

**THE TOWN OF CASHION,
OKLAHOMA**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**

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

**TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015**

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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 1, 2015

To the Honorable Mayor Troy Chitsey, 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, 2015. 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 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 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 one for the discretely-presented component unit.

The government-wide financial statements present the complete financial picture of the Town using the modified cash basis of accounting. They present governmental and business-type 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.

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. 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 also reported on the modified cash basis of accounting. 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 32-45 of this report.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the Town's total net position decreased by \$28,794, and the assets of the Town exceed its liabilities at June 30, 2015, by \$665,992 (net position). Of this amount, \$626,640 is restricted and \$39,352 (unrestricted) is available to meet the government's ongoing needs.
- At June 30, 2015, the Town's governmental funds reported combined ending fund balances on a modified cash basis of \$68,964.
- At the end of the fiscal year 2015, unassigned fund balance on a modified cash basis for the General Fund was a deficit of \$19,310 equivalent to 10.9% of General Fund revenues.

THE TOWN AS A WHOLE

For the year ended June 30, 2015, net position on a modified cash basis for the governmental and business-type activities decreased \$28,794.

The Town of Cashion's Net Position (Modified Cash Basis) June 30, 2015 (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
Assets:									
Current assets	\$ 69	\$ 131	-47%	\$ 641	\$ 604	6%	\$ 710	\$ 735	-3%
Total assets	<u>69</u>	<u>131</u>	-47%	<u>641</u>	<u>604</u>	6%	<u>710</u>	<u>735</u>	-3%
Liabilities:									
Non-current liabilities	-	-	0%	44	41	7%	44	41	7%
Total liabilities	<u>-</u>	<u>-</u>	0%	<u>44</u>	<u>41</u>	7%	<u>44</u>	<u>41</u>	7%
Net position:									
Restricted	35	36	-3%	591	558	6%	626	594	5%
Unrestricted	34	95	-64%	6	5	20%	40	100	-60%
Total net position	<u>\$ 69</u>	<u>\$ 131</u>	-47%	<u>\$ 597</u>	<u>\$ 563</u>	6%	<u>\$ 666</u>	<u>\$ 694</u>	-4%

Governmental total assets decreased approximately \$62,000 largely in part to a decrease in miscellaneous revenues.

Business-type net position increased approximately \$33,000 due primarily from an election held to repay monies back to the special trust in the amount of \$5,000 monthly. (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, 2015 (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2015	2014		2015	2014		2015	2014	
Revenues									
Program revenues:									
Charges for service	\$ 119	\$ 149	-20%	\$ 673	\$ 700	-4%	\$ 792	\$ 849	-7%
Operating grants and contributions	150	175	-14%	-	-	-	150	175	-14%
General revenues:									
Taxes	156	162	-4%	-	-	-	156	162	-4%
Intergovernmental revenue	11	10	10%	-	-	-	11	10	10%
Miscellaneous	25	82	-70%	-	-	-	25	82	-70%
Total revenues	<u>461</u>	<u>578</u>	-20%	<u>673</u>	<u>700</u>	-4%	<u>1,134</u>	<u>1,278</u>	-11%
Expenses									
General government	123	110	12%	-	-	-	123	110	12%
Public safety	409	421	-3%	-	-	-	409	421	-3%
Highways and streets	42	44	-5%	-	-	-	42	44	-5%
Gas	-	-	-	151	180	-16%	151	180	-16%
Water	-	-	-	132	125	6%	132	125	6%
Sewer	-	-	-	107	110	-3%	107	110	-3%
Sanitation	-	-	-	198	194	2%	198	194	2%
Total expenses	<u>574</u>	<u>575</u>	0%	<u>588</u>	<u>609</u>	-3%	<u>1,162</u>	<u>1,184</u>	-2%
Excess (deficiency) before transfers	(113)	3	3,867%	85	91	-7%	(28)	94	-130%
Transfers	51	37	38%	(51)	(37)	38%	-	-	-
Change in net position	(62)	40	-255%	34	54	37%	(28)	94	-130%
Beginning net position	131	91	44%	563	509	11%	694	600	16%
Ending net position	<u>\$ 69</u>	<u>\$ 131</u>	-47%	<u>\$ 597</u>	<u>\$ 563</u>	6%	<u>\$ 666</u>	<u>\$ 694</u>	-4%

Governmental activities charges for service decreased over the prior year due to a decrease in ambulance run revenues of approximately \$24,600 or 17%. There was a significant decrease of approximately \$57,000 or 70% in miscellaneous revenue. In the prior year, the Town received \$65,000 in surety bond reimbursements from an embezzlement case.

Business-type activities charges for services revenues and gas expenses are down as a result of a milder winter.

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2015 fiscal year, the governmental funds reported a combined fund balance of \$68,964.

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

Governmental:		Proprietary:	
Restricted for:		Restricted for:	
Streets	\$ 26,136	Trust Fund Purposes **	\$ 590,988
Capital Outlay/Improvements	9,239	Debt Service	277
Assigned for:		Unrestricted	5,763
Next year's budget	25,000		
Emergency Services	25,793	Total	<u>\$ 597,028</u>
Community Relations and Beautification	2,106		
Unassigned (deficit)	(19,310)		
Total	<u>\$ 68,964</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 expense 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, 2015, the General Fund's total fund balance decreased by \$42,748 due mainly to the miscellaneous revenue decrease from prior year. The Emergency Fund, the Street & Alley Fund, and the Restricted Sales Tax Fund had total fund balance changes of (\$18,338), (\$2,226), and \$923, respectively.

Budgetary Highlights

For the year ended June 30, 2015, the General Fund reported actual revenues and transfers over final estimates by \$75,534 or 43.4% positive variance. General Fund actual expenditures and transfers were over final appropriations by \$78,282 or a 36.6% negative variance. The negative expense variances reported in the budgetary comparison schedules were caused by expenses that were paid from the wrong fund. These expenses were moved to the appropriate fund and reported as transfers out in the paying fund.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2016 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, 2014. 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.

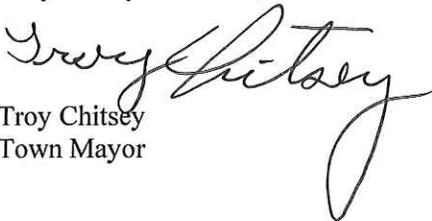
The Certificate of Conformance is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Conformance program requirements.

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,


Troy Chitsey
Town Mayor


Donna Barker
Town Clerk/Treasurer



Government Finance Officers Association

**Award for Small Government
Cash Basis Reports**

Presented to

**Town of Cashion
Oklahoma**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2014

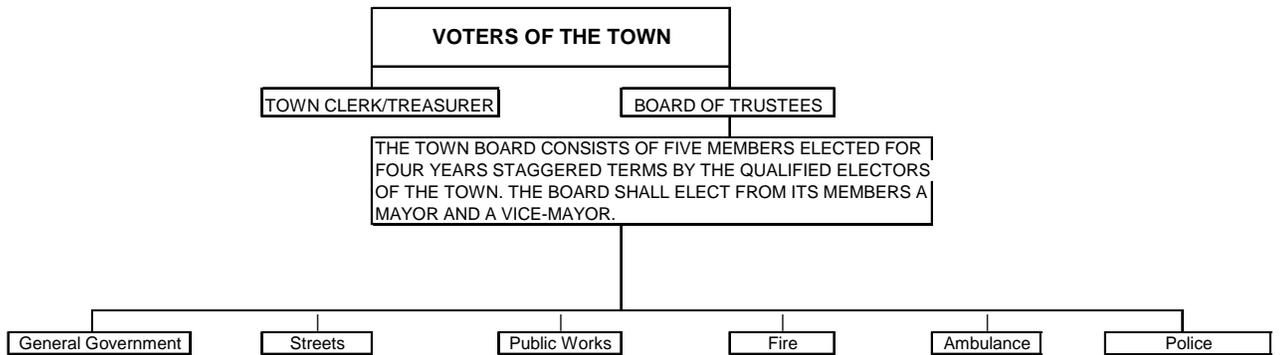


Executive Director/CEO

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2015

TOWN OF CASHION, OKLAHOMA

(A Town Form of Government)



**TOWN OF CASHION
LIST OF PRINCIPAL OFFICIALS**

Town Board

Troy Chitsey	Mayor
Greg Morrissey	Vice-Mayor
Kay Davis	Member
Joe Knopp	Member
Cara Raney	Member

Town Clerk/Treasurer

Donna Barker

**TOWN OF CASHION, OKLAHOMA
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FINANCIAL SECTION

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Emergency Fund of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town'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 fraud or error.

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 Town'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 Town'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information and the respective budgetary comparison for the General Fund and the Emergency Fund of the Town, as of June 30, 2015, and the respective changes in

financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting 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 opinions are not modified with respect to this 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 introductory section, individual and combining fund schedules – modified cash basis, debt service coverage information and the other information including federal and state awards, non-major budgetary comparison schedules – modified cash basis, 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 and combining non-major fund schedules – modified cash basis and federal and state awards 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 combining and individual non-major fund financial statements and federal and state awards information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2016, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town’s internal control over financial reporting and compliance.



February 15, 2016

**TOWN OF CASHION, OKLAHOMA
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BASIC FINANCIAL STATEMENTS – STATEMENT OF NET POSITION AND ACTIVITIES

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Statement of Net Position (Modified Cash Basis)– June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 66,336	\$ 42,117	\$ 108,453	\$ 407
Investments	-	601,178	601,178	-
Internal balances	2,628	(2,628)	-	-
Total Assets	<u>68,964</u>	<u>640,667</u>	<u>709,631</u>	<u>407</u>
LIABILITIES				
Refundable deposits	-	43,639	43,639	-
Total Liabilities	<u>-</u>	<u>43,639</u>	<u>43,639</u>	<u>-</u>
NET POSITION				
Restricted for:				
Streets	26,136	-	26,136	-
Capital outlay	9,239	-	9,239	-
Debt service	-	277	277	-
Other contracts	-	590,988	590,988	-
Unrestricted	<u>33,589</u>	<u>5,763</u>	<u>39,352</u>	<u>407</u>
Total Net Position	<u>\$ 68,964</u>	<u>\$ 597,028</u>	<u>\$ 665,992</u>	<u>\$ 407</u>

See accompanying notes to the basic financial statements.

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Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Economic Development Authority
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental activities:								
General Government	\$ 123,123	\$ 5,360	\$ 6,552	\$ -	\$ (111,211)	\$ -	\$ (111,211)	\$ -
Public Safety	409,344	113,811	134,891	-	(160,642)	-	(160,642)	-
Streets and Highways	41,508	-	7,758	-	(33,750)	-	(33,750)	-
Culture and Recreation	214	-	662	-	448	-	448	-
Total governmental activities	<u>574,189</u>	<u>119,171</u>	<u>149,863</u>	<u>-</u>	<u>(305,155)</u>	<u>-</u>	<u>(305,155)</u>	<u>-</u>
Business-type activities:								
Gas	151,480	220,468	-	-	-	68,988	68,988	-
Water	131,732	175,191	-	-	-	43,459	43,459	-
Sewer	106,973	90,958	-	-	-	(16,015)	(16,015)	-
Sanitation	197,825	185,802	-	-	-	(12,023)	(12,023)	-
Total business-type activities	<u>588,010</u>	<u>672,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,409</u>	<u>84,409</u>	<u>-</u>
Total primary government	<u>\$ 1,162,199</u>	<u>\$ 791,590</u>	<u>\$ 149,863</u>	<u>\$ -</u>	<u>(305,155)</u>	<u>84,409</u>	<u>(220,746)</u>	
Component Unit:								
Economic development	<u>\$ 19,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(19,515)</u>
General revenues:								
Taxes:								
Sales and use tax								
					139,127	-	139,127	-
Franchise and public service taxes								
					16,833	-	16,833	-
Intergovernmental revenue not restricted to specific programs								
					10,713	-	10,713	-
Investment income								
					81	86	167	4
Miscellaneous								
					25,112	-	25,112	-
Transfers - Internal activity								
					50,900	(50,900)	-	-
Total general revenues and transfers								
					<u>242,766</u>	<u>(50,814)</u>	<u>191,952</u>	<u>4</u>
Change in net position								
					(62,389)	33,595	(28,794)	(19,511)
Net position - beginning								
					131,353	563,433	694,786	19,918
Net position - ending								
					<u>\$ 68,964</u>	<u>\$ 597,028</u>	<u>\$ 665,992</u>	<u>\$ 407</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2015

	General Fund	Emergency Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	\$ 1,340	\$ 36,734	\$ 28,262	\$ 66,336
Due from other funds	14,019	3,078	7,113	24,210
Total Assets	\$ 15,359	\$ 39,812	\$ 35,375	\$ 90,546
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 7,563	\$ 14,019	\$ -	\$ 21,582
Total Liabilities	7,563	14,019	-	21,582
Fund Balances:				
Restricted for:				
Streets	-	-	26,136	26,136
Capital improvements	-	-	9,239	9,239
Assigned for:				
Next year's budget	25,000	-	-	25,000
Emergency services	-	25,793	-	25,793
Community relations and beautification	2,106	-	-	2,106
Unassigned (deficit)	(19,310)	-	-	(19,310)
Total Fund Balances	7,796	25,793	35,375	68,964
Total Liabilities and Fund Balances	\$ 15,359	\$ 39,812	\$ 35,375	\$ 90,546

See accompanying notes to the basic financial statements.

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Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance
(Modified Cash Basis) – Year Ended June 30, 2015

	General Fund	Emergency Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 96,935	\$ -	\$ 59,026	\$ 155,961
Intergovernmental	10,713	134,126	7,758	152,597
Charges for services	-	68,113	-	68,113
Fines and forfeitures	45,698	-	-	45,698
Licenses and permits	4,855	-	-	4,855
Investment income	62	-	18	80
Miscellaneous	18,771	10,575	4,250	33,596
Total Revenues	177,034	212,814	71,052	460,900
Expenditures:				
Current:				
General government	115,276	-	-	115,276
Public safety	143,409	265,935	-	409,344
Highways and streets	-	-	41,508	41,508
Culture and recreation	214	-	-	214
Capital outlay	-	-	7,847	7,847
Total Expenditures	258,899	265,935	49,355	574,189
Revenues over (under) expenditures	(81,865)	(53,121)	21,697	(113,289)
Other Financing Sources (Uses):				
Transfers in	72,500	34,783	2,000	109,283
Transfers out	(33,383)	-	(25,000)	(58,383)
Total Other Financing Sources (Uses)	39,117	34,783	(23,000)	50,900
Net change in fund balances	(42,748)	(18,338)	(1,303)	(62,389)
Fund balances - beginning	50,544	44,131	36,678	131,353
Fund balances - ending	\$ 7,796	\$ 25,793	\$ 35,375	\$ 68,964

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, 2015**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 40,000	\$ 40,000	\$ 50,544	\$ 10,544
Revenues:				
Taxes	112,000	91,000	96,935	5,935
Intergovernmental	9,000	9,000	10,713	1,713
Fines and Forfeitures	47,000	47,000	45,698	(1,302)
Licenses and Permits	-	-	4,855	4,855
Investment Income	200	200	62	(138)
Miscellaneous	41,000	21,000	18,771	(2,229)
Total Revenues	<u>209,200</u>	<u>168,200</u>	<u>177,034</u>	<u>8,834</u>
Transfers In	<u>5,800</u>	<u>5,800</u>	<u>72,500</u>	<u>66,700</u>
Amounts available for appropriation	<u>\$ 255,000</u>	<u>\$ 214,000</u>	<u>\$ 300,078</u>	<u>\$ 86,078</u>
Expenditures:				
General Government	100,000	66,000	115,276	(49,276)
Public Safety	155,000	148,000	143,409	4,591
Culture and Recreation	-	-	214	(214)
Total Expenditures	<u>255,000</u>	<u>214,000</u>	<u>258,899</u>	<u>(44,899)</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>33,383</u>	<u>(33,383)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,796</u>	<u>\$ 7,796</u>

	MAJOR SPECIAL REVENUE FUND EMERGENCY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 44,131	\$ 44,131
Revenues:				
Intergovernmental	142,200	142,200	134,126	(8,074)
Charges for services	63,000	63,000	68,113	5,113
Miscellaneous	1,000	1,000	10,575	9,575
Total Revenues	<u>206,200</u>	<u>206,200</u>	<u>212,814</u>	<u>6,614</u>
Transfers In	<u>55,800</u>	<u>55,800</u>	<u>34,783</u>	<u>(21,017)</u>
Amounts available for appropriation	<u>\$ 262,000</u>	<u>\$ 262,000</u>	<u>\$ 291,728</u>	<u>\$ 29,728</u>
Expenditures:				
Public Safety	262,000	262,000	265,935	(3,935)
Total Expenditures	<u>262,000</u>	<u>262,000</u>	<u>265,935</u>	<u>(3,935)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,793</u>	<u>\$ 25,793</u>

See accompanying notes to the basic financial statements.

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BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

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Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2015

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
ASSETS			
Cash and cash equivalents	\$ 4,891	\$ 3,500	\$ 8,391
Restricted cash and cash equivalents	33,726	-	33,726
Restricted investments	601,178	-	601,178
Due from other funds	450	-	450
Total Assets	<u>640,245</u>	<u>3,500</u>	<u>643,745</u>
LIABILITIES			
Due to other funds	3,078	-	3,078
Meter deposit liability	43,639	-	43,639
Total Liabilities	<u>46,717</u>	<u>-</u>	<u>46,717</u>
NET POSITION			
Restricted for trust fund purposes	590,988	-	590,988
Restricted for debt service	277	-	277
Unrestricted	2,263	3,500	5,763
Total net position	<u>\$ 593,528</u>	<u>\$ 3,500</u>	<u>\$ 597,028</u>

See accompanying notes to the basic financial statements.

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Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2015

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
Operating Revenues:			
Charges for services:			
Gas	\$ 214,113	\$ -	\$ 214,113
Water	170,142	-	170,142
Sewer	88,336	-	88,336
Sanitation	180,447	-	180,447
Utility fees	6,848	-	6,848
Other	12,533	-	12,533
Total Operating Revenues	672,419	-	672,419
Operating Expenses:			
Gas	91,244	-	91,244
Water	83,878	-	83,878
Sewer	12,478	-	12,478
Sanitation	147,068	-	147,068
General government	183,702	-	183,702
Total Operating Expenses	518,370	-	518,370
Operating Income	154,049	-	154,049
Non-Operating Revenues (Expenses):			
Investment income	86	-	86
Debt service:			
Principal retirement	(45,000)	-	(45,000)
Interest expense and fees	(24,640)	-	(24,640)
Total Non-Operating Revenues (Expenses)	(69,554)	-	(69,554)
Net Income Before Transfers	84,495	-	84,495
Transfers in	30,000	-	30,000
Transfers out	(80,900)	-	(80,900)
Change in net position	33,595	-	33,595
Total net position - beginning	559,933	3,500	563,433
Total net position - ending	\$ 593,528	\$ 3,500	\$ 597,028

See accompanying notes to the basic financial statements.

TOWN OF CASHION, OKLAHOMA
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2015

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 672,419	\$ -	\$ 672,419
Payments to suppliers	(375,309)	-	(375,309)
Payments to employees	(143,061)	-	(143,061)
Receipts of customer utility deposits	8,150	-	8,150
Refunds of customer utility deposits	(5,995)	-	(5,995)
 Net Cash Provided by Operating Activities	 156,204	 -	 156,204
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	30,000	-	30,000
Transfers to other funds	(80,900)	-	(80,900)
 Net Cash Provided by (Used in) Noncapital Financing Activities	 (50,900)	 -	 (50,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(45,000)	-	(45,000)
Interest and trustee fees paid on capital debt	(24,640)	-	(24,640)
 Net Cash Provided by (Used in) Capital and Related Financing Activities	 (69,640)	 -	 (69,640)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	86	-	86
Purchase of investments	(34,558)	-	(34,558)
 Net Cash Provided by (Used in) Investing Activities	 (34,472)	 -	 (34,472)
Net Increase in Cash and Cash Equivalents	1,192	-	1,192
Balance - beginning of the year	37,425	3,500	40,925
Balance - end of the year	\$ 38,617	\$ 3,500	\$ 42,117
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	\$ 4,891	\$ 3,500	\$ 8,391
Restricted cash and cash equivalents	33,726	-	33,726
Total cash and cash equivalents	\$ 38,617	\$ 3,500	\$ 42,117
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 154,049	\$ -	\$ 154,049
Change in assets and liabilities:			
Meter deposit liability	2,155	-	2,155
Net cash provided by operating activities	\$ 156,204	\$ -	\$ 156,204

See accompanying notes to the basic financial statements.

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Financial Statements:

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 – *a blended component unit, 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 – *a blended component unit, considered part of the primary government presentation for reporting purposes since the primary government can impose its will and both entities are 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 also considered sufficient imposition of will to support the inclusion of 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, and operating 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

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- Emergency Special Revenue Fund – accounts for all ambulance and fire revenues restricted for operations

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

- 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
- 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. 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 also reported on a modified cash basis, as defined above.

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.

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- 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.
- 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	\$49,276
Culture and Recreation	\$ 214
Transfers Out	\$33,383
Emergency Fund:	
Public Safety	\$ 3,935
Restricted Sales Tax Fund:	
Transfers Out	\$25,000

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 8.

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. 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.

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- 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.

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 Town'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 does 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, 2015, the Town recognized \$167 of investment income. At June 30, 2015, 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		\$ 52
Demand Deposits		108,401
Time Deposits		13,234
		<u>\$ 121,687</u>
 <u>Investments</u>		
CPWA - Federated Treasury Obligations Fund	AAAm	587,944
Total Deposits and Investments		<u><u>\$ 709,631</u></u>
 Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		\$ 108,453
Investments		601,178
		<u><u>\$ 709,631</u></u>

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, 2015, the Town was not exposed to custodial credit as defined above.

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 is 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, 2015, 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.

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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, 2015, the investments were limited to three time deposits in which mature January 2016, April 2016, 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, 2015, 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, debt service, and trust fund commitments. The restricted assets as of June 30, 2015 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Current Investments</u>
Utility Deposits	\$ 30,405	\$ 13,234
Debt Service	277	-
Trust Fund Commitment	<u>3,044</u>	<u>587,944</u>
 Total Restricted Assets	 <u><u>\$ 33,726</u></u>	 <u><u>\$ 601,178</u></u>

3. 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.

4. 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.

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5. Internal and Interfund Balances and Transfers

Internal balances and transfers between funds and activities for the year ended June 30, 2015, were as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>	<u>Nature of Internal Balances</u>
CPWA	General Fund	\$450	Expenditures paid on behalf of another fund
General Fund	Emergency Fund	14,019	Expenditures paid on behalf of another fund
Emergency Fund	CPWA	3,078	Expenditures paid on behalf of another fund
Street & Alley Fund	General Fund	7,113	Expenditures paid on behalf of another fund
		<u>\$24,660</u>	

Reconciliation to Fund Financial Statements:

	<u>Due To</u>	<u>Due From</u>	<u>Net Internal Balances</u>
Governmental Funds	\$24,210	(\$21,582)	\$2,628
Proprietary Funds	450	(3,078)	(2,628)
Total	<u>\$24,660</u>	<u>(\$24,660)</u>	<u>\$ -</u>

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Emergency Services Fund	\$28,383	Operating subsidy
Restricted Sales Tax Fund	CPWA	25,000	Debt payment
CPWA	Emergency Services Fund	6,400	Operating subsidy
CPWA	Street & Alley Fund	2,000	Operating subsidy
CPWA	General Fund	72,500	Operating subsidy
General Fund	CPWA	5,000	Operating subsidy
		<u>\$139,283</u>	

Reconciliation to Fund Financial Statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>
Governmental Funds	\$109,283	(\$58,383)	\$50,900
Proprietary Funds	30,000	(80,900)	(50,900)
Total	<u>\$139,283</u>	<u>(\$139,283)</u>	<u>\$ -</u>

6. 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.

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7. 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>
2013	\$900	\$900	100%
2014	\$840	\$840	100%
2015	\$1,320	\$1,320	100%

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:

<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%

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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, 2015, the Town and CPWA contributed a total of \$8,002 to the Plan, while employees contributed an aggregate of \$8,002 on covered compensation.

8. Commitments and Contingencies

Long-term Debt Commitments:

At June 30, 2015, 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, 2015 \$400,000

Change in Long-Term Debt Commitments:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
<u>Business-type Activities</u>					
Revenue Bonds-CPWA	\$ 445,000	\$ -	\$ 45,000	\$ 400,000	\$ 50,000
Total Long-Term Obligation - Cashion Public Works Authority	<u>\$ 445,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 400,000</u>	<u>\$ 50,000</u>

Debt Service Requirements to Maturity:

Year Ended June 30,	CPWA Revenue Bonds Payable	
	Principal	Interest
2016	\$ 50,000	\$ 20,412
2017	50,000	17,937
2018	55,000	15,463
2019	55,000	12,740
2020	60,000	9,880
2021-2022	<u>130,000</u>	<u>10,140</u>
Total	<u>\$ 400,000</u>	<u>\$ 86,572</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 \$486,572. Pledged net revenues were \$154,135. Debt service payments of \$69,640 for the current fiscal year were 45.2% of the pledged net revenues.

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, 2015, is summarized as follows:

- Town – accrued compensated absences \$11,243
- CPWA – accrued compensated absences \$10,271

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 2015, 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.

Subsequent Event

In August 2015, the Town Board authorized an election to be held requesting the use of the Trust Fund monies to refund the 2005 Revenue Bonds with repayment back to the Trust Fund of \$2,000 per month until such time the monies are reimbursed. The voters approved it and the revenue bonds were refunded in September 2015.

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SUPPLEMENTARY AND OTHER INFORMATION

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Budgetary Comparison Schedule (Modified Cash Basis) – Non-Major Special Revenue Fund – Year Ended June 30, 2015

	STREET & ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 15,000	\$ 15,000	\$ 28,362	\$ 13,362
Revenues:				
Taxes	33,000	29,000	29,513	513
Intergovernmental	8,500	7,500	7,758	258
Interest income	-	-	11	11
Total Revenues	<u>41,500</u>	<u>36,500</u>	<u>37,282</u>	<u>782</u>
Transfers In	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,000</u>
Amounts available for appropriation	<u>\$ 56,500</u>	<u>\$ 51,500</u>	<u>\$ 67,644</u>	<u>\$ 16,144</u>
Expenditures:				
Highways and streets	56,500	51,500	41,508	9,992
Total Expenditures	<u>56,500</u>	<u>51,500</u>	<u>41,508</u>	<u>9,992</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,136</u>	<u>\$ 26,136</u>

Budgetary Comparison Schedule (Modified Cash Basis) – Non-Major Capital Project Fund – Year Ended June 30, 2015

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 1,000	\$ 1,000	\$ 8,316	\$ 7,316
Revenues:				
Taxes	33,000	33,000	29,513	(3,487)
Interest income	-	-	7	7
Miscellaneous	-	-	4,250	4,250
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>33,770</u>	<u>770</u>
Amounts available for appropriation	<u>\$ 34,000</u>	<u>\$ 34,000</u>	<u>\$ 42,086</u>	<u>\$ 8,086</u>
Expenditures:				
Capital outlay	34,000	34,000	7,847	26,153
Total Expenditures	<u>34,000</u>	<u>34,000</u>	<u>7,847</u>	<u>26,153</u>
Transfers Out	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>(25,000)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,239</u>	<u>\$ 9,239</u>

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Non-Major Governmental Funds Combining Balance Sheet (Modified Cash Basis) – June 30, 2015

	Street & Alley Fund	Resricted Sales Tax Fund	Total
ASSETS			
Cash and cash equivalents - unrestricted	\$ 19,023	\$ 9,239	\$ 28,262
Due from other funds	7,113	-	7,113
 Total Assets	 26,136	 9,239	 35,375
LIABILITIES AND FUND BALANCES			
Liabilities	-	-	-
 Total Liabilities	 -	 -	 -
Fund Balances:			
Restricted for:			
Streets	26,136	-	26,136
Capital improvements/outlay	-	9,239	9,239
Total Fund Balances	26,136	9,239	35,375
 Total Liabilities and Fund Balances	 \$ 26,136	 \$ 9,239	 \$ 35,375

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Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2015

	Street & Alley Fund	Restricted Sales Tax Fund	Total
Revenues:			
Taxes	\$ 29,513	\$ 29,513	\$ 59,026
Intergovernmental	7,758	-	7,758
Investment income	11	7	18
Miscellaneous	-	4,250	4,250
Total Revenues	<u>37,282</u>	<u>33,770</u>	<u>71,052</u>
Expenditures:			
Streets	41,508	-	41,508
Capital outlay	-	7,847	7,847
Total Expenditures	<u>41,508</u>	<u>7,847</u>	<u>49,355</u>
Excess (deficiency) of revenues over expenditures	(4,226)	25,923	21,697
Other financing sources (uses):			
Transfers in	2,000	-	2,000
Transfers out	<u>-</u>	<u>(25,000)</u>	<u>(25,000)</u>
Net change in fund balances	(2,226)	923	(1,303)
Fund balances, beginning	28,362	8,316	36,678
Fund balances, ending	<u>\$ 26,136</u>	<u>\$ 9,239</u>	<u>\$ 35,375</u>

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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2015

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA#	Grant #	Awards Amount	Federal Expended	State Expended
FEDERAL AWARDS:					
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>					
Passed through Oklahoma Department of Commerce:					
Project Grant - Main Street and Sidewalk Grant	14.228	#15916 CDBG 13	\$ 150,000	\$ -	\$ -
			<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>
Total Expenditures of Federal Awards:			<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>
STATE AWARDS:					
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>					
Rural Fire Grant	N/A	Operational Grant	\$ 4,484	\$ -	\$ 4,484
			<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ 4,484</u>
Total Expenditures of State Awards:			<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ 4,484</u>

Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2015

	CPWA 2005 REFUNDING BONDS
Gross Revenue Available for Debt Service:	
Operating revenues	\$672,419
Investment income	<u>86</u>
Total Gross Revenues Available	672,505
Public Works Authority operating expenses	<u>518,370</u>
Net Revenues Available for Debt Service	<u>\$154,135</u>
Debt Service Requirements:	
Average annual debt service - Refunding Revenue Bonds Series 2005	<u>\$69,716</u>
Total Debt Service Requirements	<u>\$69,716</u>
Coverage	<u>2.21</u>
Coverage Requirement	<u>1.20</u>

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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, 2015
TABLE 1**

	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities					
Restricted	29,488	68,942	59,410	36,678	35,375
Unrestricted	42,883	41,639	32,081	94,675	33,589
Total governmental activities net position/net assets	<u>\$ 72,371</u>	<u>\$ 110,581</u>	<u>\$ 91,491</u>	<u>\$ 131,353</u>	<u>\$ 68,964</u>
Business-type activities					
Restricted	699,856	439,287	493,835	558,855	591,265
Unrestricted	28,646	(1,488)	(16,122)	4,578	5,763
Total business-type activities net position/net assets	<u>\$ 728,502</u>	<u>\$ 437,799</u>	<u>\$ 477,713</u>	<u>\$ 563,433</u>	<u>\$ 597,028</u>
Primary government					
Restricted	729,344	508,229	553,245	595,533	626,640
Unrestricted	71,529	40,151	15,959	99,253	39,352
Total primary government net position/net assets	<u>\$ 800,873</u>	<u>\$ 548,380</u>	<u>\$ 569,204</u>	<u>\$ 694,786</u>	<u>\$ 665,992</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, 2015
TABLE 2

	<u>2011 *</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses					
Government activities:					
Government government	\$ 106,239	\$ 133,893	\$ 126,469	\$ 109,959	\$ 123,123
Public safety	304,175	476,489	422,288	420,641	409,344
Streets and highways	15,953	40,644	24,487	44,458	41,508
Culture and recreation	25	588	898	77	214
Interest on long-term debt	7,875	493	-	-	-
Total governmental activities expenses	<u>434,267</u>	<u>652,107</u>	<u>574,142</u>	<u>575,135</u>	<u>574,189</u>
Business-type activities:					
Gas	199,317	192,985	166,052	180,382	151,480
Water	180,374	182,741	155,592	124,826	131,732
Sewer	106,690	138,813	123,565	110,195	106,973
Sanitation	89,274	171,921	119,367	193,674	197,825
Total business-type activities expenses	<u>575,655</u>	<u>686,460</u>	<u>564,576</u>	<u>609,077</u>	<u>588,010</u>
Total primary government expenses	<u>\$ 1,009,922</u>	<u>\$ 1,338,567</u>	<u>\$ 1,138,718</u>	<u>\$ 1,184,212</u>	<u>\$ 1,162,199</u>
Program Revenues					
Government activities:					
Charges for services:					
General government	\$ 2,780	\$ 3,340	\$ 5,105	\$ 5,750	\$ 5,360
Public safety	30,397	51,488	101,450	143,508	113,811
Operating grants and contributions	159,192	163,924	146,506	174,786	149,863
Capital grants and contributions	-	27,250	14,647	-	-
Total governmental activities program revenues	<u>192,369</u>	<u>246,002</u>	<u>267,708</u>	<u>324,044</u>	<u>269,034</u>
Business-type activities:					
Charges for services:					
Gas	\$ 250,555	\$ 180,827	\$ 201,128	\$ 250,240	\$ 220,468
Water	183,146	171,296	169,030	181,386	175,191
Sewer	79,137	83,214	84,503	90,867	90,958
Sanitation	130,835	141,884	154,332	177,156	185,802
Total business-type activities program revenues	<u>643,673</u>	<u>577,221</u>	<u>608,993</u>	<u>699,649</u>	<u>672,419</u>
Total primary government program revenues	<u>\$ 836,042</u>	<u>\$ 823,223</u>	<u>\$ 876,701</u>	<u>\$ 1,023,693</u>	<u>\$ 941,453</u>
Net (Expense)/Revenue					
Government activities:	\$ (241,898)	\$ (406,105)	\$ (306,434)	\$ (251,091)	\$ (305,155)
Business-type activities:	68,018	(109,239)	44,417	90,572	84,409
Total primary government net expense	<u>\$ (173,880)</u>	<u>\$ (515,344)</u>	<u>\$ (262,017)</u>	<u>\$ (160,519)</u>	<u>\$ (220,746)</u>
General Revenues and Other Changes in Net Position/Net Assets					
Government activities:					
Taxes:					
Sales and use taxes	\$ 127,089	\$ 169,352	\$ 191,359	\$ 138,359	\$ 139,127
Franchise and public service taxes	17,565	16,037	22,278	23,609	16,833
Intergovernmental revenue not restricted to specific programs	8,306	9,971	11,199	10,592	10,713
Investment income	452	285	197	79	81
Miscellaneous	26,545	67,092	57,675	81,683	25,112
Transfers-Internal activity	121,000	181,578	4,636	36,631	50,900
Total governmental activities	<u>300,957</u>	<u>444,315</u>	<u>287,344</u>	<u>290,953</u>	<u>242,766</u>
Business-type activities:					
Investment earnings	427	114	133	93	86
Transfers	(121,000)	(181,578)	(4,636)	(36,631)	(50,900)
Total business-type activities	<u>(120,573)</u>	<u>(181,464)</u>	<u>(4,503)</u>	<u>(36,538)</u>	<u>(50,814)</u>
Total primary government	<u>\$ 180,384</u>	<u>\$ 262,851</u>	<u>\$ 282,841</u>	<u>\$ 254,415</u>	<u>\$ 191,952</u>
Change in Net Position/Net Assets					
Government activities	\$ 59,059	\$ 38,210	\$ (19,090)	\$ 39,862	\$ (62,389)
Business-type activities	(52,555)	(290,703)	39,914	54,034	33,595
Total primary government	<u>\$ 6,504</u>	<u>\$ (252,493)</u>	<u>\$ 20,824</u>	<u>\$ 93,896</u>	<u>\$ (28,794)</u>

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

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**TOWN OF CASHION, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2015
TABLE 3**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Assigned	\$ -	\$ -	\$ -	\$ 6,969	\$ 27,106
Unassigned	<u>17,985</u>	<u>1,073</u>	<u>16,089</u>	<u>43,575</u>	<u>(19,310)</u>
Total general fund	<u>\$ 17,985</u>	<u>\$ 1,073</u>	<u>\$ 16,089</u>	<u>\$ 50,544</u>	<u>\$ 7,796</u>
All Other Governmental Funds					
Restricted	\$ 29,488	\$ 68,942	\$ 59,410	\$ 36,678	\$ 35,375
Assigned	<u>24,898</u>	<u>40,566</u>	<u>15,992</u>	<u>44,131</u>	<u>25,793</u>
Total all other governmental funds	<u>\$ 54,386</u>	<u>\$ 109,508</u>	<u>\$ 75,402</u>	<u>\$ 80,809</u>	<u>\$ 61,168</u>
 GRAND TOTAL	 <u>\$ 72,371</u>	 <u>\$ 110,581</u>	 <u>\$ 91,491</u>	 <u>\$ 131,353</u>	 <u>\$ 68,964</u>

**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, 2015
TABLE 4**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues					
General Fund:					
Taxes	\$ 101,607	\$ 109,991	\$ 124,887	\$ 99,540	\$ 96,935
Intergovernmental	8,306	40,162	11,690	10,592	10,713
Fines and forfeitures	13,119	40,304	60,694	50,799	45,698
Licences and permits	2,780	3,340	5,105	5,750	4,855
Investment Income	452	286	168	61	62
Miscellaneous	26,635	67,092	53,394	105,537	18,771
Total General Fund Revenues	<u>\$ 152,899</u>	<u>\$ 261,175</u>	<u>\$ 255,938</u>	<u>\$ 272,279</u>	<u>\$ 177,034</u>
Other Governmental Funds:					
Taxes	\$ 43,047	\$ 75,398	\$ 88,750	\$ 62,428	\$ 59,026
Intergovernmental	17,882	153,437	155,804	144,269	141,884
Charges for services	150,870	11,183	40,755	92,709	68,113
Investment Income	-	-	29	18	18
Miscellaneous	7,628	7,546	9,140	6,663	14,825
Total Other Governmental Fund Revenues	<u>219,427</u>	<u>247,564</u>	<u>294,478</u>	<u>306,087</u>	<u>283,866</u>
TOTAL GOVERNMENTAL FUND REVENUES	<u>372,326</u>	<u>508,739</u>	<u>550,416</u>	<u>578,366</u>	<u>460,900</u>
Expenditures:					
General Fund:					
General government	\$ 105,555	\$ 88,119	\$ 118,686	\$ 105,340	\$ 115,276
Public safety and Judiciary	85,446	121,456	140,527	145,869	143,409
Cultural, Parks and Recreation	25	588	898	77	214
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Capital Outlay	1,484	60,774	-	4,438	-
Total General Fund Expenditures	<u>192,510</u>	<u>270,937</u>	<u>260,111</u>	<u>255,724</u>	<u>258,899</u>
Other Governmental Funds:					
Public safety and Judiciary	\$ 186,191	\$ 222,941	\$ 281,761	\$ 270,503	\$ 265,935
Transportation	15,560	22,194	24,487	34,108	41,508
Debt service:					
Principal	29,238	8,786	-	-	-
Interest and other charges	7,875	493	-	-	-
Capital Outlay	2,893	18,806	7,783	14,800	7,847
Total Other Governmental Fund Expenditures	<u>241,757</u>	<u>273,220</u>	<u>314,031</u>	<u>319,411</u>	<u>315,290</u>
TOTAL GOVERNMENTAL FUND EXPENDITURES	<u>434,267</u>	<u>544,157</u>	<u>574,142</u>	<u>575,135</u>	<u>574,189</u>
Excess of revenues over(under) expenditures	\$ (61,941)	\$ (35,418)	\$ (23,726)	\$ 3,231	\$ (113,289)
Other financing sources(uses)					
General Fund:					
Transfers in	\$ 93,287	\$ 66,695	\$ 77,908	\$ 92,255	\$ 72,500
Transfers out	(43,315)	(73,845)	(58,719)	(74,355)	(33,383)
Total General Fund other financing sources(uses)	<u>\$ 49,972</u>	<u>\$ (7,150)</u>	<u>\$ 19,189</u>	<u>\$ 17,900</u>	<u>\$ 39,117</u>
Other Governmental Funds:					
Transfers in	\$ 81,265	\$ 99,345	\$ 76,735	\$ 90,521	\$ 36,783
Transfers out	(10,237)	(18,567)	(91,288)	(71,790)	(25,000)
Total Other Governmental Funds other financing sources(uses)	<u>\$ 71,028</u>	<u>\$ 80,778</u>	<u>\$ (14,553)</u>	<u>\$ 18,731</u>	<u>\$ 11,783</u>
Net change in fund balances	<u>\$ 59,059</u>	<u>\$ 38,210</u>	<u>\$ (19,090)</u>	<u>\$ 39,862</u>	<u>\$ (62,389)</u>

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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
	Capital Leases Payable	Revenue Bonds	
2011	\$ 265,755	\$ 575,000	\$ 840,755
2012	-	535,000	535,000
2013	-	490,000	490,000
2014	-	445,000	445,000
2015	-	400,000	400,000

**TOWN OF CASHION, OKLAHOMA
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INTERNAL CONTROL AND COMPLIANCE

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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 discretely presented component unit, each major fund, and the aggregate remaining fund information and the budgetary comparison for the General Fund and the Emergency Fund of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 15, 2016. Our report included an emphasis-of-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'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 the Town'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 summary schedule of findings as item 15-01.

Town of Cashion, Oklahoma's Response to Finding

The Town's response to the finding identified in our audit is described in the accompanying summary schedule of findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements 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.

Arlidge & Associates, P.C.

February 15, 2016

TOWN OF CASHION, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS
Year Ended June 30, 2015

Finding 15-01 – 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>
General Fund	General Government	\$ 49,276
Emergency Fund	Public Safety	\$ 3,935

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 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.