

Town of

# Cashion, Oklahoma



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

**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**THE TOWN OF CASHION,  
OKLAHOMA**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

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

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**INTRODUCTORY SECTION**

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# TOWN OF CASHION

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

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

March 27, 2013

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

We are pleased to submit to you the Annual Financial Statements of the Town of Cashion for the fiscal year ended June 30, 2012. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Town's financial affairs have been included.

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

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

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

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

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

### ***The Town's Financial Reporting Entity***

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

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

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

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

### ***Basis of Accounting and Presentation***

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

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

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

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

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

### Reporting the Town as a Whole

#### *The Statement of Net Position and Statement of Activities*

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

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

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

### ***Fund Financial Statements***

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

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

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

### **Notes to the Financial Statements**

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

## **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the Town's total net position decreased by \$252,493, and the assets of the Town exceed its liabilities at June 30, 2012, by \$548,380 (net position). Of this amount, \$508,229 is restricted and \$40,151 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2012, the Town's governmental funds reported combined ending fund balances on a modified cash basis of \$110,581.
- At the end of the fiscal year 2012, unassigned fund balance on a modified cash basis for the General Fund was \$1,073 or 0.4% of General Fund revenues.

**THE TOWN AS A WHOLE**

For the year ended June 30, 2012, net position on a modified cash basis for the governmental and business-type activities decreased \$252,493.

**The Town of Cashion's Net Position (Modified Cash Basis)  
June 30, 2012 (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
<b>Assets:</b>									
Current assets	\$ 111	\$ 72	54%	\$ 496	\$ 785	-37%	\$ 607	\$ 857	-29%
Total assets	<u>111</u>	<u>72</u>	54%	<u>496</u>	<u>785</u>	-37%	<u>607</u>	<u>857</u>	-29%
<b>Liabilities:</b>									
Current liabilities	-	-	0%	-	-	0%	-	-	0%
Non-current liabilities	-	-	0%	58	56	4%	58	56	4%
Total liabilities	<u>-</u>	<u>-</u>	0%	<u>58</u>	<u>56</u>	4%	<u>58</u>	<u>56</u>	4%
<b>Net position:</b>									
Restricted	69	29	138%	439	700	-2%	508	729	-30%
Unrestricted	42	43	-2%	(1)	29	-103%	41	72	-43%
Total net position	<u>\$ 111</u>	<u>\$ 72</u>	54%	<u>\$ 438</u>	<u>\$ 729</u>	-40%	<u>\$ 549</u>	<u>\$ 801</u>	-31%

Governmental assets increased approximately \$38,000 due entirely from the collection of a full year's worth of the 1% restricted sales tax.

Business-type assets decreased approximately \$291,000 due primarily from the vote to use special trust monies to pay off long-term commitments. (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, 2012 (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2012	2011		2012	2011		2012	2011	
<b>Revenues</b>									
<b>Program revenues:</b>									
Charges for service	\$ 55	\$ 33	67%	\$ 577	\$ 644	-10%	\$ 632	\$ 677	-7%
Operating grants and contributions	164	159	3%	-	-	-	164	159	3%
Capital grants and contributions	27	-	100%	-	-	-	27	-	100%
<b>General revenues:</b>									
Taxes	185	145	28%	-	-	-	185	145	28%
Intergovernmental revenue	10	8	25%	-	-	-	10	8	25%
Miscellaneous income	-	-	-	-	1	-100%	-	1	100%
Miscellaneous	67	27	148%	-	-	-	67	27	148%
<b>Total revenues</b>	<b>508</b>	<b>372</b>	<b>37%</b>	<b>577</b>	<b>645</b>	<b>-11%</b>	<b>1,085</b>	<b>1,017</b>	<b>7%</b>
<b>Expenses</b>									
General government	134	106	26%	-	-	-	134	106	26%
Public safety	476	304	57%	-	-	-	476	304	57%
Highways and streets	40	16	150%	-	-	-	40	16	150%
Gas	-	-	-	193	199	-3%	193	199	-3%
Water	-	-	-	183	181	1%	183	181	1%
Sewer	-	-	-	139	107	30%	139	107	30%
Sanitation	-	-	-	172	89	93%	172	89	93%
Interest on long-term debt	-	8	-100%	-	-	-	-	8	-100%
<b>Total expenses</b>	<b>630</b>	<b>434</b>	<b>50%</b>	<b>687</b>	<b>576</b>	<b>19%</b>	<b>1,337</b>	<b>1,010</b>	<b>32%</b>
<b>Excess (deficiency) before transfers</b>	<b>(142)</b>	<b>(62)</b>	<b>129%</b>	<b>(110)</b>	<b>69</b>	<b>-259%</b>	<b>(252)</b>	<b>7</b>	<b>-3700%</b>
<b>Transfers</b>	<b>181</b>	<b>121</b>	<b>50%</b>	<b>(181)</b>	<b>(121)</b>	<b>50%</b>	<b>-</b>	<b>-</b>	<b>0%</b>
<b>Change in net position</b>	<b>39</b>	<b>59</b>	<b>-34%</b>	<b>(291)</b>	<b>(52)</b>	<b>460%</b>	<b>(252)</b>	<b>7</b>	<b>-3700%</b>
<b>Beginning net position</b>	<b>72</b>	<b>13</b>	<b>454%</b>	<b>729</b>	<b>781</b>	<b>-7%</b>	<b>801</b>	<b>794</b>	<b>1%</b>
<b>Ending net position</b>	<b>\$ 111</b>	<b>\$ 72</b>	<b>54%</b>	<b>\$ 438</b>	<b>\$ 729</b>	<b>-40%</b>	<b>\$ 549</b>	<b>\$ 801</b>	<b>-31%</b>

Governmental activities charges for service increased over the prior year due to an increase in fines and forfeitures of approximately \$20,000 or 67%. Also, the taxes increased due primarily to additional one cent sales tax that began mid-year in the previous fiscal year for capital outlay and/or improvements.

The increase of approximately \$172,000 or 57% in public safety expenses was due primarily to the pay-off of \$107,000 in debt and an additional full-time police officer. Highways and streets increased due to the purchase of capital equipment of approximately \$18,000.

Sanitation expenses showed an increase due to the payoff of debt in the approximate amount of \$154,000.

## A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2012 fiscal year, the governmental funds reported a combined fund balance of \$110,581.

The following constraints are placed on fund balances:

<b>Governmental:</b>		<b>Proprietary:</b>	
Restricted for:		Restricted for:	
Streets	\$ 11,412	Trust Fund Purposes **	\$ 439,287
Capital Outlay/Improvements	57,530	Unrestricted	(1,488)
Assigned for:		Total	
Emergency Services	40,566		<u>\$ 437,799</u>
Unassigned	1,073		
<b>Total</b>	<u>\$ 110,581</u>		

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

### Other fund highlights include:

- For the year ended June 30, 2012, the General Fund's total fund balance decreased by \$16,912 due mainly to decreased net transfers. The Emergency Fund and the Restricted Sales Tax Fund had total fund balance increases of \$15,668 and \$47,199, respectively. The latter increase resulted primarily from the first full year of receiving a new restricted sales tax that went into effect in the prior year.

### Budgetary Highlights

For the year ended June 30, 2012, the General Fund reported actual revenues over final estimates by \$62,450 or a 23.5% positive variance due to a \$30,000 unbudgeted grant and \$28,000 unbudgeted sale of easement proceeds. General Fund actual expenditures were over final appropriations by \$79,362 or a 29.9% negative variance due to transfers out in the General Fund of \$73,845 not being budgeted. The Emergency Fund reported actual revenues over final estimates by \$55,444 or a 27.7% positive variance due mainly to unbudgeted transfers in of about \$48,000. Emergency Fund actual expenditures were over appropriations by \$39,776 or 19.9% negative variance due to increased personal services expenditures. One supplemental budget amendment in the amount of \$29,000 was presented and approved for the General Fund.

## ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2013 budget varies minimally from the prior years.

### Contacting the Town's Financial Management

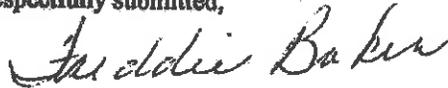
This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town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

### 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 for their assistance in this process.

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

Respectfully submitted,

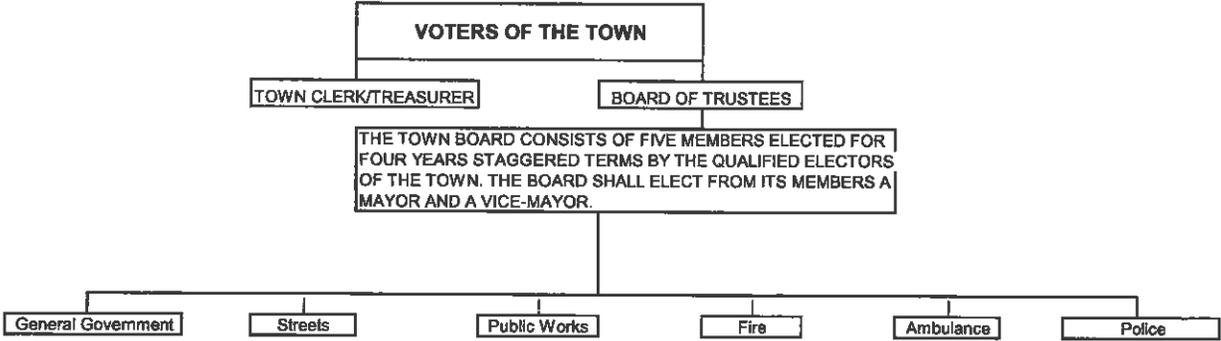


**Freddie Baker**  
Town Mayor

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**TOWN OF CASHION, OKLAHOMA  
(A Town Form of Government)**



**TOWN OF CASHION  
LIST OF PRINCIPAL OFFICIALS**

**Town Board**

<b>Freddie Baker</b>	<b>Mayor</b>
<b>Joe Knopp</b>	<b>Vice-Mayor</b>
<b>Kay Davis</b>	<b>Member</b>
<b>Jeff Beutler</b>	<b>Member</b>
<b>Scott Nakvinda</b>	<b>Member</b>

**Town Clerk/Treasurer**

**Jennifer Firdard**

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**FINANCIAL SECTION**

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## Independent Auditor's Report

The Honorable Mayor and Members of the Town Board of the  
Town of Cashion, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma, (the Town) as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1B, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position on a modified cash basis of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position on a modified cash basis, the respective budgetary comparisons for the General Fund and the Emergency Fund and, where applicable, cash flows on the modified cash basis thereof for the year then ended in conformity with the basis of accounting described in Note 1B.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information including the individual fund financial schedules— modified cash basis, schedule of expenditures of federal and state awards, and schedule of debt service coverage requirement are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial schedules - modified cash basis, schedule of expenditures of federal and state awards, and schedule of debt service coverage requirement have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial schedules - modified cash basis, schedule of expenditures of federal and state awards, and schedule of debt service coverage requirement are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and trend information sections, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
March 27, 2013

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**BASIC FINANCIAL STATEMENTS – STATEMENT OF NET POSITION AND ACTIVITIES**

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**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
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**Statement of Net Position (Modified Cash Basis)– June 30, 2012**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Economic Development Authority</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 107,953	\$ 61,489	\$ 169,442	\$ 19,885
Investments	-	439,287	439,287	-
Internal balances	2,628	(2,628)	-	-
<b>Total Assets</b>	<u>110,581</u>	<u>498,148</u>	<u>608,729</u>	<u>19,885</u>
<b>LIABILITIES</b>				
Cash overdraft	-	2,360	2,360	-
Refundable deposits	-	57,989	57,989	-
<b>Total Liabilities</b>	<u>-</u>	<u>60,349</u>	<u>60,349</u>	<u>-</u>
<b>NET POSITION</b>				
Restricted for:				
Streets	11,412	-	11,412	-
Capital outlay	57,530	-	57,530	-
Other contracts	-	439,287	439,287	-
Unrestricted	<u>41,639</u>	<u>(1,488)</u>	<u>40,151</u>	<u>19,885</u>
<b>Total Net Position</b>	<u>\$ 110,581</u>	<u>\$ 437,799</u>	<u>\$ 548,380</u>	<u>\$ 19,885</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, 2012**

**Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2012**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental activities:</b>								
General Government	\$ 133,893	\$ 3,340	\$ -	\$ 27,250	\$ (103,303)	\$ -	\$ (103,303)	\$ -
Public Safety	359,753	51,488	157,157	-	(151,108)	-	(151,108)	-
Streets and Highways	40,644	-	6,767	-	(33,877)	-	(33,877)	-
Culture and Recreation	588	-	-	-	(588)	-	(588)	-
<b>Debt Service:</b>								
Principal on long-term debt	114,157	-	-	-	(114,157)	-	(114,157)	-
Interest on long-term debt	3,072	-	-	-	(3,072)	-	(3,072)	-
<b>Total governmental activities</b>	<b>652,107</b>	<b>54,828</b>	<b>163,924</b>	<b>27,250</b>	<b>(406,105)</b>	<b>-</b>	<b>(406,105)</b>	<b>-</b>
<b>Business-type activities:</b>								
Gas	192,985	180,827	-	-	-	(12,158)	(12,158)	-
Water	182,741	171,296	-	-	-	(11,445)	(11,445)	-
Sewer	138,813	83,214	-	-	-	(55,599)	(55,599)	-
Sanitation	171,921	141,884	-	-	-	(30,037)	(30,037)	-
<b>Total business-type activities</b>	<b>686,460</b>	<b>577,221</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(109,239)</b>	<b>(109,239)</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 1,338,567</b>	<b>\$ 632,049</b>	<b>\$ 163,924</b>	<b>\$ 27,250</b>	<b>(406,105)</b>	<b>(109,239)</b>	<b>(515,344)</b>	<b>-</b>
<b>Component Unit:</b>								
Economic development	\$ -	\$ -	\$ -	\$ -	-	-	-	-
<b>General revenues:</b>								
<b>Taxes:</b>								
Sales and use tax	-	-	-	-	169,352	-	169,352	-
Franchise and public service taxes	-	-	-	-	16,037	-	16,037	-
Intergovernmental revenue not restricted to specific programs	-	-	-	-	9,971	-	9,971	-
Investment income	-	-	-	-	285	114	399	44
Miscellaneous	-	-	-	-	67,092	-	67,092	3,493
Transfers - Internal activity	-	-	-	-	181,578	(181,578)	-	-
<b>Total general revenues and transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>444,315</b>	<b>(181,464)</b>	<b>262,851</b>	<b>3,537</b>
<b>Change in net position</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,210</b>	<b>(290,703)</b>	<b>(252,493)</b>	<b>3,537</b>
<b>Net position - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,371</b>	<b>728,502</b>	<b>800,873</b>	<b>16,348</b>
<b>Net position - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 110,581</b>	<b>\$ 437,799</b>	<b>\$ 548,380</b>	<b>\$ 19,885</b>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA  
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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

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**TOWN OF CASHION, OKLAHOMA  
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**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2012**

	<u>General Fund</u>	<u>Emergency Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,523	\$ 37,488	\$ 57,530	\$ 11,412	\$ 107,953
Due from other funds	-	3,078	-	-	3,078
<b>Total Assets</b>	<u>\$ 1,523</u>	<u>\$ 40,566</u>	<u>\$ 57,530</u>	<u>\$ 11,412</u>	<u>\$ 111,031</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Due to other funds	\$ 450	-	-	-	\$ 450
<b>Total Liabilities</b>	<u>450</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450</u>
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Streets	-	-	-	11,412	11,412
Capital outlay	-	-	57,530	-	57,530
<b>Assigned for:</b>					
Emergency services	-	40,566	-	-	40,566
Unassigned	1,073	-	-	-	1,073
<b>Total Fund Balances</b>	<u>1,073</u>	<u>40,566</u>	<u>57,530</u>	<u>11,412</u>	<u>110,581</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,523</u>	<u>\$ 40,566</u>	<u>\$ 57,530</u>	<u>\$ 11,412</u>	<u>\$ 111,031</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, 2012**

	General Fund	Emergency Fund	Restricted Sales Tax Fund	Other Governmental Fund	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 109,991	\$ -	\$ 37,699	\$ 37,699	\$ 185,389
Intergovernmental	40,162	146,670	-	6,767	193,599
Charges for services	-	11,183	-	-	11,183
Fines and forfeitures	40,304	-	-	-	40,304
Licenses and permits	3,340	-	-	-	3,340
Investment income	286	-	-	-	286
Miscellaneous	67,092	7,546	-	-	74,638
<b>Total Revenues</b>	<u>261,175</u>	<u>165,399</u>	<u>37,699</u>	<u>44,466</u>	<u>508,739</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	88,119	-	-	-	88,119
Public safety	121,456	222,941	-	-	344,397
Highways and streets	-	-	-	22,194	22,194
Culture and recreation	588	-	-	-	588
Capital outlay	60,774	356	-	18,450	79,580
<b>Debt service:</b>					
Principal retirement	-	8,786	-	-	8,786
Interest expense	-	493	-	-	493
<b>Total Expenditures</b>	<u>270,937</u>	<u>232,576</u>	<u>-</u>	<u>40,644</u>	<u>544,157</u>
<b>Revenues over (under) expenditures</b>	(9,762)	(67,177)	37,699	3,822	(35,418)
<b>Other Financing Sources (Uses):</b>					
Transfers in	66,695	89,845	9,500	-	166,040
Transfers out	(73,845)	(7,000)	-	(11,567)	(92,412)
<b>Total Other Financing Sources (Uses)</b>	<u>(7,150)</u>	<u>82,845</u>	<u>9,500</u>	<u>(11,567)</u>	<u>73,628</u>
<b>Net change in fund balances</b>	(16,912)	15,668	47,199	(7,745)	38,210
<b>Fund balances - beginning</b>	17,985	24,898	10,331	19,157	72,371
<b>Fund balances - ending</b>	<u>\$ 1,073</u>	<u>\$ 40,566</u>	<u>\$ 57,530</u>	<u>\$ 11,412</u>	<u>\$ 110,581</u>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA  
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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 Fund – Year Ended June 30, 2012**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 17,985	\$ 17,985
<b>Revenues:</b>				
Taxes	96,000	96,000	109,991	13,991
Intergovernmental	6,100	6,100	40,162	34,062
Fines and Forfeitures	12,000	12,000	40,304	28,304
Licenses and Permits	-	-	3,340	3,340
Investment Income	700	700	286	(414)
Miscellaneous	35,000	35,000	67,092	32,092
<b>Total Revenues</b>	<u>149,800</u>	<u>149,800</u>	<u>261,175</u>	<u>111,375</u>
<b>Transfers In</b>	<u>86,620</u>	<u>115,620</u>	<u>66,695</u>	<u>(48,925)</u>
<b>Amounts available for appropriation</b>	<u>\$ 236,420</u>	<u>\$ 265,420</u>	<u>\$ 345,855</u>	<u>\$ 80,435</u>
<b>Expenditures:</b>				
General Government	85,000	101,000	133,893	(32,893)
Public Safety	151,420	164,420	136,456	27,964
Culture and Recreation	-	-	588	(588)
<b>Total Expenditures</b>	<u>236,420</u>	<u>265,420</u>	<u>270,937</u>	<u>(5,517)</u>
<b>Transfers Out</b>	<u>-</u>	<u>-</u>	<u>73,845</u>	<u>(73,845)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,073</u>	<u>\$ 1,073</u>
	<b>MAJOR SPECIAL REVENUE FUND</b>			
	<b>EMERGENCY FUND</b>			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 24,898	\$ 24,898
<b>Revenues:</b>				
Intergovernmental	136,000	136,000	146,670	10,670
Charges for services	20,000	20,000	11,183	(8,817)
Interest income	-	-	-	-
Miscellaneous	1,000	1,000	7,546	6,546
<b>Total Revenues</b>	<u>157,000</u>	<u>157,000</u>	<u>165,399</u>	<u>8,399</u>
<b>Transfers In</b>	<u>42,800</u>	<u>42,800</u>	<u>89,845</u>	<u>47,045</u>
<b>Amounts available for appropriation</b>	<u>\$ 199,800</u>	<u>\$ 199,800</u>	<u>\$ 280,142</u>	<u>\$ 80,342</u>
<b>Expenditures:</b>				
Public Safety	199,800	199,800	232,576	(32,776)
<b>Total Expenditures</b>	<u>199,800</u>	<u>199,800</u>	<u>232,576</u>	<u>(32,776)</u>
<b>Transfer Out</b>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>(7,000)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,566</u>	<u>\$ 40,566</u>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA  
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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 Fund – Year Ended June 30, 2012,  
(Cont.)**

1. The budgetary basic statement is reported on the same modified cash basis as governmental funds within the basic financial statements.
  
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require Mayor's approval, while supplemental appropriations require Town Council approval.

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

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**TOWN OF CASHION, OKLAHOMA  
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**Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2012**

	<b>Cashion Public Works Authority</b>	<b>Oklahoma Public Finance Authority</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 3,500	\$ 3,500
Restricted cash and cash equivalents	57,989	-	57,989
Restricted investments	439,287	-	439,287
Due from other funds	450	-	450
Total Assets	<u>497,726</u>	<u>3,500</u>	<u>501,226</u>
<b>LIABILITIES</b>			
Cash Overdraft	2,360	-	2,360
Due to other funds	3,078	-	3,078
Meter deposit liability	57,989	-	57,989
Total Liabilities	<u>63,427</u>	<u>-</u>	<u>63,427</u>
<b>NET POSITION</b>			
Restricted for trust fund purposes	439,287	-	439,287
Unrestricted	(4,988)	3,500	(1,488)
Total net position	<u>\$ 434,299</u>	<u>\$ 3,500</u>	<u>\$ 437,799</u>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA  
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**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2012**

	<b>Cashion Public Works Authority</b>	<b>Oklahoma Public Finance Authority</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Charges for services:			
Gas	\$ 172,608	\$ -	\$ 172,608
Water	163,509	-	163,509
Sewer	79,431	-	79,431
Sanitation	135,434	-	135,434
Utility fees	18,642	-	18,642
Other	7,597	-	7,597
<b>Total Operating Revenues</b>	<u>577,221</u>	<u>-</u>	<u>577,221</u>
<b>Operating Expenses:</b>			
Gas	76,084	-	76,084
Water	72,003	-	72,003
Sewer	14,832	-	14,832
Sanitation	33,511	-	33,511
General government	265,207	-	265,207
<b>Total Operating Expenses</b>	<u>461,637</u>	<u>-</u>	<u>461,637</u>
<b>Operating Income</b>	115,584	-	115,584
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	114	-	114
Debt service:			
Principal retirement	(296,969)	-	(296,969)
Interest expense and fees	(35,804)	-	(35,804)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(332,659)</u>	<u>-</u>	<u>(332,659)</u>
<b>Net Income (Loss) Before Transfers</b>	(217,075)	-	(217,075)
Transfers in	29,000	-	29,000
Transfers out	(102,628)	-	(102,628)
<b>Change in net position</b>	(290,703)	-	(290,703)
<b>Total net position - beginning</b>	725,002	3,500	728,502
<b>Total net position - ending</b>	<u>\$ 434,299</u>	<u>\$ 3,500</u>	<u>\$ 437,799</u>

See accompanying notes to the basic financial statements.

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**Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2012**

	<b>Cashion Public Works Authority</b>	<b>Oklahoma Public Finance Authority</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 577,221	\$ -	\$ 577,221
Payments to suppliers	(241,429)	-	(241,429)
Payments to employees	(220,208)	-	(220,208)
Receipts of internal transactions	3,078	-	3,078
Receipts of customer utility deposits	3,418	-	3,418
Refunds of customer utility deposits	(1,618)	-	(1,618)
Net Cash Provided by Operating Activities	<u>120,462</u>	<u>-</u>	<u>120,462</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	29,000	-	29,000
Transfers to other funds	(102,628)	-	(102,628)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(73,628)</u>	<u>-</u>	<u>(73,628)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Principal paid on capital debt	(296,969)	-	(296,969)
Interest paid on capital debt	(35,804)	-	(35,804)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(332,773)</u>	<u>-</u>	<u>(332,773)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	114	-	114
Sale of investments	260,569	-	260,569
Net Cash Provided by Investing Activities	<u>260,683</u>	<u>-</u>	<u>260,683</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(25,256)</u>	<u>-</u>	<u>(25,256)</u>
Balance - beginning of the year	<u>80,885</u>	<u>3,500</u>	<u>84,385</u>
Balance - end of the year	<u>\$ 55,629</u>	<u>\$ 3,500</u>	<u>\$ 59,129</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ -	\$ 3,500	\$ 3,500
Cash overdraft	(2,360)	-	(2,360)
Restricted cash and cash equivalents	57,989	-	57,989
Total cash and cash equivalents	<u>\$ 55,629</u>	<u>\$ 3,500</u>	<u>\$ 59,129</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income	\$ 115,584	\$ -	\$ 115,584
Change in assets and liabilities:			
Due to other funds	3,078	-	3,078
Meter deposit liability	1,800	-	1,800
Net cash provided by operating activities	<u>\$ 120,462</u>	<u>\$ -</u>	<u>\$ 120,462</u>

See accompanying notes to the basic financial statements.

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Footnotes to the Statement of Net Position and Activities:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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

**B. Basis of Accounting and Presentation**

*Government-Wide Financial Statements:*

The statement of net position and 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, held in escrow, or received in advance of being earned

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

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

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

*Governmental Funds:*

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

**Major Funds:**

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Emergency Special Revenue Fund – accounts for all ambulance and fire revenues restricted for operations
- Restricted Sales Tax Capital Project Fund – accounts for a one cent sales tax restricted for capital improvements or capital outlay

**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

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

*Proprietary Funds:*

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

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

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

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

***Budgetary Accounting and Control***

**Budget Law**

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

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

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

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

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

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

#### **Budgetary Accounting**

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

The Town utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The Town considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are reappropriated 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.

#### **C. Cash, Cash Equivalents, and Investments**

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

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

#### **D. Assets Other Than Cash**

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

#### **E. Compensated Absences**

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

## **F. Fund Balances and Net Position**

### *Fund Balances:*

Governmental fund equity is classified as fund balance. Since the Town has implemented GASB Statement 54, fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Beginning fund balances have been restated to reflect the below stated classifications in compliance with GASB Statement 54. More information is provided in Note 11. These classifications are defined as:

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

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

### *Net Position:*

Net position is displayed in two components:

- a. *Restricted Net Position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

- b. *Unrestricted Net Position* - All other net position that do not meet the definition of "restricted."

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

#### **G. Internal and Interfund Balances and Transfers**

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

#### **H. New Accounting Pronouncements**

The Town early implemented the following accounting standards during fiscal year ended June 30, 2012:

*Governmental Accounting Standards Board Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements* – This had no impact on the town's financial report.

*Governmental Accounting Standards Board Statement No. 61 – The Financial Reporting Entity: Omnibus* – This had no impact on the town's financial report.

*Governmental Accounting Standards Board Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – A few sentences were removed from "Section B – Proprietary Funds" note disclosure to eliminate references to FASB pronouncements and APB opinions issued on or before November 30, 1989.

*Governmental Accounting Standards Board Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – The only change required from the early implementation of this statement are changing the words "Net Assets" in the town's financial report to "Net Position".

*Governmental Accounting Standards Board Statement No. 65 – Items Previously Reported as Assets and Liabilities* – This had no impact on the town's financial report.

#### **2. Deposits and Investments**

For the year ended June 30, 2012, the Town recognized \$399 of investment income. At June 30, 2012, the primary government held the following deposits and investments:

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	<u>Credit Rating</u>	<u>Carrying Value</u>
<b><u>Deposits</u></b>		
Cash on hand		\$ 152
Demand Deposits		153,696
Time Deposits		13,234
		\$ 167,082
<b><u>Investments</u></b>		
CPWA - Federated Treasury Obligations Fund	AAAm	439,287
<b>Total Deposits and Investments</b>		\$ 606,369
<b>Reconciliation to the Statement of Net Assets:</b>		
Cash and cash equivalents		\$ 169,442
Cash overdraft		(2,360)
Investments		439,287
		\$ 606,369

*Cash Overdraft and Negative Demand Deposits*

The Town's unrestricted cash balances were negative due to restricted cash balances not being sufficient enough to cover refundable deposits. So while the bank balances were positive, the book balances of demand deposits ended the fiscal year at negative \$2,360. The Town is taking steps to have sufficient cash to cover the refundable deposit liability.

*Custodial Credit Risk*

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

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2012, 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.

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The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As noted in the schedule of deposits and investments above, at June 30, 2012, 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, 2012, the investments were limited to three time deposits in which mature January 2013, April 2013, and June 2013; 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, 2012, the Town had no concentration of credit risk as defined above. However, all of its mutual fund investments were in a single mutual fund.

*Restricted cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for meter deposits and trust fund commitment. The restricted assets as of June 30, 2012 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Current Investments</u>
Utility Deposits	\$ 57,989	\$ -
Trust Fund Commitment	-	439,287
 Total Restricted Assets	 <u>\$ 57,989</u>	 <u>\$ 439,287</u>

**3. Fund Balances and Net Position**

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet in accordance with GASB Statement 54 and Proprietary Fund Statement of Net Position:

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	General Fund	Major Fund Emergency Services	Major Fund Restricted Sales Tax	Other Governmental Fund	Total
<b>Fund Balances:</b>					
<b>Restricted for:</b>					
Capital improvements/outlay	\$ -	\$ -	\$ 57,530	\$ -	\$ 57,530
Streets	-	-	-	11,412	11,412
Subtotal Restricted	-	-	57,530	11,412	68,942
<b>Assigned for:</b>					
Emergency services	-	40,566	-	-	40,566
Subtotal Assigned	-	40,566	-	-	40,566
<b>Unassigned</b>	1,073	-	-	-	1,073
<b>Total Fund Balances</b>	\$ 1,073	\$ 40,566	\$ 57,530	\$ 11,412	\$ 110,581

<b>Enterprise Fund:</b>	
<b>Restricted for:</b>	
Trust fund purposes	<u>\$ 439,287</u>

**4. Sales Tax Revenue**

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

**5. Property Tax Levy**

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

**6. Internal and Interfund Balances and Transfers**

Internal balances and transfers between funds and activities for the year ended June 30, 2012, 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
Emergency Fund	CPWA	<u>3,078</u>	Expenditures paid on behalf of
		<u>\$3,528</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$3,078	\$450	\$2,628
Proprietary Funds	450	3,078	(2,628)
Total	<u>\$3,528</u>	<u>\$3,528</u>	<u>\$ -</u>

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<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Emergency Services Fund	\$47,345	* Operating subsidy
General Fund	Restricted Sales Tax Fund	9,500	* Operating subsidy
Emergency Services Fund	CPWA	7,000	* Operating subsidy
Street & Alley Fund	General Fund	795	Operating subsidy
Street & Alley Fund	Emergency Services Fund	5,772	Operating subsidy
Street & Alley Fund	CPWA	5,000	Operating subsidy
CPWA	Emergency Services Fund	36,728	* Debt payments
CPWA	General Fund	65,900	* Operating subsidy
General Fund	CPWA	17,000	* Operating subsidy
		<u>\$195,040</u>	

* Major Governmental Funds:	\$183,473
Non-Major Governmental Fund:	11,567
	<u>\$195,040</u>

<b>Reconciliation to Fund Financial Statements:</b>		<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>	<u>Transfer of Debt Payment</u>	<u>Net Transfers</u>
Governmental Funds		\$166,040	(\$92,412)	\$73,628	\$107,950	\$181,578
Proprietary Funds		29,000	(102,628)	(73,628)	(107,950)	(181,578)
Total		<u>\$195,040</u>	<u>(\$195,040)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## 7. Risk Management

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

## 8. Employee Retirement Plan Participation

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

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

### *Firefighter Pension System:*

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

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

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*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>
2010	\$1,140	\$1,140	100%
2011	\$5,160	\$5,160	100%
2012	\$720	\$720	100%

At the start of the fiscal year, the Town no longer employed a full-time fire chief; therefore, the Town contributed for volunteer firefighters.

*Oklahoma Municipal Retirement Fund*

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

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

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

During the year ended June 30, 2012, the Town and CPWA contributed a total of \$4,331 to the Plan, while employees contributed an aggregate of \$4,331 on covered compensation.

**9. Commitments and Contingencies**

*Long-term Debt Commitments:*

At June 30, 2012, governmental activities had no long-term debt commitments from taxes or other general revenues.

*Cashion Public Works Authority:*

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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, 2012 \$535,000

*Change in Long-Term Debt Commitments:*

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012	Amounts Due Within One Year
<b>Governmental Activities</b>					
Capital Lease Obligations	\$ 219,989	\$ -	\$ 219,989	\$ -	\$ -
<b>Total Long-Term Obligation</b>	<u>\$ 219,989</u>	<u>\$ -</u>	<u>\$ 219,989</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type Activities</b>					
Revenue Bonds-CPWA	\$ 575,000	\$ -	\$ 40,000	\$ 535,000	\$ 45,000
Capital Lease Obligations	45,766	-	45,766	-	-
<b>Total Long-Term Obligation - Cashion Public Works Authority</b>	<u>\$ 620,766</u>	<u>\$ -</u>	<u>\$ 85,766</u>	<u>\$ 535,000</u>	<u>\$ 45,000</u>

*Debt Service Requirements to Maturity*

Year Ended June 30,	CPWA Revenue Bonds Payable	
	Principal	Interest
2013	\$ 45,000	\$ 26,825
2014	45,000	24,733
2015	45,000	22,640
2016	50,000	20,412
2017	50,000	17,937
2018-2022	<u>300,000</u>	<u>48,223</u>
<b>Total</b>	<u>\$ 535,000</u>	<u>\$ 160,770</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 \$695,770. Pledged net revenues were \$115,698. Debt service payments of \$68,685 for the current fiscal year were 59.4% of the pledged net revenues.

**Conduit Debt Obligations of OPFA**

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

*Oklahoma Public Finance Authority:*

The Oklahoma Public Finance Authority has issued revenue bonds for various economic development projects. The following bonds were outstanding at June 30, 2012:

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

Balance Outstanding at June 30, 2012 \$400,000

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

Balance Outstanding at June 30, 2012 \$150,000

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

Balance Outstanding at June 30, 2012 \$175,000

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

Balance Outstanding at June 30, 2012 \$ 93,000

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

Balance Outstanding at June 30, 2012 \$500,000

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

Balance Outstanding at June 30, 2012 \$300,000

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

Balance Outstanding at June 30, 2012 \$600,000

\$9,895,000 of revenue bonds issued for the benefit of the Cleveland Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 5.1%, final payment due September 1, 2015.

Balance Outstanding at June 30, 2012 \$6,215,000

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

Balance Outstanding at June 30, 2012 \$515,000

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

Balance Outstanding at June 30, 2012 \$46,800

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

Balance Outstanding at June 30, 2012 \$550,000

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

Balance Outstanding at June 30, 2012 \$124,500

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

Balance Outstanding at June 30, 2012 \$31,200

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

Balance Outstanding at June 30, 2012 \$759,758

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

Balance Outstanding at June 30, 2012 \$154,800

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

Balance Outstanding at June 30, 2012 \$103,050

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

Balance Outstanding at June 30, 2012 \$109,200

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

Balance Outstanding at June 30, 2012	<u>\$410,000</u>
Total Debt Obligations of the OPFA	<u>\$11,237,308</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 1<sup>st</sup> 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, 2012, is summarized as follows:

- Town – accrued compensated absences                      \$12,353
- CPWA – accrued compensated absences                      \$12,924

*Litigation:*

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

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*Federal and State Award Programs:*

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

*Budgetary Noncompliance:*

The following departments had excess expenditures over available appropriations:

General Fund:	
General Government	\$32,893
Culture and Recreation	\$ 588
Transfers Out	\$73,845
Emergency Fund:	
Public Safety	\$32,776
Transfers Out	\$ 7,000

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**OTHER SUPPLEMENTARY INFORMATION**

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**Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-Major Special Revenue Fund – Year Ended June 30, 2012**

	<b>STREET &amp; ALLEY FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 19,157	\$ 19,157
<b>Revenues:</b>				
Taxes	32,500	32,500	37,699	5,199
Intergovernmental	5,500	5,500	6,767	1,267
<b>Total Revenues</b>	<u>38,000</u>	<u>38,000</u>	<u>44,466</u>	<u>6,466</u>
<b>Transfers In</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Amounts available for appropriation</b>	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 63,623</u>	<u>\$ 25,623</u>
<b>Expenditures:</b>				
Highways and streets	38,000	38,000	40,644	(2,644)
<b>Total Expenditures</b>	<u>38,000</u>	<u>38,000</u>	<u>40,644</u>	<u>(2,644)</u>
<b>Transfers Out</b>	<u>-</u>	<u>-</u>	<u>11,567</u>	<u>(11,567)</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,412</u>	<u>\$ 11,412</u>

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Major Capital Project Fund – Year Ended June 30, 2012**

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ -	\$ -	\$ 10,331	\$ 10,331
<b>Revenues:</b>				
Taxes	-	-	37,699	37,699
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>37,699</u>	<u>37,699</u>
<b>Transfers In</b>	<u>-</u>	<u>-</u>	<u>9,500</u>	<u>9,500</u>
<b>Amounts available for appropriation</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,530</u>	<u>\$ 57,530</u>
<b>Expenditures:</b>				
General Government	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Transfers Out</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,530</u>	<u>\$ 57,530</u>

**TOWN OF CASHION, OKLAHOMA  
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**Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2012**

<u>Federal/State Grantor/Pass through agency Grantor/Program Title</u>	<u>Federal CFDA#</u>	<u>Grant #</u>	<u>Awards Expended</u>	<u>Federal Expended</u>	<u>State Expended</u>
<b>FEDERAL AWARDS:</b>					
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY:</u></b>					
Passed through Oklahoma Department of Emergency Management:					
Emergency Protective Measures Grant	97.036	PA-1989PW127B13(12)2138	\$ 2,941	\$ 2,941	\$ -
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>					
Passed through Oklahoma Department of Commerce:					
CDBG-CIP	14.228	14243 CDBG-CIP 10	27,250	27,250	-
<b>Total Expenditures of Federal Awards:</b>			<u>\$ 30,191</u>	<u>\$ 30,191</u>	<u>\$ -</u>
<b>STATE AWARDS:</b>					
<b><u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u></b>					
Rural Fire Grant	N/A	Operational Grant	\$ 4,413	\$ -	\$ 4,413
Community Wildlife Protection Plan	N/A	409014294	10,000		10,000
<b>Total Expenditures of State Awards:</b>			<u>\$ 14,413</u>	<u>\$ -</u>	<u>\$ 14,413</u>

**TOWN OF CASHION, OKLAHOMA  
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**Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2012**

	<b>CPWA 2005 REFUNDING BONDS</b>
Gross Revenue Available for Debt Service:	
Operating revenues	\$577,221
Investment income	114
Total Gross Revenues Available	577,335
Public Works Authority operating expenses	461,637
Net Revenues Available for Debt Service	\$115,698
Debt Service Requirements:	
Average annual debt service - Refunding Revenue Bonds Series 2005	\$69,716
Total Debt Service Requirements	\$69,716
Coverage	1.66
Coverage Requirement	1.20

**TOWN OF CASHION, OKLAHOMA  
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**OTHER INFORMATION**

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**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**TOWN OF CASHION, OKLAHOMA  
NET POSITION/NET ASSETS (MODIFIED CASH BASIS)  
Last Five Fiscal Years  
June 30, 2012  
TABLE 1**

	<u>2008 *</u>	<u>2009 *</u>	<u>2010 *</u>	<u>2011 *</u>	<u>2012</u>
<b>Governmental activities</b>					
Restricted	6,988	8,585	4,452	29,488	68,942
Unrestricted	13,415	4,943	8,860	42,883	41,639
<b>Total governmental activities net position/net assets</b>	<u>\$ 20,403</u>	<u>\$ 13,528</u>	<u>\$ 13,312</u>	<u>\$ 72,371</u>	<u>\$ 110,581</u>
<b>Business-type activities</b>					
Restricted		-	712,238	699,856	439,287
Unrestricted	982,552	868,498	68,819	28,646	(1,488)
<b>Total business-type activities net position/net assets</b>	<u>\$ 982,552</u>	<u>\$ 868,498</u>	<u>\$ 781,057</u>	<u>\$ 728,502</u>	<u>\$ 437,799</u>
<b>Primary government</b>					
Restricted	6,988	8,585	716,690	729,344	508,229
Unrestricted	995,967	873,441	77,679	71,529	40,151
<b>Total primary government net position/net assets</b>	<u>\$ 1,002,955</u>	<u>\$ 882,026</u>	<u>\$ 794,369</u>	<u>\$ 800,873</u>	<u>\$ 548,380</u>

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

**TOWN OF CASHION, OKLAHOMA  
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As of and for the Year Ended June 30, 2012**

**TOWN OF CASHION, OKLAHOMA  
CHANGES IN NET POSITION/NET ASSETS (MODIFIED CASH BASIS)  
Last Five Fiscal Years  
June 30, 2012  
TABLE 2**

	<u>2008 *</u>	<u>2009 *</u>	<u>2010 *</u>	<u>2011 *</u>	<u>2012</u>
<b>Expenses</b>					
<b>Government activities:</b>					
Government government	\$ 121,932	\$ 66,740	\$ 211,951	\$ 106,239	\$ 133,893
Public safety	399,574	407,900	279,282	304,175	476,489
Streets and highways	17,251	22,121	15,354	15,953	40,644
Culture and recreation	954	393	1,622	25	588
Interest on long-term debt	13,161	12,101	7,846	7,875	493
<b>Total governmental activities expenses</b>	<u>552,872</u>	<u>509,255</u>	<u>516,055</u>	<u>434,267</u>	<u>652,107</u>
<b>Business-type activities:</b>					
Gas	281,593	199,347	188,308	199,317	192,985
Water	153,938	143,574	144,757	180,374	182,741
Sewer	107,365	142,934	103,516	106,690	138,813
Sanitation	103,642	97,306	104,192	89,274	171,921
<b>Total business-type activities expenses</b>	<u>646,538</u>	<u>583,161</u>	<u>540,773</u>	<u>575,655</u>	<u>686,460</u>
<b>Total primary government expenses</b>	<u>\$ 1,199,410</u>	<u>\$ 1,092,416</u>	<u>\$ 1,056,828</u>	<u>\$ 1,009,922</u>	<u>\$ 1,338,567</u>
<b>Program Revenues</b>					
<b>Government activities:</b>					
<b>Charges for services:</b>					
General government	\$ 2,610	\$ 2,785	\$ 3,780	\$ 2,780	\$ 3,340
Public safety	49,860	131,402	100,383	30,397	51,488
Streets and highways	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community/economic development	-	-	-	-	-
Operating grants and contributions	20,134	93,495	40,282	159,192	163,924
Capital grants and contributions	-	-	-	-	27,250
<b>Total governmental activities program revenues</b>	<u>72,604</u>	<u>227,682</u>	<u>144,445</u>	<u>192,369</u>	<u>246,002</u>
<b>Business-type activities:</b>					
<b>Charges for services:</b>					
Gas	\$ 267,382	\$ 220,088	\$ 258,463	\$ 250,555	\$ 180,827
Water	147,650	135,353	172,455	183,146	171,296
Sewer	33,714	64,123	81,479	79,137	83,214
Sanitation	110,021	119,475	135,493	130,835	141,884
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	33,010	-	-	-	-
<b>Total business-type activities program revenues</b>	<u>591,777</u>	<u>539,039</u>	<u>647,890</u>	<u>643,673</u>	<u>577,221</u>
<b>Total primary government program revenues</b>	<u>\$ 664,381</u>	<u>\$ 766,721</u>	<u>\$ 792,335</u>	<u>\$ 836,042</u>	<u>\$ 823,223</u>
<b>Net (Expense)/Revenue</b>					
Government activities:	\$ (480,268)	\$ (281,573)	\$ (371,610)	\$ (241,898)	\$ (406,105)
Business-type activities:	(54,761)	(44,122)	107,117	68,018	(109,239)
<b>Total primary government net expense</b>	<u>\$ (535,029)</u>	<u>\$ (325,695)</u>	<u>\$ (264,493)</u>	<u>\$ (173,880)</u>	<u>\$ (515,344)</u>
<b>General Revenues and Other Changes in Net Position/Net Assets</b>					
<b>Government activities:</b>					
<b>Taxes:</b>					
Sales and use taxes	\$ 115,559	\$ 114,045	\$ 99,077	\$ 127,089	\$ 169,352
Franchise and public service taxes	14,455	16,887	17,188	17,565	16,037
Intergovernmental revenue not restricted to specific programs	7,593	8,069	7,722	8,306	9,971
Investment income	1,924	1,622	777	452	285
Miscellaneous	214,527	56,005	51,322	26,545	67,092
Transfers-Internal activity	101,799	78,070	195,308	121,000	181,578
<b>Total governmental activities</b>	<u>455,857</u>	<u>274,698</u>	<u>371,394</u>	<u>300,957</u>	<u>444,315</u>
<b>Business-type activities:</b>					
Investment earnings	37,434	8,139	750	427	114
Miscellaneous	-	-	-	-	-
Transfers	(101,799)	(78,070)	(195,308)	(121,000)	(181,578)
<b>Total business-type activities</b>	<u>(64,365)</u>	<u>(69,931)</u>	<u>(184,558)</u>	<u>(120,573)</u>	<u>(181,464)</u>
<b>Total primary government</b>	<u>\$ 391,492</u>	<u>\$ 204,767</u>	<u>\$ 176,836</u>	<u>\$ 180,384</u>	<u>\$ 262,851</u>
<b>Change in Net Position/Net Assets</b>					
Government activities	\$ (24,411)	\$ (6,875)	\$ (216)	\$ 59,059	\$ 38,210
Business-type activities	(119,126)	(114,053)	(87,441)	(52,555)	(290,703)
<b>Total primary government</b>	<u>\$ (143,537)</u>	<u>\$ (120,928)</u>	<u>\$ (87,657)</u>	<u>\$ 6,504</u>	<u>\$ (252,493)</u>

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

**TOWN OF CASHION, OKLAHOMA  
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As of and for the Year Ended June 30, 2012**

**TOWN OF CASHION, OKLAHOMA  
FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)  
Last Five Fiscal Years  
June 30, 2012  
TABLE 3**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,415	5,959	7,624	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	17,985	1,073
<b>Total general fund</b>	<u>\$ 13,415</u>	<u>\$ 5,959</u>	<u>\$ 7,624</u>	<u>\$ 17,985</u>	<u>\$ 1,073</u>
All Other Governmental Funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,988	7,569	5,688	-	-
Debt service funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	29,488	68,942
Assigned	-	-	-	24,898	40,566
Unassigned	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 6,988</u>	<u>\$ 7,569</u>	<u>\$ 5,688</u>	<u>\$ 54,386</u>	<u>\$ 109,508</u>
<b>GRAND TOTAL</b>	<u>\$ 20,403</u>	<u>\$ 13,528</u>	<u>\$ 13,312</u>	<u>\$ 72,371</u>	<u>\$ 110,581</u>

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

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

**TOWN OF CASHION, OKLAHOMA  
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)  
Last Five Fiscal Years  
June 30, 2012  
TABLE 4**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Revenues</b>					
<b>General Fund:</b>					
Taxes	\$ 94,818	\$ 95,612	\$ 86,979	\$ 101,607	\$ 109,991
Intergovernmental	15,180	8,069	7,722	8,306	40,162
Charges for services	-	-	-	-	-
Fines and forfeitures	19,708	14,735	4,450	13,119	40,304
Licences and permits	2,610	2,785	3,780	2,780	3,340
Investment Income	1,924	1,293	614	452	286
Miscellaneous	18,808	31,578	51,673	26,635	67,092
<b>Total General Fund Revenues</b>	<u>\$ 153,048</u>	<u>\$ 154,072</u>	<u>\$ 155,218</u>	<u>\$ 152,599</u>	<u>\$ 261,175</u>
<b>Other Governmental Funds:</b>					
Taxes	\$ 35,196	\$ 35,320	\$ 29,286	\$ 43,047	\$ 75,398
Intergovernmental	12,547	93,495	11,188	17,882	153,437
Charges for services	30,152	116,667	95,933	150,870	11,183
Fines and forfeitures	-	-	-	-	-
Licences and permits	-	-	-	-	-
Investment Income	-	328	164	-	-
Miscellaneous	195,719	24,427	28,742	7,623	7,546
<b>Total Other Governmental Fund Revenues</b>	<u>273,614</u>	<u>270,237</u>	<u>165,313</u>	<u>219,427</u>	<u>247,564</u>
<b>TOTAL GOVERNMENTAL FUND REVENUES</b>	<u>426,662</u>	<u>424,309</u>	<u>320,531</u>	<u>372,026</u>	<u>508,739</u>
<b>Expenses:</b>					
<b>General Fund:</b>					
General government	\$ 121,932	\$ 66,740	\$ 211,951	\$ 105,555	\$ 88,119
Public safety and Judiciary	101,239	103,866	79,530	85,446	121,456
Transportation	-	-	-	-	-
Cultural, Parks and Recreation	954	393	1,622	25	583
Community/Economic Development	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	4,190	-	-
Interest and other charges	-	-	2,159	-	-
Capital Outlay	-	1,603	-	1,484	60,774
<b>Total General Fund Expenditures</b>	<u>224,125</u>	<u>172,602</u>	<u>299,452</u>	<u>192,510</u>	<u>270,937</u>
<b>Other Governmental Funds:</b>					
General government	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety and Judiciary	281,692	294,609	181,413	186,191	222,941
Transportation	16,920	19,342	15,354	15,560	22,194
Cultural, Parks and Recreation	-	-	-	-	-
Community/Economic Development	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	16,643	5,504	11,039	29,238	8,786
Interest and other charges	13,161	12,101	5,687	7,875	493
Capital Outlay	331	5,097	3,110	2,893	18,806
<b>Total Other Governmental Fund Expenditures</b>	<u>328,747</u>	<u>335,653</u>	<u>216,603</u>	<u>241,757</u>	<u>273,220</u>
<b>TOTAL GOVERNMENTAL FUND EXPENDITURES</b>	<u>552,872</u>	<u>509,255</u>	<u>516,055</u>	<u>434,267</u>	<u>544,157</u>
Excess of revenues over(under) expenditures	<u>\$ (126,210)</u>	<u>\$ (84,946)</u>	<u>\$ (195,524)</u>	<u>\$ (61,941)</u>	<u>\$ (35,418)</u>
<b>Other financing sources(uses)</b>					
<b>General Fund:</b>					
Transfers in	\$ 127,776	\$ 93,991	\$ 195,287	\$ 93,287	\$ 66,695
Transfers out	(46,773)	(82,917)	(49,388)	(43,315)	(73,845)
Issuance of long-term debt	-	-	-	-	-
Proceeds from short-term debt	-	-	-	-	-
<b>Total General Fund other financing sources(uses)</b>	<u>\$ 81,003</u>	<u>\$ 11,074</u>	<u>\$ 145,899</u>	<u>\$ 49,972</u>	<u>\$ (7,150)</u>
<b>Other Governmental Funds:</b>					
Transfers in	\$ 71,587	\$ 119,305	\$ 64,461	\$ 81,265	\$ 99,345
Transfers out	(50,791)	(52,309)	(15,052)	(10,237)	(18,567)
Issuance of long-term debt	-	-	-	-	-
Proceeds from short-term debt	-	-	-	-	-
<b>Total Other Governmental Funds other financing sources(uses)</b>	<u>\$ 20,796</u>	<u>\$ 66,996</u>	<u>\$ 49,409</u>	<u>\$ 71,028</u>	<u>\$ 80,778</u>
<b>Net change in fund balances</b>	<u>\$ (24,411)</u>	<u>\$ (6,875)</u>	<u>\$ (216)</u>	<u>\$ 59,059</u>	<u>\$ 38,210</u>

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

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government
	General Obligation Bonds	Notes Payable	Capital Leases Payable	Revenue Bonds	Notes Payable	Capital Leases Payable	
2008	\$ -	\$ 33,010	\$ 392,622	\$ 685,000	\$ -	\$ -	\$ 1,110,632
2009	-	-	375,236	650,000	-	-	1,025,236
2010	-	-	365,232	615,000	-	-	980,232
2011	-	-	265,755	575,000	-	-	840,755
2012	-	-	-	535,000	-	-	535,000

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2012**

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**INTERNAL CONTROL AND COMPLIANCE**

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

The Honorable Mayor and Members of the Town Board  
Town of Cashion, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma, (the "Town") as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 27, 2013. Our report was a special report on the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

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

*Arledge & Associates, P.C.*

Edmond, Oklahoma  
March 27, 2013

TOWN OF CASHION, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS  
Year Ended June 30, 2012

**Finding 12-01 – Budgeted Appropriations**

*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	\$32,893
General Fund	Culture and Recreation	588
General Fund	Transfers Out	73,845
Emergency Fund	Public Safety	32,776
Emergency-Fund	Transfers Out	7,000

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

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

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

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

