



Town of
**CASHION,
OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**THE TOWN OF CASHION,
OKLAHOMA**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

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, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2022, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with modified cash basis accounting principles and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – 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.

Responsibilities of Management 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, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with modified cash basis accounting principles and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2022, 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 solely 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 effectiveness of the Town's 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.

Arledge & Associates PC

November 15, 2022
Edmond, Oklahoma



TOWN OF CASHION, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

The management of the Town of Cashion is pleased to provide this annual financial report to its citizens, taxpayers, and other report users to demonstrate its accountability and communicate the Town's financial condition and activities as of and for the fiscal year ended June 30, 2022. Management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The Town reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the Town's total net position increased by \$413,360 and the assets of the Town exceed its liabilities at June 30, 2022, by \$1,316,834 (net position). Of this amount, \$765,018 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2022, the Town's governmental funds reported combined ending fund balances of \$545,244.
- At the end of June 30, 2022, the unassigned fund balance of the General Fund was \$189,725.

ABOUT THE TOWN

The Town of Cashion is a statutory town form of government with a population of approximately 802 located on the border of Kingfisher and Logan Counties 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 – *normally reported as a discretely presented component unit but is currently inactive*

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.

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"). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

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.

TOWN OF CASHION, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

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.

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 23-35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Budgetary Comparison Schedules for the General Fund, the Street and Alley Fund, the Restricted Sales Tax Fund, and Emergency Services Fund, along with a Schedule of Expenditures of Federal and State Awards.

TOWN OF CASHION, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

THE TOWN AS A WHOLE

For the year ended June 30, 2022, net position on a modified cash basis for the governmental and business-type activities increased \$413,360.

The Town of Cashion's Net Position (Modified Cash Basis)
June 30, 2022 (In Thousands)

TABLE 1
NET POSITION (In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total | | % Inc. (Dec.) |
|---------------------------|------------------------------------|---------------|--------------------------|-------------------------------------|---------------|--------------------------|-----------------|---------------|--------------------------|
| | 2022 | 2021 | | 2022 | 2021 | | 2022 | 2021 | |
| Assets: | | | | | | | | | |
| Current assets | \$ 545 | \$ 256 | 113% | \$ 838 | \$ 713 | 18% | \$ 1,383 | \$ 969 | 43% |
| Total assets | <u>545</u> | <u>256</u> | 113% | <u>838</u> | <u>713</u> | 18% | <u>1,383</u> | <u>969</u> | 43% |
| Liabilities: | | | | | | | | | |
| Non-current liabilities | - | - | 0% | 66 | 65 | 2% | 66 | 65 | 2% |
| Total liabilities | <u>-</u> | <u>-</u> | 0% | <u>66</u> | <u>65</u> | 2% | <u>66</u> | <u>65</u> | 2% |
| Net position: | | | | | | | | | |
| Restricted | 126 | 57 | 121% | 426 | 407 | 5% | 552 | 464 | 19% |
| Unrestricted | 419 | 199 | 111% | 346 | 241 | 44% | 765 | 440 | 74% |
| Total net position | <u>\$ 545</u> | <u>\$ 256</u> | 113% | <u>\$ 772</u> | <u>\$ 648</u> | 19% | <u>\$ 1,317</u> | <u>\$ 904</u> | 46% |

Governmental total assets increased approximately \$289,000 for the following reasons. Sales and use tax collections were up over the prior year by approximately \$109,000; fine revenue increased \$31,000, operational grants and contributions increased \$129,000; and the Town received American Rescue Plan Act (ARPA) monies of \$76,000 while the Town's overall expenditures decreased from prior year by approximately \$114,000.

Business-type net position increased approximately \$124,000 which is comparable to the prior year net position increase.

TOWN OF CASHION, OKLAHOMA
Management's Discussion and Analysis
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The Town of Cashion's Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2022 (In Thousands)

TABLE 2
CHANGES IN NET POSITION (In Thousands)

| | Governmental Activities | | % Inc. (Dec.) | Business-Type Activities | | % Inc. (Dec.) | Total | | % Inc. (Dec.) |
|--------------------------------------|------------------------------------|---------------|--------------------------|-------------------------------------|---------------|--------------------------|-----------------|---------------|--------------------------|
| | 2022 | 2021 | | 2022 | 2021 | | 2022 | 2021 | |
| Revenues | | | | | | | | | |
| Program revenues: | | | | | | | | | |
| Charges for service | \$ 131 | \$ 80 | 64% | \$ 853 | \$ 887 | -4% | \$ 984 | \$ 967 | 2% |
| Operating grants and contributions | 142 | 13 | 992% | - | - | - | 142 | 13 | 992% |
| Capital grants and contributions | - | 32 | -100% | 58 | 17 | 241% | 58 | 49 | 18% |
| General revenues: | | | | | | | | | |
| Taxes | 420 | 303 | 39% | - | - | - | 420 | 303 | 39% |
| Intergovernmental revenue | 19 | 19 | 0% | - | - | - | 19 | 19 | 0% |
| Investment income | - | - | - | - | - | - | - | - | - |
| Miscellaneous | 73 | 64 | 14% | - | - | - | 73 | 64 | 14% |
| Total revenues | 785 | 511 | 54% | 911 | 904 | 1% | 1,696 | 1,415 | 20% |
| Expenses | | | | | | | | | |
| General government | 161 | 243 | -34% | - | - | - | 161 | 243 | -34% |
| Public safety | 266 | 267 | 0% | - | - | - | 266 | 267 | 0% |
| Highways and streets | 43 | 74 | -42% | - | - | - | 43 | 74 | -42% |
| Culture and recreation | - | - | - | - | - | - | - | - | - |
| Gas | - | - | - | 217 | 221 | -2% | 217 | 221 | -2% |
| Water | - | - | - | 214 | 186 | 15% | 214 | 186 | 15% |
| Sewer | - | - | - | 138 | 95 | 45% | 138 | 95 | 45% |
| Sanitation | - | - | - | 244 | 296 | -18% | 244 | 296 | -18% |
| Total expenses | 470 | 584 | -20% | 813 | 798 | 2% | 1,283 | 1,382 | -7% |
| Excess (deficiency) before transfers | 315 | (73) | 532% | 98 | 106 | -8% | 413 | 33 | 1152% |
| Transfers | (26) | 4 | -750% | 26 | (4) | -750% | - | - | - |
| Change in net position | 289 | (69) | -519% | 124 | 102 | -22% | 413 | 33 | 1152% |
| Beginning net position | 256 | 325 | -21% | 648 | 546 | 19% | 904 | 871 | 4% |
| Ending net position | \$ 545 | \$ 256 | 113% | \$ 772 | \$ 648 | 19% | \$ 1,317 | \$ 904 | 46% |

See explanations on previous page.

TOWN OF CASHION, OKLAHOMA
Management's Discussion and Analysis
As of and for the Year Ended June 30, 2022

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2022 fiscal year, the governmental funds reported a combined fund balance of \$545,244.

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

| | | | |
|--|-------------------|------------------------|-------------------|
| Governmental: | | Proprietary: | |
| Restricted for: | | Restricted for: | |
| Capital Outlay/Improvements | \$ 96,324 | Trust Fund Purposes ** | \$ 425,956 |
| Streets | 29,535 | Unrestricted | 345,634 |
| Grantss | 76,062 | | |
| Assigned for: | | Total | <u>\$ 771,590</u> |
| Next year's budget | 25,000 | | |
| Streets | 81,701 | | |
| Emergency Services | 13,986 | | |
| Capital Outlay/Improvements | 108,668 | | |
| Community Relations and Beautification | 304 | | |
| Unassigned | 113,663 | | |
| Total | <u>\$ 545,243</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, 2022, the General Fund's total fund balance increased by \$129,200 due mainly to the increase of revenue sources such as sales and use taxes and fines and forfeitures. The Emergency Fund, the Street & Alley Fund, and the Restricted Sales Tax Fund had total fund balance changes of \$(12,707), \$29,582, and \$143,624, respectively.

Budgetary Highlights

For the year ended June 30, 2022, the General Fund reported actual revenues and transfers over final estimates by \$48,378 or 11.26% positive variance. General Fund actual expenditures and transfers were under final appropriations by \$45,822 or a 11.62% positive variance. The negative expenditure variances reported in the budgetary comparison schedules were caused primarily to community center and transfers out to other funds.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The Town continued to see the economy financial recovery leveling off and management feels FY 23 will remain consistent with the prior year.

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.

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

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, 2022

Statement of Net Position (Modified Cash Basis)– June 30, 2022

| | Primary Government | | |
|----------------------------|------------------------------------|-------------------------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 545,328 | \$ 398,290 | \$ 943,618 |
| Investments | - | 439,190 | 439,190 |
| Internal balances | (362) | 362 | - |
| Due from other governments | 278 | 317 | 595 |
| Total Assets | <u>545,244</u> | <u>838,159</u> | <u>1,383,403</u> |
| LIABILITIES | | | |
| Refundable deposits | - | 66,569 | 66,569 |
| Total Liabilities | <u>-</u> | <u>66,569</u> | <u>66,569</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Capital outlay | 96,324 | - | 96,324 |
| Streets | 29,536 | - | 29,536 |
| Grants | 72,062 | - | 72,062 |
| Other contracts | - | 425,956 | 425,956 |
| Unrestricted | <u>347,322</u> | <u>345,634</u> | <u>692,956</u> |
| Total Net Position | <u>\$ 545,244</u> | <u>\$ 771,590</u> | <u>\$ 1,316,834</u> |

See accompanying notes to the basic financial statements.

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2022

| 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 | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General Government | \$ 161,015 | \$ 25,795 | \$ 1,680 | \$ - | \$ (133,540) | \$ - | \$ (133,540) |
| Public Safety | 265,799 | 105,386 | 55,359 | - | (105,054) | - | (105,054) |
| Streets and Highways | 43,423 | - | 8,396 | - | (35,027) | - | (35,027) |
| Culture and Recreation | 80 | - | 150 | - | 70 | - | 70 |
| Total governmental activities | <u>470,317</u> | <u>131,181</u> | <u>65,585</u> | <u>-</u> | <u>(273,551)</u> | <u>-</u> | <u>(273,551)</u> |
| Business-type activities: | | | | | | | |
| Gas | 217,492 | 231,922 | - | - | - | 14,430 | 14,430 |
| Water | 214,323 | 258,339 | - | - | - | 44,016 | 44,016 |
| Sewer | 137,754 | 105,819 | - | 58,082 | - | 26,147 | 26,147 |
| Sanitation | 244,214 | 257,064 | - | - | - | 12,850 | 12,850 |
| Total business-type activities | <u>813,783</u> | <u>853,144</u> | <u>-</u> | <u>58,082</u> | <u>-</u> | <u>97,443</u> | <u>97,443</u> |
| Total primary government | <u>\$ 1,284,100</u> | <u>\$ 984,325</u> | <u>\$ 65,585</u> | <u>\$ 58,082</u> | <u>(273,551)</u> | <u>97,443</u> | <u>(176,108)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales and use tax | | | | | 385,845 | - | 385,845 |
| Franchise and public service taxes | | | | | 34,205 | - | 34,205 |
| Intergovernmental revenue not restricted to specific programs | | | | | 95,688 | - | 95,688 |
| Investment income | | | | | 183 | 409 | 592 |
| Miscellaneous | | | | | 73,138 | - | 73,138 |
| Transfers - Internal activity | | | | | (25,809) | 25,809 | - |
| Total general revenues and transfers | | | | | <u>563,250</u> | <u>26,218</u> | <u>589,468</u> |
| Change in net position | | | | | 289,699 | 123,661 | 413,360 |
| Net position - beginning | | | | | 255,545 | 647,929 | 903,474 |
| Net position - ending | | | | | <u>\$ 545,244</u> | <u>\$ 771,590</u> | <u>\$ 1,316,834</u> |

See accompanying notes to the basic financial statements.

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2022

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2022

| | <u>General Fund</u> | <u>Street & Alley Fund</u> | <u>Restricted Sales Tax Fund</u> | <u>Emergency Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|------------------------------------|--|---------------------------|---|
| ASSETS | | | | | |
| Assets: | | | | | |
| Cash and cash equivalents | \$ 216,001 | \$ 112,690 | \$ 204,992 | \$ 11,645 | \$ 545,328 |
| Due from other funds | - | - | - | 2,341 | 2,341 |
| Due from other governments | 278 | - | - | - | 278 |
| | <u>278</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>278</u> |
| Total Assets | <u>\$ 216,279</u> | <u>\$ 112,690</u> | <u>\$ 204,992</u> | <u>\$ 13,986</u> | <u>\$ 547,947</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Due to other funds | \$ 1,250 | \$ 1,453 | \$ - | \$ - | \$ 2,703 |
| | <u>1,250</u> | <u>1,453</u> | <u>-</u> | <u>-</u> | <u>2,703</u> |
| Total Liabilities | <u>1,250</u> | <u>1,453</u> | <u>-</u> | <u>-</u> | <u>2,703</u> |
| Fund Balances: | | | | | |
| Restricted for: | | | | | |
| Streets | - | 29,536 | - | - | 29,536 |
| Capital improvements | - | - | 96,324 | - | 96,324 |
| Grant | 76,062 | - | - | - | 76,062 |
| Assigned for: | | | | | |
| Next year's budget | 25,000 | - | - | - | 25,000 |
| Streets | - | 81,701 | - | - | 81,701 |
| Emergency services | - | - | - | 13,986 | 13,986 |
| Capital improvements | - | - | 108,668 | - | 108,668 |
| Community relations and beautification | 304 | - | - | - | 304 |
| Unassigned | 113,663 | - | - | - | 113,663 |
| | <u>113,663</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>113,663</u> |
| Total Fund Balances | <u>215,029</u> | <u>111,237</u> | <u>204,992</u> | <u>13,986</u> | <u>545,244</u> |
| Total Liabilities and Fund Balances | <u>\$ 216,279</u> | <u>\$ 112,690</u> | <u>\$ 204,992</u> | <u>\$ 13,986</u> | <u>\$ 547,947</u> |

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, 2022

| | General Fund | Street & Alley Fund | Restricted Sales Tax Fund | Emergency Fund | Total Governmental Funds |
|---|-------------------------|------------------------------------|--|---------------------------|---|
| Revenues: | | | | | |
| Taxes | \$ 290,924 | \$ 64,563 | \$ 64,563 | \$ - | \$ 420,050 |
| Intergovernmental | 21,306 | 8,396 | 134,144 | 4,763 | 168,609 |
| Fines and forfeitures | 105,386 | - | - | - | 105,386 |
| Licenses and permits | 25,795 | - | - | - | 25,795 |
| Investment income | 94 | 46 | 43 | - | 183 |
| Miscellaneous: | | | | | |
| Sale of surplus property | 18,460 | - | 37,625 | - | 56,085 |
| Donations | - | - | - | 50,596 | 50,596 |
| Other | 15,288 | - | - | 1,915 | 17,203 |
| Total Revenues | 477,253 | 73,005 | 236,375 | 57,274 | 843,907 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 161,015 | - | - | - | 161,015 |
| Public safety | 186,216 | - | - | 70,538 | 256,754 |
| Highways and streets | - | 43,423 | - | - | 43,423 |
| Culture and recreation | 80 | - | - | - | 80 |
| Capital outlay | - | - | 83,081 | - | 83,081 |
| Debt service: | | | | | |
| Principal retirement | - | - | 8,668 | - | 8,668 |
| Interest | - | - | 377 | - | 377 |
| Total Expenditures | 347,311 | 43,423 | 92,126 | 70,538 | 553,398 |
| Revenues over (under) expenditures | 129,942 | 29,582 | 144,249 | (13,264) | 290,509 |
| Other Financing Sources (Uses): | | | | | |
| Transfers in | 625 | - | - | 557 | 1,182 |
| Transfers out | (1,367) | - | (625) | - | (1,992) |
| Total Other Financing Sources (Uses) | (742) | - | (625) | 557 | (810) |
| Net change in fund balances | 129,200 | 29,582 | 143,624 | (12,707) | 289,699 |
| Fund balances - beginning | 85,829 | 81,655 | 61,368 | 26,693 | 255,545 |
| Fund balances - ending | \$ 215,029 | \$ 111,237 | \$ 204,992 | \$ 13,986 | \$ 545,244 |

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, 2022

| | ENTERPRISE FUNDS | | |
|--------------------------------------|--------------------------------------|---|------------|
| | Cashion Public Works Authority | Oklahoma Public Finance Authority | Totals |
| ASSETS | | | |
| Cash and cash equivalents | \$ 340,411 | \$ 3,500 | \$ 343,911 |
| Due from other funds | 362 | - | 362 |
| Due from other governments | 317 | - | 317 |
| Restricted cash and cash equivalents | 54,379 | - | 54,379 |
| Restricted investments | 439,190 | - | 439,190 |
| Total Assets | 834,659 | 3,500 | 838,159 |
| LIABILITIES | | | |
| Meter deposit liability | 66,569 | - | 66,569 |
| Total Liabilities | 66,569 | - | 66,569 |
| NET POSITION | | | |
| Restricted for trust fund purposes | 425,956 | - | 425,956 |
| Unrestricted | 342,134 | 3,500 | 345,634 |
| Total net position | \$ 768,090 | \$ 3,500 | \$ 771,590 |

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, 2022

| | ENTERPRISE FUNDS | | |
|---|---|--|-------------------|
| | Cashion Public Works Authority | Oklahoma Public Finance Authority | Totals |
| Operating Revenues: | | | |
| Charges for services: | | | |
| Gas | \$ 228,687 | \$ - | \$ 228,687 |
| Water | 254,735 | - | 254,735 |
| Sewer | 104,343 | - | 104,343 |
| Sanitation | 253,478 | - | 253,478 |
| Other | 11,901 | - | 11,901 |
| Total Operating Revenues | <u>853,144</u> | <u>-</u> | <u>853,144</u> |
| Operating Expenses: | | | |
| Gas | 138,083 | - | 138,083 |
| Water | 126,414 | - | 126,414 |
| Sewer | 18,673 | - | 18,673 |
| Sanitation | 156,712 | - | 156,712 |
| General government | 290,320 | - | 290,320 |
| Total Operating Expenses | <u>730,202</u> | <u>-</u> | <u>730,202</u> |
| Operating Income | 122,942 | - | 122,942 |
| Non-Operating Revenues (Expenses): | | | |
| Investment income | 409 | - | 409 |
| Trustee fees | (500) | - | (500) |
| Total Non-Operating Revenues (Expenses) | <u>(91)</u> | <u>-</u> | <u>(91)</u> |
| Net Income Before Transfers | 122,851 | - | 122,851 |
| Transfers in | <u>810</u> | <u>-</u> | <u>810</u> |
| Change in net position | 123,661 | - | 123,661 |
| Total net position - beginning | 644,429 | 3,500 | 647,929 |
| Total net position - ending | <u>\$ 768,090</u> | <u>\$ 3,500</u> | <u>\$ 771,590</u> |

See accompanying notes to the basic financial statements.

TOWN OF CASHION, OKLAHOMA
ANNUAL FINANCIAL REPORT
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Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2022

| | ENTERPRISE FUNDS | | Totals |
|---|--------------------------------------|---|-------------------|
| | Cashion Public Works Authority | Oklahoma Public Finance Authority | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$ 853,144 | \$ - | \$ 853,144 |
| Payments to suppliers | (514,905) | - | (514,905) |
| Payments to employees | (215,297) | - | (215,297) |
| Receipts of customer utility deposits | 11,854 | - | 11,854 |
| Refunds of customer utility deposits | (10,227) | - | (10,227) |
| Net Cash Provided by Operating Activities | <u>124,569</u> | <u>-</u> | <u>124,569</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | 810 | - | 810 |
| Net Cash Provided by Noncapital Financing Activities | <u>810</u> | <u>-</u> | <u>810</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest and dividends | 409 | - | 409 |
| Purchase of investments | (19,811) | - | (19,811) |
| Trustee fees | (500) | - | (500) |
| Net Cash Provided by (Used in) Investing Activities | <u>(19,902)</u> | <u>-</u> | <u>(19,902)</u> |
| Net Increase in Cash and Cash Equivalents | 105,477 | - | 105,477 |
| Balance - beginning of the year | <u>289,313</u> | <u>3,500</u> | <u>292,813</u> |
| Balance - end of the year | <u>\$ 394,790</u> | <u>\$ 3,500</u> | <u>\$ 398,290</u> |
| Reconciliation to Statement of Net Position: | | | |
| Cash and cash equivalents | \$ 340,411 | \$ 3,500 | \$ 343,911 |
| Restricted cash and cash equivalents | <u>54,379</u> | <u>-</u> | <u>54,379</u> |
| Total cash and cash equivalents | <u>\$ 394,790</u> | <u>\$ 3,500</u> | <u>\$ 398,290</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 122,942 | \$ - | \$ 122,942 |
| Change in assets and liabilities: | | | |
| Meter deposit liability | <u>1,627</u> | <u>-</u> | <u>1,627</u> |
| Net cash provided by operating activities | <u>\$ 124,569</u> | <u>\$ -</u> | <u>\$ 124,569</u> |

See accompanying notes to the basic financial statements.

TOWN OF CASHION, OKLAHOMA
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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 of Cashion, Oklahoma (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 (one currently inactive) 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 – *normally reported as a discretely presented component unit but is currently inactive*

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, business-type activities and discretely presented component units. 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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- 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
- Emergency Special Revenue Fund – accounts for all ambulance and fire revenues restricted for operations

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) Enterprise Fund – accounts for the operation of the gas, water, wastewater, and sanitation activities
- Oklahoma Public Finance Authority (OPFA) Enterprise Fund – 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.
- 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 (when active) 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.

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.

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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.
- 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.

| | Enabling Legislation | Other Contracts | Total |
|--------------------------------|-------------------------|--------------------|------------|
| Governmental Activities: | | | |
| Capital Improvements purposes | \$ 96,324 | \$ - | \$ 96,324 |
| Street & Alley purposes | 29,536 | - | 29,536 |
| Total Governmental Activities | 125,860 | - | 125,860 |
| Business-type Activities: | | | |
| Trust Fund purposes | - | 425,956 | 425,956 |
| Total Business-type Activities | - | 425,956 | 425,956 |
| Total Restricted Net Position | \$ 125,860 | \$ 425,956 | \$ 551,816 |

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- 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, 2022, the Town recognized \$592 of investment income. At June 30, 2022, the primary government held the following deposits and investments:

| <u>Deposits</u> | <u>Credit Rating</u> | <u>Carrying Value</u> |
|---|--------------------------|----------------------------|
| Cash on hand | | \$ 100 |
| Demand Deposits | | 943,518 |
| Time Deposits | | 13,234 |
| | | <u>\$ 956,852</u> |
| <u>Investments</u> | | |
| CPWA - Federated Treasury Obligations Fund | AAAm | 425,956 |
| Total Deposits and Investments | | <u><u>\$ 1,382,808</u></u> |
| Reconciliation to the Statement of Net Position: | | |
| Cash and cash equivalents | | \$ 943,618 |
| Investments | | 439,190 |
| | | <u><u>\$ 1,382,808</u></u> |

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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, 2022, the Town had one institution that the deposits exceeded the collateral in the amount of \$45,328.

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, 2022, 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, 2022, the investments were limited to three time deposits in which mature January 2025, April 2025, and June 2025, and shares of a government obligations mutual fund not exposed to interest rate risk.

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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, 2022, 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 commitments. The restricted assets as of June 30, 2022 are as follows:

| <u>Type of Restricted Assets</u> | <u>Current Cash and Cash Equivalents</u> | <u>Current Investments</u> |
|----------------------------------|--|--------------------------------|
| Utility Deposits | \$ 53,335 | \$ 13,234 |
| Trust Fund Commitment | <u>1,044</u> | <u>425,956</u> |
| Total Restricted Assets | <u><u>\$ 54,379</u></u> | <u><u>\$ 439,190</u></u> |

3. Sales Tax Revenue

Sales tax revenue consists of 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 Transfers

Internal balances between funds and activities for the year ended June 30, 2022, were as follows:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> | <u>Nature of Internal Balances</u> |
|-------------------|---------------------|----------------|---|
| Emergency Fund | General Fund | \$888 | Expenditures paid on behalf of another fund |
| Emergency Fund | Street & Alley Fund | 1,453 | Expenditures paid on behalf of another fund |
| CPWA | General Fund | 362 | Expenditures paid on behalf of another fund |
| | | <u>\$2,703</u> | |

Reconciliation to Fund Financial Statements:

| | <u>Due From</u> | <u>Due To</u> | <u>Net Internal Balances</u> |
|--------------------|-----------------|------------------|------------------------------|
| Governmental Funds | \$2,341 | (\$2,703) | \$ (362) |
| Proprietary Funds | 362 | - | 362 |
| Total | <u>\$2,703</u> | <u>(\$2,703)</u> | <u>\$ -</u> |

Internal transfers between funds and activities for the year ended June 30, 2022, were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Nature of Transfer</u> |
|---------------------------|-------------------------|-----------------|---------------------------|
| General Fund | Emergency Services Fund | \$ 557 | Operating subsidy |
| General Fund | CPWA | 810 | Operating subsidy |
| Restricted Sales Tax Fund | General Fund | 625 | Operating subsidy |
| | | <u>\$ 1,992</u> | |

Reconciliation to Fund Financial Statements:

| | <u>Transfers In</u> | <u>Transfers Out</u> | <u>Net Transfers/ Internal Activity</u> |
|--------------------|---------------------|----------------------|---|
| Governmental Funds | \$ 1,182 | \$ (1,992) | \$ (810) |
| Proprietary Funds | 810 | - | 810 |
| Total | <u>\$ 1,992</u> | <u>\$ (1,992)</u> | <u>\$ -</u> |

Reconciliation to Statement of Activities:

| | |
|---|--------------------|
| Net Transfers Governmental Funds | \$ (810) |
| Capital outlay for governmental capital project funds reported as transfers to business-type activities | <u>(24,999)</u> |
| Net Transfers | <u>\$ (25,809)</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> |
|--------------------|------------------------------|---------------------------|-------------------------------|
| 2020 | \$540 | \$1,692 | 313% |
| 2021 | \$540 | \$0 | 0% |
| 2022 | \$300 | \$300 | 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% |
| 5 years or more | 100% |

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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 fiscal year ended June 30, 2022, the Town used forfeited employer contributions to cover employer contributions.

During the year ended June 30, 2022, the Town and CPWA contributed a total of \$102 to the Plan, while employees contributed an aggregate of \$4,795 on covered compensation.

8. Commitments and Contingencies

Long-term Debt Commitments:

At June 30, 2022, governmental activities had a note payable from other general revenues.

Note Payable (direct borrowing):

\$31,944 note payable for the purchase of 2019 Dodge Ram police unit, payable in monthly installments of \$565, with a 2.38% interest rate, final payment due May 20, 2026. This direct borrowing contains a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment. These notes are secured with collateral of the police unit purchased.

Balance Outstanding at June 30, 2022 \$23,276

Cashion Public Works Authority:

At June 30, 2022 the CPWA had no long-term obligations payable from revenues generated by or pledged from CPWA.

Change in Long-Term Debt Commitments:

| | Balance July 1, 2021 | Additions | Deductions | Balance June 30, 2022 | Amounts Due Within One Year |
|---------------------------------|-------------------------|-------------|-----------------|--------------------------|-----------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Note Payable (direct borrowing) | \$ 31,944 | \$ - | \$ 8,668 | \$ 23,276 | \$ 6,297 |
| Total Long-Term Obligation | <u>\$ 31,944</u> | <u>\$ -</u> | <u>\$ 8,668</u> | <u>\$ 23,276</u> | <u>\$ 6,297</u> |

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Debt Service Requirements to Maturity:

| Year Ended June 30, | Governmental Activities Note Payable | |
|------------------------|---|-----------------|
| | Principal | Interest |
| 2023 | 6,297 | 486 |
| 2024 | 6,449 | 344 |
| 2025 | 6,605 | 178 |
| 2026 | 3,925 | 32 |
| | <u>\$ 23,276</u> | <u>\$ 1,040</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.

In November 2011, the Town Board authorized an election held requesting the use of the Trust Fund monies in the amount of \$265,000 to pay outstanding invoices with repayment back to the Trust Fund in the amount of \$5,000 per month until such time the monies were reimbursed. However, in August 2015, the Town Board authorized another election to be held requesting the use of the Trust Fund monies to refund the 2005 Revenue Bonds outstanding in the amount of \$400,000. At that time the repayment back to the Trust Fund was set at \$2,000 per month until such time the monies are reimbursed. The voters approved it and the revenue bonds were refunded in September 2015.

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, 2022, is summarized as follows:

- Town – accrued compensated absences \$14,538
- CPWA – accrued compensated absences \$28,639

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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.

Federal and State Award Programs:

The Town of Cashion participates in various federal or state grant/loan programs from year to year. In 2022, 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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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2022

| | GENERAL FUND | | | |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 40,000 | \$ 40,000 | \$ 85,829 | \$ 45,829 |
| Revenues and Transfers: | | | | |
| Taxes | 230,000 | 280,000 | 290,924 | 10,924 |
| Intergovernmental | 16,000 | 16,000 | 21,306 | 5,306 |
| Fines and Forfeitures | 70,000 | 95,000 | 105,386 | 10,386 |
| Licenses and Permits | - | - | 25,795 | 25,795 |
| Investment Income | - | - | 94 | 94 |
| Miscellaneous | 20,000 | 20,000 | 33,748 | 13,748 |
| Transfers In | 18,500 | 18,500 | 625 | (17,875) |
| Total Revenues and Transfers | <u>354,500</u> | <u>429,500</u> | <u>477,878</u> | <u>48,378</u> |
| Amounts available for appropriation | <u>\$ 394,500</u> | <u>\$ 469,500</u> | <u>\$ 563,707</u> | <u>\$ 94,207</u> |
| Expenditures and Transfers: | | | | |
| General Government | 155,000 | 175,000 | 161,015 | 13,985 |
| Public Safety | 202,500 | 219,500 | 186,216 | 33,284 |
| Culture and Recreation | - | - | 80 | (80) |
| Transfers Out | - | - | 1,367 | (1,367) |
| Total Expenditures and Transfers | <u>357,500</u> | <u>394,500</u> | <u>348,678</u> | <u>45,822</u> |
| Ending Budgetary Fund Balance | <u>\$ 37,000</u> | <u>\$ 75,000</u> | <u>\$ 215,029</u> | <u>\$ 140,029</u> |

| | STREET & ALLEY FUND | | | |
|--|---------------------|-------------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 40,000 | \$ 40,000 | \$ 81,655 | \$ 41,655 |
| Revenues and Transfers: | | | | |
| Taxes | 47,500 | 57,500 | 64,563 | 7,063 |
| Intergovernmental | 8,500 | 8,500 | 8,396 | (104) |
| Interest income | - | - | 46 | 46 |
| Total Revenues and Transfers | <u>56,000</u> | <u>66,000</u> | <u>73,005</u> | <u>7,005</u> |
| Amounts available for appropriation | <u>\$ 96,000</u> | <u>\$ 106,000</u> | <u>\$ 154,660</u> | <u>\$ 48,660</u> |
| Expenditures: | | | | |
| Highways and streets | 96,000 | 96,000 | 43,423 | 52,577 |
| Total Expenditures | <u>96,000</u> | <u>96,000</u> | <u>43,423</u> | <u>52,577</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ 10,000</u> | <u>\$ 111,237</u> | <u>\$ 101,237</u> |

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| RESTRICTED SALES TAX FUND | | | | |
|--|-------------------|-------------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ 75,000 | \$ 75,000 | \$ 61,368 | \$ (13,632) |
| Revenues: | | | | |
| Taxes | 47,500 | 47,500 | 64,563 | 17,063 |
| Intergovernmental | - | - | 134,144 | 134,144 |
| Interest income | - | - | 43 | 43 |
| Miscellaneous | - | - | 37,625 | 37,625 |
| Total Revenues | <u>47,500</u> | <u>47,500</u> | <u>236,375</u> | <u>188,875</u> |
| Amounts available for appropriation | <u>\$ 122,500</u> | <u>\$ 122,500</u> | <u>\$ 297,743</u> | <u>\$ 175,243</u> |
| Expenditures: | | | | |
| Capital outlay | 122,500 | 122,500 | 92,126 | 30,374 |
| Transfers out | - | - | 625 | (625) |
| Total Expenditures | <u>122,500</u> | <u>122,500</u> | <u>92,751</u> | <u>29,749</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 204,992</u> | <u>\$ 204,992</u> |

| EMERGENCY FUND | | | | |
|--|------------------|------------------|-------------------|-------------------------------|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
| | Original | Final | | |
| Beginning Budgetary Fund Balance: | \$ - | \$ 30,000 | \$ 26,693 | \$ (3,307) |
| Revenues: | | | | |
| Intergovernmental | - | - | 4,763 | 4,763 |
| Miscellaneous | 12,000 | 12,000 | 52,511 | 40,511 |
| Total Revenues | <u>12,000</u> | <u>12,000</u> | <u>57,274</u> | <u>45,274</u> |
| Transfers In | <u>-</u> | <u>-</u> | <u>557</u> | <u>557</u> |
| Amounts available for appropriation | <u>\$ 12,000</u> | <u>\$ 42,000</u> | <u>\$ 84,524</u> | <u>\$ 42,524</u> |
| Expenditures: | | | | |
| Public Safety | 12,000 | 42,000 | 70,538 | (28,538) |
| Total Expenditures | <u>12,000</u> | <u>42,000</u> | <u>70,538</u> | <u>(28,538)</u> |
| Ending Budgetary Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,986</u> | <u>\$ 13,986</u> |

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Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements.
2. The legal level of control is the department level within a fund. Transfers and supplemental appropriations require Town Board approval.

Budgetary Noncompliance:

The following departments had excess expenditures over available appropriations:

| | |
|----------------------------|--------|
| General Fund: | |
| Culture and Recreation | \$80 |
| Transfers Out | 1,367 |
| Restricted Sales Tax Fund: | |
| Transfers Out | 625 |
| Emergency Services Fund: | |
| Public Safety | 28,538 |

TOWN OF CASHION, OKLAHOMA
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| |
|--------------------------|
| OTHER INFORMATION |
|--------------------------|

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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2022

| Federal/State Grantor/Pass through agency Grantor/Program Title | Federal AL# | Grant #/Name | Awards Amount | Expended |
|--|------------------------|-----------------------------|--------------------------|-------------------------|
| FEDERAL AWARDS: | | | | |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u> | | | | |
| Passed through Oklahoma Department of Emergency Management: | | | | |
| Project Grant - Disaster Assistance | 97.036 | FEMA-DR-4247-PW 106 | \$ 1,681 | \$ 1,681 |
| <u>U.S. DEPARTMENT OF TREASURY:</u> | | | | |
| Coronavirus State and Local Fiscal Recovery - American Rescue Plan Act | 21.027 | | 152,850 | - |
| Total Expenditures of Federal Awards | | | <u><u>\$ 154,531</u></u> | <u><u>\$ 1,681</u></u> |
| STATE AWARDS: | | | | |
| <u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u> | | | | |
| Rural Fire Grant | N/A | State Aid Operational Grant | \$ 4,763 | \$ 4,763 |
| <u>NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY:</u> | | | | |
| REAP - Sewer Main Replacement Project | N/A | 2021 REAP KF21-1 | 74,960 | 58,085 |
| Total Expenditures of State Awards | | | <u><u>\$ 79,723</u></u> | <u><u>\$ 62,848</u></u> |

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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, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 15, 2022. Our report included an emphasis of matter paragraph related to the City's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cashion's internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 PC

November 15, 2022
Edmond Oklahoma

