



TOWN OF CASHION, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

**AS OF AND FOR THE FISCAL YEAR
ENDED JUNE 30, 2013**

**THE TOWN OF CASHION,
OKLAHOMA**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

**Prepared By:
Town of Cashion Clerk's Department**

**TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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ANNUAL FINANCIAL REPORT
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**TOWN OF CASHION, OKLAHOMA
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INTRODUCTORY SECTION



TOWN OF CASHION

P.O. Box 27, 102 S. Main
Cashion, Oklahoma 73016

Office (405) 433-2243
Fax (405) 433-2685

December 16, 2013

To the Honorable Mayor Freddie Baker, Members of the Town Board and Citizens:

We are pleased to submit to you the Annual Financial Statements of the Town of Cashion for the fiscal year ended June 30, 2013. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Town's financial affairs have been included.

Responsibility of both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with other comprehensive basis of accounting. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Town's financial activities have been included.

The Town of Cashion provides many municipal services including public safety, streets, parks, public works, and administration. For financial reporting purposes, all funds, agencies, boards, commissions, trusts and authorities involved in the provision of these services are included if the Town is financially accountable. Financial accountability is determined by several different factors including fiscal dependence, ability to impose will upon the entity's governing body, provision of specific financial burdens or benefits and separate legal entity status. After careful evaluation of these factors, the Town has included the Cashion Public Works Authority, the Oklahoma Public Finance Authority, and the Cashion Economic Development Authority as well as all funds of the Town.

The Town of Cashion is a statutory town form of government with a population of approximately 635 located in Kingfisher County in central Oklahoma. The Town is governed by a five-member Board and operates under state law and Town ordinances through the three branches of democratic government:

- Legislative – the Town Board is a five-member governing body elected by the citizens at large
- Executive – the Town Mayor is the Chief Executive Officer and is appointed by the Town Board
- Judicial – the Municipal Judge is a practicing attorney appointed by the Town Board

The Town provides typical municipal services such as public safety, street and alley maintenance, parks and recreation, and through its Public Works Authority, certain utility services including gas, water, wastewater, and sanitation.

The Town's Financial Reporting Entity

This annual report includes all activities for which the Town Board is financially accountable. These activities, defined as the Town's financial reporting entity, are operated within separate legal entities.

The Town's financial reporting entity includes the following separate legal entities.

- **The Town of Cashion** – an incorporated Town that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government*
- **The Cashion Public Works Authority (CPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the Town, with the Town Board members serving as the trustees – *considered part of the primary government presentation for reporting purposes*
- **The Oklahoma Public Finance Authority (OPFA)** - public trust created pursuant to 60 O.S. § 176 to provide aid or aid in providing facilities and or services necessary for the functioning of any governmental entity within the State of Oklahoma – *considered part of the primary government presentation for reporting purposes*
- **The Cashion Economic Development Authority (CEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the Town, with the trustees appointed by the Town Board – *reported as a discretely presented component unit*

In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the Town Board. This is considered sufficient imposition of will to demonstrate financial accountability and to include the trust within the Town's financial reporting entity. The public trusts do not issue separate annual financial statements.

Basis of Accounting and Presentation

The statement of net assets and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- assets that normally convert to cash or cash equivalents (certificates of deposits, marketable investments, and receivables resulting from loans)
- Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the Town of Cashion (the "Town"), the Cashion Public Works Authority (the "Public Works Authority"), the Oklahoma Public Finance Authority (the "Finance Authority") and a discretely-presented component unit the Cashion Economic Development Authority (the "EDA"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type and that of the discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the Town from the economic resources measurement focus using the modified cash basis of accounting. They present governmental activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

One of the most important questions to ask about the Town's finances is, "Has the Town's overall financial condition improved, declined or remained steady as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. You will need to consider other non-financial factors, however, such as changes in the Town's sales tax base, the condition of the Town's roads, and quality of service to assess the overall health of the Town. You will also need to keep in mind that these government-wide statements are prepared in accordance with the modified cash basis of accounting and include only those Town assets and liabilities resulting from cash transactions.

In the Statement of Net Position and the Statement of Activities, we divide the Town into two kinds of activities: *Governmental activities* - Most of the Town's basic services are reported here, including the police, fire, administration, and streets. Sales taxes, franchise fees, fines, and state and federal grants finance most of these activities; and *Business-type activities* - Activities where the Town charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The Town's gas, water, sewer, and sanitation utilities are reported as business-type activities.

Reporting the Town's Most Significant Funds - Fund Financial Statements

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant (major) funds -- not the Town as a whole. Some funds are required to be established by State law and by debt covenants. However, the Town Council may also establish certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's two kinds of funds -- *governmental and proprietary* - use different accounting approaches.

Governmental funds - All of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Governmental funds report their activities on a modified cash basis of accounting and current financial resources measurement focus that is different from other funds. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary funds - When the Town, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported on the modified cash basis of accounting and an economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability. The Town's main proprietary fund is the Cashion Public Works Authority that accounts for the operation of the gas, water, sewer, and sanitation activities.

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31-48 of this report.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the Town's total net position increased by \$20,824, and the assets of the Town exceed its liabilities at June 30, 2013, by \$569,204 (net position). Of this amount, \$553,245 is restricted and \$15,959 (unrestricted) is available to meet the government's ongoing needs.

- At June 30, 2013, the Town's governmental funds reported combined ending fund balances on a modified cash basis of \$91,491.
- At the end of the fiscal year 2013, unassigned fund balance on a modified cash basis for the General Fund was \$16,089 or 6.3% of General Fund revenues.

THE TOWN AS A WHOLE

For the year ended June 30, 2013, net position on a modified cash basis for the governmental and business-type activities increased \$20,824.

The Town of Cashion's Net Position (Modified Cash Basis) June 30, 2013 (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2013	2012		2013	2012		2013	2012	
Assets:									
Current assets	\$ 91	\$ 111	-18%	\$ 562	\$ 496	13%	\$ 653	\$ 607	8%
Total assets	<u>91</u>	<u>111</u>	-18%	<u>562</u>	<u>496</u>	13%	<u>653</u>	<u>607</u>	8%
Liabilities:									
Current liabilities	-	-	0%	-	-	0%	-	-	0%
Non-current liabilities	-	-	0%	84	58	45%	84	58	45%
Total liabilities	<u>-</u>	<u>-</u>	0%	<u>84</u>	<u>58</u>	45%	<u>84</u>	<u>58</u>	45%
Net position:									
Restricted	59	69	-14%	494	439	13%	553	508	9%
Unrestricted (deficit)	32	42	-24%	(16)	(1)	1500%	16	41	-61%
Total net position	<u>\$ 91</u>	<u>\$ 111</u>	-18%	<u>\$ 478</u>	<u>\$ 438</u>	9%	<u>\$ 569</u>	<u>\$ 549</u>	4%

Governmental total assets decreased approximately \$20,000 due to the decrease in transfers from the business-type activities.

Business-type net position increased approximately \$40,000 due primarily from the vote to use special trust monies to pay off long-term commitments in prior year and repaying the monies back to the special trust. (See also Note 9 on Commitments and Contingencies).

**The Town of Cashion's Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2013 (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2013	2012		2013	2012		2013	2012	
Revenues									
Program revenues:									
Charges for service	\$ 106	\$ 55	93%	\$ 609	\$ 577	6%	\$ 715	\$ 632	13%
Operating grants and contributions	146	164	-11%	-	-	-	146	164	-11%
Capital grants and contributions	15	27	-44%	-	-	-	15	27	-44%
General revenues:									
Taxes	214	185	16%	-	-	-	214	185	16%
Intergovernmental revenue	11	10	10%	-	-	-	11	10	10%
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	58	67	-13%	-	-	-	58	67	-13%
Total revenues	550	508	8%	609	577	6%	1,159	1,085	7%
Expenses									
General government	127	134	-5%	-	-	-	127	134	-5%
Public safety	422	476	-11%	-	-	-	422	476	-11%
Highways and streets	25	40	-38%	-	-	-	25	40	-38%
Culture and recreation	1	-	100%	-	-	-	1	-	100%
Gas	-	-	-	166	193	-14%	166	193	-14%
Water	-	-	-	156	183	-15%	156	183	-15%
Sewer	-	-	-	123	139	-12%	123	139	-12%
Sanitation	-	-	-	119	172	-31%	119	172	-31%
Total expenses	575	650	-12%	564	687	-18%	1,139	1,337	-15%
Excess (deficiency) before transfers	(25)	(142)	82%	45	(110)	141%	20	(252)	108%
Transfers	5	181	97%	(5)	(181)	97%	-	-	-
Change in net position	(20)	39	-151%	40	(291)	114%	20	(252)	108%
Beginning net position	111	72	54%	438	729	-40%	549	801	-31%
Ending net position	\$ 91	\$ 111	-18%	\$ 478	\$ 438	9%	\$ 569	\$ 549	4%

Governmental activities charges for service increased over the prior year due to an increase in fines and forfeitures of approximately \$20,000 or 50%. Capital grants received in prior year were approximately \$12,000 more.

The decrease of approximately \$176,000 or 97% in transfers was due to cash flow issues of the unrestricted cash and cash equivalents.

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2013 fiscal year, the governmental funds reported a combined fund balance of \$91,491.

The following constraints are placed on fund balances and net position:

Governmental:		Proprietary:	
Restricted for:		Restricted for:	
Streets	\$ 33,866	Trust Fund Purposes **	\$ 493,835
Capital Outlay/Improvements	25,544	Unrestricted	(16,122)
Assigned for:		Total	
Emergency Services	15,992		<u>\$ 477,713</u>
Unassigned	16,089		
Total	<u>\$ 91,491</u>		

** Special Utility Trust Fund monies shall be invested and held intact and shall not be expended for any purpose whatsoever unless the question of the expenditure shall have been submitted to and approved by the electors of the Town, at an election called and held for that purpose.

Other fund highlights include:

- For the year ended June 30, 2013, the General Fund's total fund balance increased by \$15,016 due mainly to the increased net transfers of the General Fund. The Emergency Fund and the Street & Alley Fund had total fund balance changes of (\$24,574) and \$22,454, respectively.

Budgetary Highlights

For the year ended June 30, 2013, the General Fund reported actual revenues and transfers over final estimates by \$59,559 or a 22% positive variance. General Fund actual expenditures and transfers were over final appropriations by \$53,570 or a 20% negative variance due to transfers out in the General Fund of \$58,719 not being budgeted. The Emergency Fund reported actual revenues and transfers over final estimates by \$35,565 or a 16% positive variance due mainly to unbudgeted transfers in of about \$41,000. Emergency Fund actual expenditures were over appropriations by \$60,139 or 27% negative variance due to increased personal services expenditures.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

The following information outlines significant known factors that will affect subsequent year finances:

- The FY 2014 budget varies minimally from the prior years.

Contacting the Town's Financial Management

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's office at P.O. Box 27, Cashion, Oklahoma 73016 or telephone at 405-433-2243.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance to the Town of Cashion for its Small Government Annual Financial Report (SGAFR) for the fiscal year ended June 30, 2012. The Certificate of Conformance is a prestigious award recognizing conformance with the highest standards for preparation of modified cash basis reports in governmental accounting and financial reporting.

In order to be awarded a Certificate of Conformance, a government unit must publish an easily readable and efficiently organized Small Government Annual Financial Report, the contents of which conform to program standards.

The Certificate of Conformance is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Conformance program requirements, and we are submitting it to GFOA.

Acknowledgements

We would like to thank our consultants, Crawford & Associates, P. C., for their professional guidance and experience. And also, thanks to our auditors, Arledge & Associates, P.C. for their assistance in this process.

Finally, to the Cashion Town Board we extend heartfelt thanks for their support. It is their commitment to financial reporting excellence that allows the citizens of Cashion to be fully informed about their municipal government finances. We are proud to convey the Board's commitment to our citizens and to all readers of this report.

Respectfully submitted,



Freddie Baker
Town Mayor



Jennifer Figard
Town Clerk/Treasurer



Government Finance Officers Association

**Certificate of
Conformance
in Financial
Reporting**

Presented to

**Town of Cashion
Oklahoma**

**For its Small Government
Annual Financial Report
for the Fiscal Year Ended**

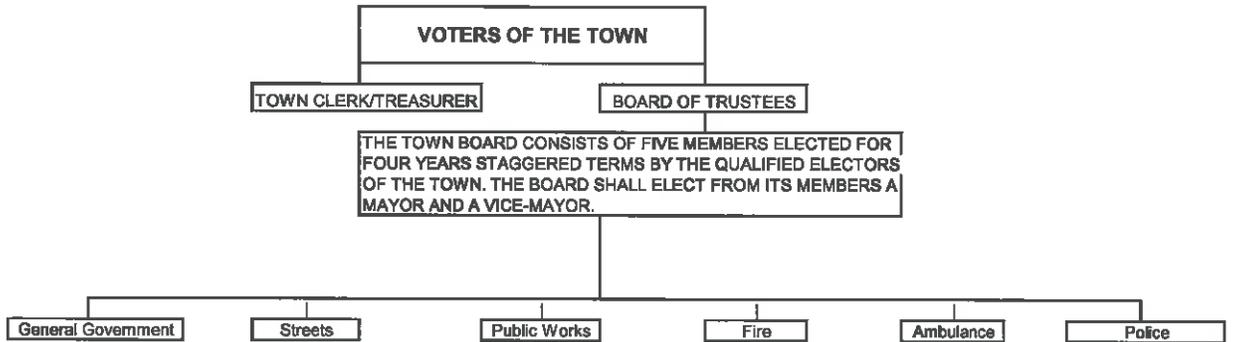
June 30, 2012



Executive Director/CEO

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
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TOWN OF CASHION, OKLAHOMA
(A Town Form of Government)



**TOWN OF CASHION
LIST OF PRINCIPAL OFFICIALS**

Town Board

Freddie Baker	Mayor
Joe Knopp	Vice-Mayor
Kay Davis	Member
Jeff Beutler	Member
Judy Howry	Member

Town Clerk/Treasurer

Jennifer Firdard

**TOWN OF CASHION, OKLAHOMA
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FINANCIAL SECTION

**TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Town Board
Town of Cashion, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Cashion, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Cashion, Oklahoma's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma, as of June 30, 2013, and the respective changes in financial position—modified cash basis, and where applicable, cash flows – modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters – Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplemental individual fund financial schedules – modified cash basis, federal and state awards information, and debt service coverage information, and the other information including the introductory section and trend information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Individual fund financial schedules – modified cash basis, federal and state awards information, and debt service coverage information, as listed in the table of contents, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules, federal and state awards information, and debt service coverage information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The introductory section and trend information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Arledge & Associates, P.C.

December 18, 2013

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BASIC FINANCIAL STATEMENTS – STATEMENT OF NET POSITION AND ACTIVITIES

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013

Statement of Net Position (Modified Cash Basis)– June 30, 2013

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Economic Development Authority</u>
ASSETS				
Cash and cash equivalents	\$ 88,863	\$ 70,381	\$ 159,244	\$ 19,904
Investments	-	493,835	493,835	-
Internal balances	2,628	(2,628)	-	-
Total Assets	<u>91,491</u>	<u>561,588</u>	<u>653,079</u>	<u>19,904</u>
LIABILITIES				
Cash overdraft	-	16,994	16,994	-
Refundable deposits	-	66,881	66,881	-
Total Liabilities	<u>-</u>	<u>83,875</u>	<u>83,875</u>	<u>-</u>
NET POSITION				
Restricted for:				
Streets	33,866	-	33,866	-
Capital outlay	25,544	-	25,544	-
Other contracts	-	493,835	493,835	-
Unrestricted (deficit)	<u>32,081</u>	<u>(16,122)</u>	<u>15,959</u>	<u>19,904</u>
Total Net Position	<u>\$ 91,491</u>	<u>\$ 477,713</u>	<u>\$ 569,204</u>	<u>\$ 19,904</u>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA
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Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General Government	\$ 126,469	\$ 5,105	\$ -	\$ -	\$ (121,364)	\$ -	\$ (121,364)	\$ -
Public Safety	422,288	101,450	136,110	14,647	(170,081)	-	(170,081)	-
Streets and Highways	24,487	-	10,396	-	(14,091)	-	(14,091)	-
Culture and Recreation	898	-	-	-	(898)	-	(898)	-
Total governmental activities	574,142	106,555	146,506	14,647	(306,434)	-	(306,434)	-
Business-type activities:								
Gas	166,052	201,128	-	-	-	35,076	35,076	-
Water	155,592	169,030	-	-	-	13,438	13,438	-
Sewer	123,565	84,503	-	-	-	(39,062)	(39,062)	-
Sanitation	119,367	154,332	-	-	-	34,965	34,965	-
Total business-type activities	564,576	608,993	-	-	-	44,417	44,417	-
Total primary government	\$ 1,138,718	\$ 715,548	\$ 146,506	\$ 14,647	(306,434)	44,417	(262,017)	-
Component Unit:								
Economic development	\$ -	\$ -	\$ -	\$ -	-	-	-	-
General revenues:								
Taxes:								
Sales and use tax					191,359	-	191,359	-
Franchise and public service taxes					22,278	-	22,278	-
Intergovernmental revenue not restricted to specific programs					11,199	-	11,199	-
Investment income					197	133	330	19
Miscellaneous					57,675	-	57,675	-
Transfers - Internal activity					4,636	(4,636)	-	-
Total general revenues and transfers					287,344	(4,503)	282,841	19
Change in net position					(19,090)	39,914	20,824	19
Net position - beginning					110,581	437,799	548,380	19,885
Net position - ending					\$ 91,491	\$ 477,713	\$ 569,204	\$ 19,904

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**TOWN OF CASHION, OKLAHOMA
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2013

	<u>General Fund</u>	<u>Emergency Fund</u>	<u>Street & Alley Fund</u>	<u>Other Governmental Fund (Restricted Sales Tax)</u>	<u>Total Governmental Funds</u>
ASSETS					
Assets:					
Cash and cash equivalents	\$ 2,520	\$ 26,933	\$ 33,866	\$ 25,544	\$ 88,863
Due from other funds	14,019	3,078	-	-	17,097
Total Assets	\$ 16,539	\$ 30,011	\$ 33,866	\$ 25,544	\$ 105,960
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 450	\$ 14,019	\$ -	\$ -	\$ 14,469
Total Liabilities	450	14,019	-	-	14,469
Fund Balances:					
Restricted for:					
Streets	-	-	33,866	-	33,866
Capital outlay	-	-	-	25,544	25,544
Assigned for:					
Emergency services	-	15,992	-	-	15,992
Unassigned	16,089	-	-	-	16,089
Total Fund Balances	16,089	15,992	33,866	25,544	91,491
Total Liabilities and Fund Balances	\$ 16,539	\$ 30,011	\$ 33,866	\$ 25,544	\$ 105,960

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA
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**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2013**

	General Fund	Emergency Fund	Street & Alley Fund	Other Governmental Fund (Restricted Sales Tax)	Total Governmental Funds
Revenues:					
Taxes	\$ 124,887	\$ -	\$ 44,375	\$ 44,375	\$ 213,637
Intergovernmental	11,690	146,408	9,396	-	167,494
Charges for services	-	40,755	-	-	40,755
Fines and forfeitures	60,694	-	-	-	60,694
Licenses and permits	5,105	-	-	-	5,105
Investment income	168	29	-	-	197
Miscellaneous	53,394	3,552	1,000	4,588	62,534
Total Revenues	255,938	190,744	54,771	48,963	550,416
Expenditures:					
Current:					
General government	118,686	-	-	-	118,686
Public safety	140,527	281,761	-	-	422,288
Highways and streets	-	-	24,487	-	24,487
Culture and recreation	898	-	-	-	898
Capital outlay	-	-	-	7,783	7,783
Total Expenditures	260,111	281,761	24,487	7,783	574,142
Revenues over (under) expenditures	(4,173)	(91,017)	30,284	41,180	(23,726)
Other Financing Sources (Uses):					
Transfers in	77,908	66,443	7,170	3,122	154,643
Transfers out	(58,719)	-	(15,000)	(76,288)	(150,007)
Total Other Financing Sources (Uses)	19,189	66,443	(7,830)	(73,166)	4,636
Net change in fund balances	15,016	(24,574)	22,454	(31,986)	(19,090)
Fund balances - beginning	1,073	40,566	11,412	57,530	110,581
Fund balances - ending	\$ 16,089	\$ 15,992	\$ 33,866	\$ 25,544	\$ 91,491

See accompanying notes to the basic financial statements.

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**Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) –
Budget and Actual – General Fund and Major Special Revenue Funds – Year Ended June 30,
2013**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 1,073	\$ 1,073
Revenues:				
Taxes	106,000	117,764	124,887	7,123
Intergovernmental	7,500	7,500	11,690	4,190
Fines and Forfeitures	40,000	51,763	60,694	8,931
Licenses and Permits	-	-	5,105	5,105
Investment Income	700	700	168	(532)
Miscellaneous	40,000	40,000	53,394	13,394
Total Revenues	<u>194,200</u>	<u>217,727</u>	<u>255,938</u>	<u>38,211</u>
Transfers In	<u>56,560</u>	<u>56,560</u>	<u>77,908</u>	<u>21,348</u>
Amounts available for appropriation	<u>\$ 250,760</u>	<u>\$ 274,287</u>	<u>\$ 334,919</u>	<u>\$ 60,632</u>
Expenditures:				
General Government	93,000	118,000	118,686	(686)
Public Safety	157,760	147,260	140,527	6,733
Culture and Recreation	-	-	898	(898)
Total Expenditures	<u>250,760</u>	<u>265,260</u>	<u>260,111</u>	<u>5,149</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>58,719</u>	<u>(58,719)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ 9,027</u>	<u>\$ 16,089</u>	<u>\$ 7,062</u>
	MAJOR SPECIAL REVENUE FUND			
	EMERGENCY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
	Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 40,566
Revenues:				
Intergovernmental	136,000	136,000	146,408	10,408
Charges for services	59,000	59,000	40,755	(18,245)
Interest income	-	-	29	29
Miscellaneous	1,000	1,000	3,552	2,552
Total Revenues	<u>196,000</u>	<u>196,000</u>	<u>190,744</u>	<u>(5,256)</u>
Transfers In	<u>25,622</u>	<u>25,622</u>	<u>66,443</u>	<u>40,821</u>
Amounts available for appropriation	<u>\$ 221,622</u>	<u>\$ 221,622</u>	<u>\$ 297,753</u>	<u>\$ 76,131</u>
Expenditures:				
Public Safety	221,622	221,622	281,761	(60,139)
Total Expenditures	<u>221,622</u>	<u>221,622</u>	<u>281,761</u>	<u>(60,139)</u>
Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,992</u>	<u>\$ 15,992</u>

See accompanying notes to the basic financial statements.

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**Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) –
Budget and Actual – General Fund and Major Special Revenue Funds – Year Ended June 30,
2013, (Cont.)**

	MAJOR SPECIAL REVENUE FUND STREET & ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 11,412	\$ 11,412
Revenues:				
Taxes	36,500	36,500	44,375	7,875
Intergovernmental	5,500	5,500	9,396	3,896
Miscellaneous	-	-	1,000	1,000
Total Revenues	<u>42,000</u>	<u>42,000</u>	<u>54,771</u>	<u>12,771</u>
Transfers In	<u>-</u>	<u>-</u>	<u>7,170</u>	<u>7,170</u>
Amounts available for appropriation	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ 73,353</u>	<u>\$ 31,353</u>
Expenditures:				
Highways and streets	42,000	42,000	24,487	17,513
Total Expenditures	<u>42,000</u>	<u>42,000</u>	<u>24,487</u>	<u>17,513</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>(15,000)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,866</u>	<u>\$ 33,866</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

**TOWN OF CASHION, OKLAHOMA
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Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2013

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
ASSETS			
Cash and cash equivalents	\$ -	\$ 3,500	\$ 3,500
Restricted cash and cash equivalents	66,881	-	66,881
Restricted investments	493,835	-	493,835
Due from other funds	450	-	450
Total Assets	561,166	3,500	564,666
LIABILITIES			
Cash overdraft	16,994	-	16,994
Due to other funds	3,078	-	3,078
Meter deposit liability	66,881	-	66,881
Total Liabilities	86,953	-	86,953
NET POSITION			
Restricted for trust fund purposes	493,835	-	493,835
Unrestricted (deficit)	(19,622)	3,500	(16,122)
Total net position	\$ 474,213	\$ 3,500	\$ 477,713

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA
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Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2013

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
Operating Revenues:			
Charges for services:			
Gas	\$ 189,680	\$ -	\$ 189,680
Water	159,408	-	159,408
Sewer	79,692	-	79,692
Sanitation	145,553	-	145,553
Utility fees	475	-	475
Other	34,185	-	34,185
Total Operating Revenues	608,993	-	608,993
Operating Expenses:			
Gas	97,194	-	97,194
Water	97,721	-	97,721
Sewer	22,304	-	22,304
Sanitation	66,562	-	66,562
General government	208,470	-	208,470
Total Operating Expenses	492,251	-	492,251
Operating Income	116,742	-	116,742
Non-Operating Revenues (Expenses):			
Investment income	133	-	133
Debt service:			
Principal retirement	(45,000)	-	(45,000)
Interest expense and fees	(27,325)	-	(27,325)
Total Non-Operating Revenues (Expenses)	(72,192)	-	(72,192)
Net Income Before Transfers	44,550	-	44,550
Transfers in	109,038	-	109,038
Transfers out	(113,674)	-	(113,674)
Change in net position	39,914	-	39,914
Total net position - beginning	434,299	3,500	437,799
Total net position - ending	\$ 474,213	\$ 3,500	\$ 477,713

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2013

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 608,993	\$ -	\$ 608,993
Payments to suppliers	(333,489)	-	(333,489)
Payments to employees	(158,762)	-	(158,762)
Receipts of customer utility deposits	10,724	-	10,724
Refunds of customer utility deposits	(1,832)	-	(1,832)
	<u>125,634</u>	<u>-</u>	<u>125,634</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	109,038	-	109,038
Transfers to other funds	(113,674)	-	(113,674)
	<u>(4,636)</u>	<u>-</u>	<u>(4,636)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(45,000)	-	(45,000)
Interest paid on capital debt	(27,325)	-	(27,325)
	<u>(72,325)</u>	<u>-</u>	<u>(72,325)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	133	-	133
Purchase of investments	(54,548)	-	(54,548)
	<u>(54,415)</u>	<u>-</u>	<u>(54,415)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(5,742)	-	(5,742)
Balance - beginning of the year	55,629	3,500	59,129
Balance - end of the year	<u>\$ 49,887</u>	<u>\$ 3,500</u>	<u>\$ 53,387</u>
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ -	\$ 3,500	\$ 3,500
Cash overdraft	(16,994)	-	(16,994)
Restricted cash and cash equivalents	<u>66,881</u>	<u>-</u>	<u>66,881</u>
Total cash and cash equivalents	<u>\$ 49,887</u>	<u>\$ 3,500</u>	<u>\$ 53,387</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 116,742	\$ -	\$ 116,742
Change in assets and liabilities:			
Meter deposit liability	8,892	-	8,892
Net cash provided by operating activities	<u>\$ 125,634</u>	<u>\$ -</u>	<u>\$ 125,634</u>

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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Footnotes to the Statement of Net Position and Activities:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*" that requires the primary government and all component units of which the primary government is financially accountable be included in the financial report. The Town's financial reporting entity includes four separate legal entities reported as the primary government and component units.

- **The Town of Cashion** – an incorporated Town that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government*
- **The Cashion Public Works Authority (CPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the Town, with the Town Board members serving as the trustees – *considered part of the primary government presentation for reporting purposes since there is a financial benefit/burden relationship and both entities are managed by the same staff.*
- **The Oklahoma Public Finance Authority (OPFA)** - public trust created pursuant to 60 O.S. § 176 to provide aid or aid in providing facilities and or services necessary for the functioning of any governmental entity within the State of Oklahoma with the Town Board members serving as Trustees – *considered part of the primary government presentation for reporting purposes since the primary government can impose its will and managed by the same staff.*
- **The Cashion Economic Development Authority (CEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the Town, with the trustees appointed by the Town Board – *reported as a discretely presented component unit*

For each of the above public trusts, the Town of Cashion is the beneficiary of the trust and the Town Board either serves as the governing body of the trust or appoints the trustees. In addition, as required by state law, all debt obligations incurred by the trusts must be approved by two-thirds vote of the Town Board. This is considered sufficient imposition of will to include the trusts within the Town's financial reporting entity. The public trusts do not issue separate annual financial statements.

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- cash-based interfund receivables and payables
- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others, or held in escrow

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Program revenues within the statement of activities are derived directly from each activity or from parties outside the Town's taxpayers. The Town has the following program revenues in each activity:

- General government: License and permits, capital grants
- Public safety: Fine revenue and operating grants
- Streets and highways: Gas excise and commercial vehicle taxes

Governmental Funds:

The Town's governmental funds are comprised of the following:

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Emergency Special Revenue Fund – accounts for all ambulance and fire revenues restricted for operations

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- Street and Alley Special Revenue Fund – accounts for commercial vehicle tax, gasoline excise tax and sales tax legally restricted for street and alley repairs and maintenance

Non-Major Funds (Reported as Other Governmental Fund):

- Restricted Sales Tax Capital Project Fund – accounts for a one cent sales tax restricted for capital improvements or capital outlay

The governmental funds are reported on a modified cash basis of accounting and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

Proprietary Funds:

The Town's proprietary funds are comprised of the following:

- Cashion Public Works Authority (CPWA) – accounts for the operation of the gas, water, wastewater, and sanitation activities
- Oklahoma Public Finance Authority – accounts for the debt service activity of the Authority

The proprietary funds are reported on a modified cash basis, as defined above, and economic resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Budgetary Accounting and Control

Budget Law

The Town prepares its annual operating budget under the provisions of the Oklahoma Municipal Budget Act of 1979 (the "Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the Mayor submits to the Town Board a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at regular Board meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the Town Board.

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- d. Subsequent to Town Board enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

All funds with revenues and/or expenditures/expenses as defined by State law are required to have annual budgets under this section of state law, except for funds of public trusts or authorities. The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All transfers of and supplemental appropriations require the approval of the Town Board. The Town prepared and adopted a legal annual budget for all governmental funds.

In accordance with Title 60 of the Oklahoma State Statutes, the Cashion Public Works Authority, Oklahoma Public Finance Authority, and Cashion Economic Development Authority are required to prepare an annual budget and submit a copy to the Town as beneficiary. However, there are no further requirements such as form of budget, approval of the budget or definition of a legal spending limit.

Budgetary Accounting

The annual operating budgets of the governmental funds are prepared and presented on a modified cash basis of accounting which is also the Town's budgetary basis.

The Town utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The Town considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are re-appropriated in the new year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

Budgetary Noncompliance:

The following departments had excess expenditures over available appropriations:

General Fund:	
General Government	\$ 686
Culture and Recreation	\$ 898
Transfers Out	\$58,719
Emergency Fund:	
Public Safety	\$60,139
Street & Alley Fund:	
Transfers Out	\$15,000
Restricted Sales Tax Fund:	
Transfers Out	\$76,288

C. Cash, Cash Equivalents, and Investments

Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less, and money market accounts.

Investments consist of long-term certificates of deposits, reported at cost, and shares of a government obligation mutual fund reported at the current fund share price, which also represents its fair value.

D. Assets Other Than Cash

Assets other than cash are reported at the amount of cash and cash equivalents associated with the transaction or event that resulted in their acquisition.

E. Compensated Absences

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 9.

F. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. More information is provided in Note 11. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by the Town Board in the form of an ordinance.
- d. Assigned – includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by the Town Board action or management decision when the Town Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through the budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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It's the Town's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expenditure has incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that the committed amounts would be reduced first, followed by the assigned amounts and then the unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net Position:

Net position is displayed in two components:

- a. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- b. *Unrestricted Net Position* - All other net position that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when expenses are incurred for purposes for which both restricted and unrestricted net position are available.

G. Internal and Interfund Balances and Transfers

The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

2. Deposits and Investments

For the year ended June 30, 2013, the Town recognized \$330 of investment income. At June 30, 2013, the primary government held the following deposits and investments:

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<u>Deposits</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Cash on hand		\$ 412
Demand Deposits		128,604
Time Deposits		13,234
		<u>\$ 142,250</u>
 <u>Investments</u>		
CPWA - Federated Treasury Obligations Fund	AAAm	493,835
 Total Deposits and Investments		 <u><u>\$ 636,085</u></u>
 Reconciliation to the Statement of Net Assets:		
Cash and cash equivalents		\$ 159,244
Cash overdraft		(16,994)
Investments		493,835
		<u><u>\$ 636,085</u></u>

Cash Overdraft and Negative Demand Deposits

The Town's unrestricted cash balances were negative due to restricted cash balances not being sufficient enough to cover refundable deposits. So while the bank balances were positive, the book balances of demand deposits ended the fiscal year at negative \$16,994. The Town is taking steps to have sufficient cash to cover the refundable deposit liability.

Custodial Credit Risk

Exposure to custodial credit related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name.

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2013, the Town was not exposed to custodial credit as defined above.

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Investment Credit Risk

The Town limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As noted in the schedule of deposits and investments above, at June 30, 2013, the only investment held by the Town subject to credit rating (the Federated Treasury Obligations Mutual Fund) maintained a rating of AAAM by Standard and Poor’s Investor Service.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has no investment policy that limits based on maturity. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2013, the investments were limited to three time deposits in which mature January 2014, April 2014, and June 2017, and shares of a government obligations mutual fund not exposed to interest rate risk.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no investment policy regarding concentration of credit risk. At June 30, 2013, the Town had no concentration of credit risk as defined above. However, all of its mutual fund investments were in a single mutual fund.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for meter deposits and trust fund commitment. The restricted assets as of June 30, 2013 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Current Investments</u>
Utility Deposits	\$ 66,881	\$ -
Trust Fund Commitment	-	493,835
 Total Restricted Assets	 <u>\$ 66,881</u>	 <u>\$ 493,835</u>

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3. Fund Balances and Net Position

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet and Proprietary Fund Statement of Net Position:

	General Fund	Major Fund Emergency Services	Major Fund Street & Alley	Other Governmental Fund	Total
Fund Balances:					
Restricted for:					
Capital improvements/outlay	\$ -	\$ -	\$ -	\$ 25,544	\$ 25,544
Streets	-	-	33,866	-	33,866
Subtotal Restricted	<u>-</u>	<u>-</u>	<u>33,866</u>	<u>25,544</u>	<u>59,410</u>
Assigned for:					
Emergency services	-	15,992	-	-	15,992
Subtotal Assigned	<u>-</u>	<u>15,992</u>	<u>-</u>	<u>-</u>	<u>15,992</u>
Unassigned	16,089	-	-	-	16,089
Total Fund Balances	<u>\$ 16,089</u>	<u>\$ 15,992</u>	<u>\$ 33,866</u>	<u>\$ 25,544</u>	<u>\$ 91,491</u>
Net Position:					
Restricted for:					
Trust fund purposes		<u>\$ 493,835</u>			

4. Sales Tax Revenue

Sales tax revenue began the year with a 4 cent local tax on each dollar of taxable sales within the Town, of which 2 cents are recorded in the General Fund and 1 cent recorded in the Street & Alley Fund with an additional 1 cent restricted for capital improvements and/or capital outlay that is recorded in the Restricted Sales Tax Fund.

5. Property Tax Levy

The Town presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters and to pay judgments rendered against the Town.

6. Internal and Interfund Balances and Transfers

Internal balances and transfers between funds and activities for the year ended June 30, 2013, were as follows:

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<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>	<u>Nature of Internal Balances</u>
CPWA	General Fund	\$450	Expenditures paid on behalf of
General Fund	Emergency Fund	14,019	Expenditures paid on behalf of
Emergency Fund	CPWA	3,078	Expenditures paid on behalf of
		<u>\$17,547</u>	

Reconciliation to Fund Financial Statements:

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$17,097	\$14,469	\$2,628
Proprietary Funds	450	3,078	(2,628)
Total	<u>\$17,547</u>	<u>\$17,547</u>	<u>\$ -</u>

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Emergency Services Fund	\$26,877	Operating subsidy
General Fund	Restricted Sales Tax Fund	922	Operating subsidy
General Fund	Street & Alley Fund	920	Operating subsidy
Street & Alley Fund	CPWA	15,000	Operating subsidy
Restricted Sales Tax Fund	General Fund	8,000	Operating subsidy
Restricted Sales Tax Fund	Emergency Services Fund	4,250	Operating subsidy
Restricted Sales Tax Fund	CPWA	64,038	Debt payment
CPWA	Emergency Services Fund	39,566	Operating subsidy
CPWA	Street & Alley Fund	2,000	Operating subsidy
CPWA	Restricted Sales Tax Fund	2,200	Operating subsidy
CPWA	General Fund	69,908	Operating subsidy
General Fund	CPWA	30,000	Operating subsidy
		<u>\$263,681</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>
Governmental Funds	\$154,643	(\$150,007)	\$4,636
Proprietary Funds	109,038	(113,674)	(4,636)
Total	<u>\$263,681</u>	<u>(\$263,681)</u>	<u>\$ -</u>

7. Risk Management

The Town and its public trusts are exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. These risks are managed by securing commercial insurance for all risks. Management believes such insurance coverage is sufficient to preclude any significant uninsured losses. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

8. Employee Retirement Plan Participation

The Town of Cashion participates in two pension or retirement plans:

1. Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
2. Oklahoma Municipal Retirement Fund Defined Contribution Plan (OMRF-DCP) – an agent multiple-employer defined contribution plan

Firefighter Pension System:

Plan Summary Information. The Town of Cashion, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter's Pension and Retirement System (OFPRS). The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, section 22-102, the Town must participate in the plan if they employ full-time or volunteer firefighters.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

Funding Policy. OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The Town is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

The OFPRS contributions are as follows:

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
2011	\$5,160	\$5,160	100%
2012	\$720	\$720	100%
2013	\$900	\$900	100%

The Town employed a full-time fire chief in fiscal year 2011, but that position was vacated at the beginning of fiscal year 2012; therefore, the Town contributed for volunteer firefighters.

Oklahoma Municipal Retirement Fund

The Town of Cashion maintains a defined contribution retirement /savings plan (the Plan) with the Oklahoma Municipal Retirement Plan which covers substantially all employees not covered by other retirement plans. The Plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma and is an elective plan with participants in the Plan vesting in the Town's contributions as follows:

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<u>Years of Service</u>	<u>Vested Percentage</u>
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

Plan members are required to contribute a minimum of 3.0%, but no more than 25% of compensation, while the Town contributes 5.0% of annual covered payroll. The contribution requirements as well as plan provisions of the Town are established and may be amended by the Town Board.

During the year ended June 30, 2013, the Town and CPWA contributed a total of \$7,364 to the Plan, while employees contributed an aggregate of \$8,111 on covered compensation.

9. Commitments and Contingencies

Long-term Debt Commitments:

At June 30, 2013, governmental activities had no long-term debt commitments from taxes or other general revenues.

Cashion Public Works Authority:

Long-term obligations payable from revenues generated by or pledged to CPWA includes the following:

Revenue Bonds Payable:

\$785,000 utility system refunding revenue bonds for improvements, secured by utility revenues, payable in various annual installments, including principal and interest from 4.10-5.20% final payment due April 1, 2022.

Balance Outstanding at June 30, 2013 \$490,000

Change in Long-Term Debt Commitments:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>	<u>Amounts Due Within One Year</u>
<u>Business-type Activities</u>					
Revenue Bonds-CPWA	\$ 535,000	\$ -	\$ 45,000	\$ 490,000	\$ 45,000
Total Long-Term Obligation - Cashion Public Works Authority	<u>\$ 535,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 490,000</u>	<u>\$ 45,000</u>

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Debt Service Requirements to Maturity

Year Ended June 30,	CPWA <u>Revenue Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 45,000	\$ 24,733
2015	45,000	22,640
2016	50,000	20,412
2017	50,000	17,937
2018	55,000	15,463
2019-2022	<u>245,000</u>	<u>32,760</u>
Total	<u>\$ 490,000</u>	<u>\$ 133,945</u>

Pledge of Future Revenues

Utility Net Revenues Pledge – The Town has pledged all net utility revenues of the CPWA to repay the \$785,000 Series 2005 Utility System Refunding Revenue Bonds. Proceeds from the bonds provided financing for the refunded Series 1997 Utility Revenue Bonds which were used for sewer projects. The bonds are payable from pledged net utility revenues and are payable thru 2022. The total principal and interest for the remainder of the life of these bonds is \$623,945. Pledged net revenues were \$116,875. Debt service payments of \$72,325 for the current fiscal year were 62% of the pledged net revenues.

Conduit Debt Obligations of OPFA

This debt is considered non-commitment (conduit) debt to the Town and Authority since the debt payments are made solely from direct financing lease payments. Payments are made directly by the Schools Districts to trustee banks that pay the bondholders. In the event of default by the Schools, the Town or Authority has no obligation, legally and in substance, to make any payments on the debt since the lease receivable, financing agreements and mortgages on the property with the Schools are the security for the debt.

Oklahoma Public Finance Authority:

The Oklahoma Public Finance Authority has issued revenue bonds for various economic development projects. The following bonds were outstanding at June 30, 2013:

\$400,000 of revenue bonds issued for the benefit of the Anadarko Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$400,000

\$150,000 of revenue bonds issued for the benefit of the Asher Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$150,000

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\$175,000 of revenue bonds issued for the benefit of the Bethel Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$175,000

\$310,000 of revenue bonds issued for the benefit of the Boone-Apache Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$ 62,000

\$500,000 of revenue bonds issued for the benefit of the Broken Bow Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$500,000

\$1,000,000 of revenue bonds issued for the benefit of the Byng Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$200,000

\$600,000 of revenue bonds issued for the benefit of the Cache Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.16%, final payment due April 7, 2014.

Balance Outstanding at June 30, 2013 \$600,000

\$515,000 of revenue bonds issued for the benefit of the Coalgate Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$515,000

\$156,000 of revenue bonds issued for the benefit of the Crowder Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$31,200

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\$550,000 of revenue bonds issued for the benefit of the Geary Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$550,000

\$415,000 of revenue bonds issued for the benefit of the Latta Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$83,000

\$104,000 of revenue bonds issued for the benefit of the Mason Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$20,800

\$759,758 of revenue bonds issued for the benefit of the McAlester Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013 \$759,758

\$516,000 of revenue bonds issued for the benefit of the McLoud Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$103,200

\$343,500 of revenue bonds issued for the benefit of the Panola Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$68,700

\$364,000 of revenue bonds issued for the benefit of the Pocola Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.

Balance Outstanding at June 30, 2013 \$72,800

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\$410,000 of revenue bonds issued for the benefit of the Waurika Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 2.26%, final payment due January 29, 2014.

Balance Outstanding at June 30, 2013	<u>\$410,000</u>
Total Debt Obligations of the OPFA	<u>\$4,701,458</u>

Trust Fund Commitments

In November 1990 the Town electric distribution system was sold to Oklahoma Gas and Electric Company for \$1,017,975. A special utility trust fund was established to account for the proceeds of the sale and its earnings. All funds in the trust must be invested in direct obligations of the United States of America, obligations of the United States of America fully guaranteed as to both interest and principal or certificate of deposit of the trustee bank or any selected by the trustee bank and secured as required by law. On July 1st each year the Town is to receive 75% of the earnings and the remaining 25% is to be retained in the trust fund. The principal of the Sale Fund shall be invested and held intact and shall not be expended for any purpose whatsoever unless the question of the expenditure of such principal shall have been submitted to and approved by the electors of the Town, at an election called and held for that purpose.

Compensated Absences:

As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2013, is summarized as follows:

- Town – accrued compensated absences \$12,176
- CPWA – accrued compensated absences \$10,245

Litigation:

The Town is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town. These statutory provisions do not apply to the Town's public trust Authorities. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

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Federal and State Award Programs:

The Town of Cashion participates in various federal or state grant/loan programs from year to year. In 2012, the Town's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements.

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SUPPLEMENTARY AND OTHER INFORMATION

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Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-Major Capital Project Fund – Year Ended June 30, 2013

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 36,500	\$ 36,500	\$ 57,530	\$ 21,030
Revenues:				
Taxes	36,000	36,000	44,375	8,375
Miscellaneous	-	-	4,588	4,588
Total Revenues	<u>36,000</u>	<u>36,000</u>	<u>48,963</u>	<u>12,963</u>
Transfers In	<u>-</u>	<u>-</u>	<u>3,122</u>	<u>3,122</u>
Amounts available for appropriation	<u>\$ 72,500</u>	<u>\$ 72,500</u>	<u>\$ 109,615</u>	<u>\$ 37,115</u>
Expenditures:				
Capital outlay	72,500	72,500	7,783	64,717
Total Expenditures	<u>72,500</u>	<u>72,500</u>	<u>7,783</u>	<u>64,717</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>76,288</u>	<u>(76,288)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,544</u>	<u>\$ 25,544</u>

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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2013

<u>Federal/State Grantor/Pass through agency Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grant #</u>	<u>Awards Amount</u>	<u>Federal Expended</u>	<u>State Expended</u>
FEDERAL AWARDS:					
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u>					
Passed through Oklahoma Department of Emergency Management:					
Emergency Protective Measures Grant	97.036	PA-1989PW127B13(12)2138	\$ 490	\$ 490	\$ -
Narrow Banding Grant	97.055	180-202	14,647	14,647	-
Total Expenditures of Federal Awards:			<u>\$ 15,137</u>	<u>\$ 15,137</u>	<u>\$ -</u>
STATE AWARDS:					
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>					
Rural Fire Grant	N/A	Operational Grant	\$ 4,484	\$ -	\$ 4,484
Total Expenditures of State Awards:			<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ 4,484</u>

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Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2013

	CPWA 2005 REFUNDING BONDS
Gross Revenue Available for Debt Service:	
Operating revenues	\$608,993
Investment income	133
Total Gross Revenues Available	609,126
Public Works Authority operating expenses	492,251
Net Revenues Available for Debt Service	\$116,875
Debt Service Requirements:	
Average annual debt service - Refunding Revenue Bonds Series 2005	\$69,716
Total Debt Service Requirements	\$69,716
Coverage	1.68
Coverage Requirement	1.20

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TREND INFORMATION

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**TOWN OF CASHION, OKLAHOMA
NET POSITION/NET ASSETS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2013
TABLE 1**

	<u>2009 *</u>	<u>2010 *</u>	<u>2011 *</u>	<u>2012</u>	<u>2013</u>
Governmental activities					
Restricted	8,585	4,452	29,488	68,942	59,410
Unrestricted	4,943	8,860	42,883	41,639	32,081
Total governmental activities net position/net assets	<u>\$ 13,528</u>	<u>\$ 13,312</u>	<u>\$ 72,371</u>	<u>\$ 110,581</u>	<u>\$ 91,491</u>
Business-type activities					
Restricted	-	712,238	699,856	439,287	493,835
Unrestricted	868,498	68,819	28,646	(1,488)	(16,122)
Total business-type activities net position/net assets	<u>\$ 868,498</u>	<u>\$ 781,057</u>	<u>\$ 728,502</u>	<u>\$ 437,799</u>	<u>\$ 477,713</u>
Primary government					
Restricted	8,585	716,690	729,344	508,229	553,245
Unrestricted	873,441	77,679	71,529	40,151	15,959
Total primary government net position/net assets	<u>\$ 882,026</u>	<u>\$ 794,369</u>	<u>\$ 800,873</u>	<u>\$ 548,380</u>	<u>\$ 569,204</u>

* Prior to implementation of GASB 63, the equity term used was "net assets".

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**TOWN OF CASHION, OKLAHOMA
CHANGES IN NET POSITION/NET ASSETS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2013
TABLE 2**

Expenses	2009 *	2010 *	2011 *	2012	2013
Government activities:					
Government government	\$ 66,740	\$ 211,951	\$ 106,239	\$ 133,893	\$ 126,489
Public safety	407,900	279,282	304,175	476,489	422,288
Streets and highways	22,121	15,354	15,953	40,844	24,487
Culture and recreation	393	1,822	25	588	898
Interest on long-term debt	12,101	7,848	7,875	493	-
Total governmental activities expenses	<u>509,255</u>	<u>516,055</u>	<u>434,267</u>	<u>652,107</u>	<u>574,142</u>
Business-type activities:					
Gas	199,347	188,308	199,317	192,985	166,052
Water	143,574	144,757	180,374	182,741	155,592
Sewer	142,934	103,516	106,690	138,813	123,565
Sanitation	97,306	104,192	89,274	171,921	119,367
Total business-type activities expenses	<u>583,161</u>	<u>540,773</u>	<u>575,655</u>	<u>686,460</u>	<u>564,576</u>
Total primary government expenses	<u>\$ 1,092,416</u>	<u>\$ 1,056,828</u>	<u>\$ 1,009,922</u>	<u>\$ 1,338,567</u>	<u>\$ 1,138,718</u>
Program Revenues					
Government activities:					
Charges for services:					
General government	\$ 2,785	\$ 3,780	\$ 2,780	\$ 3,340	\$ 5,105
Public safety	131,402	100,383	30,397	51,488	101,450
Operating grants and contributions	93,495	40,282	159,192	183,924	146,506
Capital grants and contributions	-	-	-	27,250	14,647
Total governmental activities program revenues	<u>227,682</u>	<u>144,445</u>	<u>192,369</u>	<u>246,002</u>	<u>267,708</u>
Business-type activities:					
Charges for services:					
Gas	\$ 220,088	\$ 258,463	\$ 250,555	\$ 180,827	\$ 201,128
Water	135,353	172,455	183,146	171,296	169,030
Sewer	64,123	81,479	79,137	83,214	84,503
Sanitation	119,475	135,493	130,835	141,884	154,332
Total business-type activities program revenues	<u>539,039</u>	<u>647,890</u>	<u>643,673</u>	<u>577,221</u>	<u>608,993</u>
Total primary government program revenues	<u>\$ 766,721</u>	<u>\$ 792,335</u>	<u>\$ 836,042</u>	<u>\$ 823,223</u>	<u>\$ 876,701</u>
Net (Expense)/Revenue					
Government activities:	\$ (281,573)	\$ (371,610)	\$ (241,898)	\$ (406,105)	\$ (306,434)
Business-type activities:	(44,122)	107,117	68,018	(109,239)	44,417
Total primary government net expense	<u>\$ (325,695)</u>	<u>\$ (264,493)</u>	<u>\$ (173,880)</u>	<u>\$ (515,344)</u>	<u>\$ (262,017)</u>
General Revenues and Other Changes in Net Position/Net Assets					
Government activities:					
Taxes:					
Sales and use taxes	\$ 114,045	\$ 99,077	\$ 127,089	\$ 169,352	\$ 191,359
Franchise and public service taxes	16,887	17,188	17,565	16,037	22,278
Intergovernmental revenue not restricted to specific programs	8,069	7,722	8,306	9,971	11,199
Investment income	1,622	777	452	285	197
Miscellaneous	56,005	51,322	26,545	67,092	57,675
Transfers-Internal activity	78,070	195,308	121,000	181,578	4,636
Total governmental activities	<u>274,898</u>	<u>371,394</u>	<u>300,957</u>	<u>444,315</u>	<u>287,344</u>
Business-type activities:					
Investment earnings	8,139	750	427	114	133
Transfers	(78,070)	(195,308)	(121,000)	(181,578)	(4,636)
Total business-type activities	<u>(69,931)</u>	<u>(194,558)</u>	<u>(120,573)</u>	<u>(181,464)</u>	<u>(4,503)</u>
Total primary government	<u>\$ 204,767</u>	<u>\$ 176,836</u>	<u>\$ 180,384</u>	<u>\$ 262,851</u>	<u>\$ 282,841</u>
Change in Net Position/Net Assets					
Government activities	\$ (6,875)	\$ (216)	\$ 59,059	\$ 38,210	\$ (19,090)
Business-type activities	(114,053)	(87,441)	(52,555)	(290,703)	39,914
Total primary government	<u>\$ (120,928)</u>	<u>\$ (87,657)</u>	<u>\$ 6,504</u>	<u>\$ (252,493)</u>	<u>\$ 20,824</u>

* Prior to implementation of GASB 63, the equity term used was "net assets".

**TOWN OF CASHION, OKLAHOMA
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**TOWN OF CASHION, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2013
TABLE 3**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Unreserved	\$ 5,959	\$ 7,624	\$ -	\$ -	\$ -
Unassigned	<u>-</u>	<u>-</u>	<u>17,985</u>	<u>1,073</u>	<u>16,089</u>
Total general fund	<u>\$ 5,959</u>	<u>\$ 7,624</u>	<u>\$ 17,985</u>	<u>\$ 1,073</u>	<u>\$ 16,089</u>
All Other Governmental Funds					
Unreserved, reported in:					
Special revenue funds	\$ 7,569	\$ 5,688	\$ -	\$ -	\$ -
Restricted	<u>-</u>	<u>-</u>	<u>29,488</u>	<u>68,942</u>	<u>59,410</u>
Assigned	<u>-</u>	<u>-</u>	<u>24,898</u>	<u>40,566</u>	<u>15,992</u>
Total all other governmental funds	<u>\$ 7,569</u>	<u>\$ 5,688</u>	<u>\$ 54,386</u>	<u>\$ 109,508</u>	<u>\$ 75,402</u>
GRAND TOTAL	<u>\$ 13,528</u>	<u>\$ 13,312</u>	<u>\$ 72,371</u>	<u>\$ 110,581</u>	<u>\$ 91,491</u>

NOTE: GASB 54 was implemented in fiscal year 2011. Years prior to implementation of GASB 54 have not been restated.

**TOWN OF CASHION, OKLAHOMA
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**TOWN OF CASHION, OKLAHOMA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2013
TABLE 4**

Revenues	2009	2010	2011	2012	2013
General Fund:					
Taxes	\$ 95,612	\$ 86,979	\$ 101,607	\$ 109,991	\$ 124,887
Intergovernmental	8,069	7,722	8,306	40,162	11,690
Fines and forfeitures	14,735	4,450	13,119	40,304	60,694
Licences and permits	2,785	3,780	2,780	3,340	5,105
Investment Income	1,293	614	452	286	168
Miscellaneous	31,578	51,673	26,635	67,092	53,394
Total General Fund Revenues	\$ 154,072	\$ 155,218	\$ 152,899	\$ 261,175	\$ 255,938
Other Governmental Funds:					
Taxes	\$ 35,320	\$ 29,286	\$ 43,047	\$ 75,398	\$ 88,750
Intergovernmental	93,495	11,188	17,882	153,437	155,804
Charges for services	116,667	95,933	150,870	11,183	40,755
Investment Income	328	164	-	-	29
Miscellaneous	24,427	28,742	7,628	7,546	9,140
Total Other Governmental Fund Revenues	270,237	165,313	219,427	247,564	294,478
TOTAL GOVERNMENTAL FUND REVENUES	424,309	320,531	372,326	508,739	550,416
Expenses:					
General Fund:					
General government	\$ 66,740	\$ 211,951	\$ 105,555	\$ 88,119	\$ 118,686
Public safety and Judiciary	103,866	79,530	85,446	121,456	140,527
Cultural, Parks and Recreation	393	1,622	25	588	898
Debt service:					
Principal	-	4,190	-	-	-
Interest and other charges	-	2,159	-	-	-
Capital Outlay	1,603	-	1,484	60,774	-
Total General Fund Expenditures	172,602	299,452	192,510	270,937	260,111
Other Governmental Funds:					
Public safety and Judiciary	\$ 294,609	\$ 181,413	\$ 186,191	\$ 222,941	\$ 281,761
Transportation	19,342	15,354	15,560	22,194	24,487
Debt service:					
Principal	5,504	11,039	29,238	8,786	-
Interest and other charges	12,101	5,687	7,875	493	-
Capital Outlay	5,097	3,110	2,893	18,806	7,783
Total Other Governmental Fund Expenditures	336,653	216,603	241,757	273,220	314,031
TOTAL GOVERNMENTAL FUND EXPENDITURES	509,255	516,055	434,267	544,157	574,142
Excess of revenues over/(under) expenditures	\$ (84,946)	\$ (195,524)	\$ (61,941)	\$ (35,418)	\$ (23,726)
Other financing sources(uses)					
General Fund:					
Transfers in	\$ 93,991	\$ 195,287	\$ 93,287	\$ 66,695	\$ 77,908
Transfers out	(82,917)	(49,388)	(43,315)	(73,845)	(58,719)
Total General Fund other financing sources(uses)	\$ 11,074	\$ 145,899	\$ 49,972	\$ (7,150)	\$ 19,189
Other Governmental Funds:					
Transfers in	\$ 119,305	\$ 64,461	\$ 81,265	\$ 99,345	\$ 76,735
Transfers out	(52,309)	(15,052)	(10,237)	(18,567)	(91,288)
Total Other Governmental Funds other financing sources(uses)	\$ 66,996	\$ 49,409	\$ 71,028	\$ 80,778	\$ (14,553)
Net change in fund balances	\$ (6,876)	\$ (216)	\$ 59,059	\$ 38,210	\$ (19,090)

**TOWN OF CASHION, OKLAHOMA
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**TOWN OF CASHION, OKLAHOMA
OUTSTANDING LONG-TERM DEBT OBLIGATIONS
Last Five Fiscal Years
TABLE 5**

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	General Obligation Bonds	Notes Payable	Capital Leases Payable	Revenue Bonds	Notes Payable	Capital Leases Payable	
2009	\$ -	\$ -	\$ 375,236	\$ 650,000	\$ -	\$ -	\$ 1,025,236
2010	-	-	365,232	615,000	-	-	980,232
2011	-	-	265,755	575,000	-	-	840,755
2012	-	-	-	535,000	-	-	535,000
2013	-	-	-	490,000	-	-	490,000

**TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2013**

INTERNAL CONTROL AND COMPLIANCE

INDEPENDENT AUDITOR'S 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

To the Honorable Mayor and Town Board
Town of Cashion, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town of Cashion, Oklahoma's basic financial statements, and have issued our report thereon dated December 18, 2013. Our report included an emphasis-of-a-matter paragraph related to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cashion, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cashion, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Cashion, Oklahoma's internal control.

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. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Cashion, Oklahoma's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as Finding 13-01.

The Town's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Town's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Arledge & Associates, P.C.
December 18, 2013

TOWN OF CASHION, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS
Year Ended June 30, 2013

Finding 13-01 – Budgeted Appropriations
(repeat from prior year)

Criteria: Oklahoma State law prescribes that no encumbrances or expenditures may be authorized or made by an officer or employee that exceeds the available appropriations for each object category within a department or fund.

Condition: Expenditures exceeded appropriations at the legal level of control as follows:

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
Emergency Fund	Public Safety	\$ 60,139

Cause: Year-end adjustments are recorded in the preparation of the annual financial statements that result in charges to appropriations that may exceed the appropriations for a department.

Effect or Potential Effect: Expenditures may exceed appropriations at the legal level of control.

Recommendation: We recommend that the Town adopt formal budget amendments, especially at or near year-end by department.

Management's Response: Management will review all funds and departments prior to year end to ensure that any budget amendments needed are completed and approved prior to June 30.