution covers a portion of the cost of benefits that will be paid to vested volunteer fireman. Additional funding comes from a percentage of all taxes collected on premiums collected by insurance companies and an appropriation by the State of Oklahoma.

The Town's contributions to OFPRS were \$1,200.00 for 2010, \$1,320.00 for 2011 and \$1,080.00 for 2012.

5. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

6. Subsequent Events

Management has evaluated subsequent events through December 10, 2012, which is the date the financial statements were available to be issued.

7. Project Grants

- A. Rural Economic Action Plan
 - Northern Oklahoma Development Authority
 - Contract No.: 2011 REAP Fund GR11-1
 - Funding Period: 2/1/11 through 1/31/12
 - Sewer Lagoon

	<u>AWARD</u>
Original Allocation - 2/1/11	\$ 40,000.00
Expenditures 2010-11	0.00
Expenditures 2011-12	<u>40,000.00</u>
Remaining Allocation 6/30/12	<u>\$ 0.00</u>

7. Project Grants (continued)

B. Rural Economic Action Plan
Northern Oklahoma Development Authority
Contract No.: 2012 REAP Fund GR12-1
Funding Period: 12/1/11 through 11/31/12
Water Well Improvements

AWARD

Original Allocation - 12/1/11	\$ 50,000.00
Expenditures 2011-12	<u>3,500.00</u>
Remaining Allocation 6/30/12	<u>\$ 46,500.00</u>

C. Oklahoma Department of Commerce
Community Development Block Grant
Contract No.: 14684 CDBG 06
Funding Period: 8/11/11 through 8/11/13
Water Line Improvements

AWARD

Original Allocation - 8/11/11	\$ 91,500.00
Expenditures 2011-12	<u>91,500.00</u>
Remaining Allocation 6/30/12	<u>\$ 0.00</u>

Chas. W. Carroll, P.A.

The Broadway Tower -- Suite 805
114 E. Broadway

Enid, Oklahoma 73701
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Board of Trustees
Town of Nash
Grant County, Oklahoma

I have audited the accompanying financial statements, each major fund and aggregate remaining fund information of the Town of Nash, Grant County, Oklahoma, as of and for the year ended June 30, 2012, and have issued my report thereon dated December 10, 2012. The Town prepares its financial statements on a basis of accounting that demonstrates compliance with a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. In my report, my opinion was adverse because the financial statements referred to above do not present the government-wide financial statements as required by accounting principles generally accepted in the United States of America. The Town has not presented the required supplemental information which includes the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be a part of the basic financial statements. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Town's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the Town's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify and deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that I consider to be significant deficiencies in internal control over financial reporting as item 12-03. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying Schedule of Findings as items 12-01 and 12-02.

I noted other matters that I reported to management of the Town of Nash, Oklahoma, in the accompanying Schedule of Other Matters as item B-1.

This report is intended solely for the information and use of the federal awarding agencies and pass-through entities, management, others within the organization, and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Chas. W. Carroll, P.A.
December 10, 2012

Chas. W. Carroll, P.A.

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114 E. Broadway

Enid, Oklahoma 73701
Phone 580-234-5468
Fax 580-234-5425

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Mayor and Board of Trustees
Town of Nash
Grant County, Oklahoma

Compliance

I have audited the compliance of Town of Nash, Grant County, Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. My responsibility is to express an opinion on the Town's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Town's compliance with those requirements.

In my opinion, Town of Nash complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011. The results of my auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB-Circular A-133.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining an effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Town's internal control over compliance with requirements that could have a direct material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control over compliance.

A control deficiency in the Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a federal program such that there is a reasonable possibility that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented, or detected and corrected by the Town's internal control on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the federal awarding agencies and pass-through entities, school administration, others within the organization, and the Town Board and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



Chas. W. Carroll, P.A.
December 10, 2012

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012

I have audited the accompanying financial statements of the Town of Nash, Grant County, Oklahoma, as of and for the year ended June 30, 2012, and have issued my report dated December 10, 2012, which was adverse with respect to GAAP prescribed basis and qualified because of the omission of fixed assets. My audit did not disclose any instances of non-compliance which are material to those financial statements. In addition, I have issued an unqualified opinion concerning compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs and no audit findings were disclosed which are required to be reported.

The major federal programs audited are as follows: USDA Rural Development. The dollar threshold used to distinguish between Type A and Type B programs is established at \$300,000. The Town was determined to be a high-risk auditee.

Three (3) findings relating to the financial statements which are required to be reported in accordance with GAGAS were noted or brought to my attention during the 2011-12 fiscal year and are described in the Schedule of Findings..

No findings and questioned costs relating to the financial statements and federal awards as described in OMB Circular A-133 were noted or brought to my attention during the 2011-12 fiscal year.

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2012

11-01 Financial Statement Presentation

The Town had not presented government-wide financial statements to display the modified cash basis financial position and changes in modified cash basis financial position of its governmental activities in the prior year and did not present them in the current fiscal year.

11-02 Required Supplemental Information

The Town had not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements in the prior year, and did not provide the Discussion and Analysis in the current fiscal year.

11-03 Lack of Segregation of Duties

The finding that inherent limitations resulting from a small number of employees performing functions, which would normally be divided among a larger number of employees, prevented a proper segregation of accounting functions which is necessary in order to assure adequate internal accounting controls continued in the current fiscal year.

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF FINDINGS
JUNE 30, 2012

Section 1 - Findings related to the financial statements required to be reported in accordance with GAGAS.

12-01 Financial Statement Presentation

Management has not presented government-wide financial statements to display the modified cash basis financial position and changes in modified cash basis financial position of its governmental activities. Accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from modified cash basis transaction for the Town's governmental activities are not reasonably determinable.

12-02 Required Supplemental Information

The Town of Nash, Oklahoma, has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

12-03 Lack Of Segregation Of Duties

Criteria: Segregation of duties over asset custody, transaction authorization, bookkeeping and reconciliation is an important element of effective internal control over government assets and resources.

Condition: Due to its limited population, the Town employs one individual who is responsible for certain duties that are incompatible with the objectives of effective internal control.

Cause: The Town's limited population and resources result in the inability to provide sufficient staffing to fully segregate incompatible duties.

Effect: Without proper segregation of duties, the risk increases that errors, fraud or illegal acts could occur and not be detected within a timely basis. For example, employees with access to cash and access to the accounting records could misappropriate cash and conceal the misappropriation through improper accounting entries or adjustment.

Recommendation and Benefit: Efficient segregation of duties is difficult in a small environment; however, this segregation of duties is an important one to seriously consider. We recommend the Town assess the feasibility of segregating the cash collection duties from those of posting and adjusting customer accounts and posting to the accounting ledgers, to the extent reasonably possible. The Town may want to consider the use of volunteer assistance on a monthly basis for the reconciliation duties to segregate those activities from asset custody and bookkeeping. Such duties segregation will significantly reduce the risk of undetected errors, fraud or illegal acts.

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF OTHER MATTERS

Specific Administrative Controls

Internal Control

B-I Purchasing Procedures

During my audit of the Town and Public Works Authority's purchasing procedures I found that some transactions tested had invoices attached to the purchase order dated prior to the purchase order date.

I recommend that prior to the ordering of material or supplies, that a request for purchase be made to the purchasing agent for authorization to obligate funds. This will in turn initiate the preparation of a fully documented purchase order.

Additionally, the audit of the Town and PWA's purchasing procedures revealed that not all invoices had itemized invoices attached. All municipal funds are to have a properly documented invoices and/or packing slips attached to each purchase order or requisition.

A similar exception was presented in the previous years audit report.

TOWN OF NASH
NASH PUBLIC WORKS AUTHORITY
GRANT COUNTY - OKLAHOMA
JULY 1, 2011 TO JUNE 30, 2012

SCHEDULE OF OTHER MATTERS - PRIOR YEAR

All other matters of the prior year have since been resolved unless they are presented in the current year Schedule of Other Matters followed by "A similar exception was presented in the previous years audit report".