



# TOWN OF CASHION, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020

**THE TOWN OF CASHION,  
OKLAHOMA**

**ANNUAL FINANCIAL REPORT**

**AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2020**

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

**TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor’s Report on Financial Statements</b> .....	3-4
<b>Other Information – Management’s Discussion and Analysis</b> .....	5-11
<b>The Basic Financial Statements:</b>	
<b>Government-Wide Financial Statements:</b>	
Statement of Net Position (Modified Cash Basis).....	13
Statement of Activities (Modified Cash Basis).....	14
<b>Governmental Funds Financial Statements:</b>	
Balance Sheet (Modified Cash Basis).....	16
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis).....	17
<b>Proprietary Funds Financial Statements:</b>	
Statement of Net Position (Modified Cash Basis).....	19
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)...	20
Statement of Cash Flows (Modified Cash Basis).....	21
<b>Footnotes to the Basic Financial Statements</b> .....	23-35
<b>Supplementary and Other Information:</b>	
<b>Budgetary Comparison Information</b>	
Budgetary Comparison Schedule (Modified Cash Basis) – General Fund.....	37
Budgetary Comparison Schedule (Modified Cash Basis) – Street & Alley Fund.....	37
Budgetary Comparison Schedule (Modified Cash Basis) – Restricted Sales Tax Fund.....	38
Footnotes to Budgetary Comparison Schedules.....	38
<b>Federal and State Awards Information</b>	
Schedule of Expenditures of Federal and State Awards.....	39
<b>Internal Control and Compliance over Financial Reporting</b>	
Independent Auditor’s Report on Internal Control and Compliance.....	41-42
Schedule of Findings.....	43



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

### ***Basis of Accounting***

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

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Schedule of Expenditures of State Awards, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Schedule of Expenditures of State Awards, as listed in the table of contents, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2021 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Arledy & Associates, P.C.*

March 25, 2021

**TOWN OF CASHION, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

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The management of the Town of Cashion is pleased to provide this annual financial report to its citizens, taxpayers, and other report users to demonstrate its accountability and communicate the Town's financial condition and activities as of and for the fiscal year ended June 30, 2020. Management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts. The Town reports its financial statements and schedules on a modified cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. All of the financial analyses in this report must be considered within the context of the limitations of the modified cash basis of accounting.

### **FINANCIAL HIGHLIGHTS**

- As reported on a modified cash basis, the Town's total net position decreased by \$18,572 and the assets of the Town exceed its liabilities at June 30, 2020, by \$870,927 (net position). Of this amount, \$297,680 (unrestricted net position) is available to meet the government's ongoing needs.
- At June 30, 2020, the Town's governmental funds reported combined ending fund balances of \$325,332.
- At the end of June 30, 2020, the unassigned fund balance of the General Fund was \$26,909.

### **ABOUT THE TOWN**

The Town of Cashion is a statutory town form of government with a population of approximately 802 located on the border of Kingfisher and Logan Counties in central Oklahoma. The Town is governed by a five-member Board and operates under state law and Town ordinances through the three branches of democratic government:

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

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

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

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

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

- **The Town of Cashion** – an incorporated Town that operates the public safety, streets and public works, health and welfare, culture and recreation, and administrative activities of the Town – *reported as part of the primary government*

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

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

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

### **Reporting the Town as a Whole**

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

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

**TOWN OF CASHION, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

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

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

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

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

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

*Proprietary funds* - When the Town, through the Public Works Authority, charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are also reported on the modified cash basis of accounting. The Town's main proprietary fund is the Cashion Public Works Authority that accounts for the operation of the gas, water, sewer, and sanitation activities.

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

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 23-35 of this report.

#### **Other Information**

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



**TOWN OF CASHION, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

**THE TOWN AS A WHOLE**

For the year ended June 30, 2020, net position on a modified cash basis for the governmental and business-type activities decreased \$18,572.

**The Town of Cashion's Net Position (Modified Cash Basis)**  
**June 30, 2020 (In Thousands)**

**TABLE 1**  
**NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
Assets:									
Current assets	\$ 325	\$ 401	-19%	\$ 605	\$ 541	12%	\$ 930	\$ 942	-1%
<b>Total assets</b>	<u>325</u>	<u>401</u>	-19%	<u>605</u>	<u>541</u>	12%	<u>930</u>	<u>942</u>	-1%
Liabilities:									
Non-current liabilities	-	-	0%	59	52	13%	59	52	13%
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	0%	<u>59</u>	<u>52</u>	13%	<u>59</u>	<u>52</u>	13%
Net position:									
Restricted	180	215	-16%	394	371	6%	574	586	-2%
Unrestricted	145	186	-22%	152	118	29%	297	304	-2%
<b>Total net position</b>	<u>\$ 325</u>	<u>\$ 401</u>	-19%	<u>\$ 546</u>	<u>\$ 489</u>	12%	<u>\$ 871</u>	<u>\$ 890</u>	-2%

Governmental total assets decreased approximately \$76,000 for the following reason. Two of the Town's revenue sources, fines and forfeitures and licenses and permits, decreased approximately \$66,000, or 57% under the prior year, due primarily from the recovery of storm damage in the prior year impacting the licenses and permits, while and fines and forfeitures decreased with changes to the police force. In addition, the Town received capital grants totaling approximately \$109,000 for a business-type improvement project which increased the transfers to business-type activities by \$54,000 over the prior year.

Business-type net position increased approximately \$57,000 due primarily to the increase in transfers from governmental activities by \$54,000 over the previous year, as described above.

**TOWN OF CASHION, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

**The Town of Cashion's Revenues, Expenses and Changes in Net Position (Modified Cash Basis)**  
**Year Ended June 30, 2020 (In Thousands)**

**TABLE 2**  
**CHANGES IN NET POSITION (In Thousands)**

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2020	2019		2020	2019		2020	2019	
<b>Revenues</b>									
<b>Program revenues:</b>									
Charges for service	\$ 50	\$ 120	-58%	\$ 755	\$ 726	4%	\$ 805	\$ 846	-5%
Operating grants and contributions	13	13	0%	-	-	-	13	13	0%
Capital grants and contributions	109	10	990%	-	-	-	109	10	990%
<b>General revenues:</b>									
Taxes	342	333	3%	-	-	-	342	333	3%
Intergovernmental revenue	17	15	13%	-	-	-	17	15	13%
Investment income	-	-	-	6	8	-25%	6	8	-25%
Miscellaneous	38	138	-72%	-	-	-	38	138	-72%
<b>Total revenues</b>	<b>569</b>	<b>629</b>	<b>-10%</b>	<b>761</b>	<b>734</b>	<b>4%</b>	<b>1,330</b>	<b>1,363</b>	<b>-2%</b>
<b>Expenses</b>									
General government	226	140	61%	-	-	-	226	140	61%
Public safety	248	289	-14%	-	-	-	248	289	-14%
Highways and streets	73	81	-10%	-	-	-	73	81	-10%
Culture and recreation	-	1	-100%	-	-	-	-	1	-100%
Gas	-	-	-	164	162	1%	164	162	1%
Water	-	-	-	216	176	23%	216	176	23%
Sewer	-	-	-	177	123	44%	177	123	44%
Sanitation	-	-	-	245	221	11%	245	221	11%
<b>Total expenses</b>	<b>547</b>	<b>511</b>	<b>7%</b>	<b>802</b>	<b>682</b>	<b>18%</b>	<b>1,349</b>	<b>1,193</b>	<b>13%</b>
Excess (deficiency) before transfers	22	118	81%	(41)	52	-179%	(19)	170	-111%
Transfers	(98)	(44)	123%	98	44	123%	-	-	-
<b>Change in net position</b>	<b>(76)</b>	<b>74</b>	<b>-203%</b>	<b>57</b>	<b>96</b>	<b>41%</b>	<b>(19)</b>	<b>170</b>	<b>-111%</b>
<b>Beginning net position</b>	<b>401</b>	<b>327</b>	<b>23%</b>	<b>489</b>	<b>393</b>	<b>24%</b>	<b>890</b>	<b>720</b>	<b>24%</b>
<b>Ending net position</b>	<b>\$ 325</b>	<b>\$ 401</b>	<b>-19%</b>	<b>\$ 546</b>	<b>\$ 489</b>	<b>12%</b>	<b>\$ 871</b>	<b>\$ 890</b>	<b>-2%</b>

See explanations above.

**TOWN OF CASHION, OKLAHOMA**  
**Management's Discussion and Analysis**  
**As of and for the Year Ended June 30, 2020**

**A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed its 2020 fiscal year, the governmental funds reported a combined fund balance of \$300,862.

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

<p>Governmental:</p> <p>  Restricted for:</p> <p>    Streets \$ 14,511</p> <p>    Capital Outlay/Improvements 165,166</p> <p>  Assigned for:</p> <p>    Next year's budget 25,000</p> <p>    Streets 84,830</p> <p>    Emergency Services 4,356</p> <p>    Capital Outlay/Improvements 4,256</p> <p>    Community Relations and Beautification 304</p> <p>  Unassigned 26,909</p> <p>Total <u><u>\$ 325,332</u></u></p>	<p>Proprietary:</p> <p>  Restricted for:</p> <p>    Trust Fund Purposes ** \$ 393,570</p> <p>  Unrestricted 152,025</p> <p>Total <u><u>\$ 545,595</u></u></p>
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\*\* Special Utility Trust Fund monies shall be invested and held intact and shall not be expended for any purpose whatsoever unless the question of the expense shall have been submitted to and approved by the electors of the Town, at an election called and held for that purpose.

**Other fund highlights include:**

- For the year ended June 30, 2020, the General Fund's total fund balance decreased by \$25,134 due mainly to the decrease of revenue sources such as fines and forfeitures and licenses and permits. The Emergency Fund, the Street & Alley Fund, and the Restricted Sales Tax Fund had total fund balance changes of \$2,788, \$10,103, and (\$87,975), respectively.

**Budgetary Highlights**

For the year ended June 30, 2020, the General Fund reported actual revenues and transfers over final estimates by \$82,774 or 27.6% positive variance. General Fund actual expenditures and transfers were under final appropriations by \$3,562 or a 0.9% positive variance. The negative expenditure variances reported in the budgetary comparison schedules were caused primarily to community center and transfers out to other funds.

## **ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES**

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

- The Town is seeing the economy financial recovery leveling off and management feels FY 21 will remain consistent with the prior year, less the one time exceptions discussed above.

### **Contacting the Town's Financial Management**

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

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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

**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Statement of Net Position (Modified Cash Basis)– June 30, 2020**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 325,416	\$ 198,253	\$ 523,669
Investments	-	405,760	405,760
Internal balances	(362)	362	-
Due from other governments	278	317	595
Total Assets	325,332	604,692	930,024
<b>LIABILITIES</b>			
Refundable deposits	-	59,097	59,097
Total Liabilities	-	59,097	59,097
<b>NET POSITION</b>			
Restricted for:			
Capital outlay	165,166	-	165,166
Streets	14,511	-	14,511
Other contracts	-	393,570	393,570
Unrestricted	145,655	152,025	297,680
Total Net Position	\$ 325,332	\$ 545,595	\$ 870,927

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

**Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental activities:							
General Government	\$ 226,278	\$ 7,785	\$ 50	109,092	\$ (109,351)	\$ -	\$ (109,351)
Public Safety	247,605	42,410	4,892	-	(200,303)	-	(200,303)
Streets and Highways	73,101	-	7,635	-	(65,466)	-	(65,466)
Culture and Recreation	323	-	-	-	(323)	-	(323)
Total governmental activities	<u>547,307</u>	<u>50,195</u>	<u>12,577</u>	<u>109,092</u>	<u>(375,443)</u>	<u>-</u>	<u>(375,443)</u>
Business-type activities:							
Gas	163,529	203,879	-	-	-	40,350	40,350
Water	215,968	225,582	-	-	-	9,614	9,614
Sewer	176,511	99,839	-	-	-	(76,672)	(76,672)
Sanitation	245,298	225,689	-	-	-	(19,609)	(19,609)
Total business-type activities	<u>801,306</u>	<u>754,989</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,317)</u>	<u>(46,317)</u>
<b>Total primary government</b>	<u>\$ 1,348,613</u>	<u>\$ 805,184</u>	<u>\$ 12,577</u>	<u>\$ 109,092</u>	<u>(375,443)</u>	<u>(46,317)</u>	<u>(421,760)</u>
General revenues:							
Taxes:							
Sales and use tax					317,552	-	317,552
Franchise and public service taxes					24,000	-	24,000
Intergovernmental revenue not restricted to specific programs					17,489	-	17,489
Investment income					265	5,567	5,832
Miscellaneous					38,315	-	38,315
Transfers - Internal activity					(97,926)	97,926	-
Total general revenues and transfers					<u>299,695</u>	<u>103,493</u>	<u>403,188</u>
Change in net position					(75,748)	57,176	(18,572)
Net position - beginning					401,080	488,419	889,499
Net position - ending					<u>\$ 325,332</u>	<u>\$ 545,595</u>	<u>\$ 870,927</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, 2020**

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**



**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2020**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Other Governmental Fund - Emergency Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Assets:					
Cash and cash equivalents	\$ 111,580	\$ 99,341	\$ 110,322	\$ 4,173	\$ 325,416
Due from other funds	-	-	-	\$ 183	183
Due from other governments	278	-	-	-	278
Total Assets	<u>\$ 111,858</u>	<u>\$ 99,341</u>	<u>\$ 110,322</u>	<u>\$ 4,356</u>	<u>\$ 325,877</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 545	\$ -	\$ -	\$ -	\$ 545
Total Liabilities	<u>545</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545</u>
Fund Balances:					
Restricted for:					
Streets	-	14,511	-	-	14,511
Capital improvements	59,100	-	106,066	-	165,166
Assigned for:					
Next year's budget	25,000	-	-	-	25,000
Streets	-	84,830	-	-	84,830
Emergency services	-	-	-	4,356	4,356
Capital improvements	-	-	4,256	-	4,256
Community relations and beautification	304	-	-	-	304
Unassigned	26,909	-	-	-	26,909
Total Fund Balances	<u>111,313</u>	<u>99,341</u>	<u>110,322</u>	<u>4,356</u>	<u>325,332</u>
Total Liabilities and Fund Balances	<u>\$ 111,858</u>	<u>\$ 99,341</u>	<u>\$ 110,322</u>	<u>\$ 4,356</u>	<u>\$ 325,877</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, 2020

**Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance**  
**(Modified Cash Basis) – Year Ended June 30, 2020**

	<u>General Fund</u>	<u>Street &amp; Alley Fund</u>	<u>Restricted Sales Tax Fund</u>	<u>Other Governmental Fund - Emergency Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 223,336	\$ 59,108	\$ 59,108	\$ -	\$ 341,552
Intergovernmental	76,589	7,636	49,992	4,642	138,859
Fines and forfeitures	42,410	-	-	-	42,410
Licenses and permits	7,785	-	-	-	7,785
Investment income	120	47	98	-	265
Miscellaneous:					
Insurance reimbursements	-	-	-	22,895	22,895
Other	11,270	-	-	4,449	15,719
<b>Total Revenues</b>	<u>361,510</u>	<u>66,791</u>	<u>109,198</u>	<u>31,986</u>	<u>569,485</u>
<b>Expenditures:</b>					
Current:					
General government	146,857	-	-	-	146,857
Public safety	178,743	-	-	19,668	198,411
Highways and streets	-	73,101	-	-	73,101
Culture and recreation	323	-	-	-	323
Capital outlay	10,277	-	191,173	22,930	224,380
Debt service:					
Principal retirement	16,766	-	-	-	16,766
Interest	498	-	-	-	498
<b>Total Expenditures</b>	<u>353,464</u>	<u>73,101</u>	<u>191,173</u>	<u>42,598</u>	<u>660,336</u>
<b>Revenues over (under) expenditures</b>	8,046	(6,310)	(81,975)	(10,612)	(90,851)
<b>Other Financing Sources (Uses):</b>					
Transfers in	21,264	16,413	-	13,400	51,077
Transfers out	(29,974)	-	(6,000)	-	(35,974)
<b>Total Other Financing Sources (Uses)</b>	<u>(8,710)</u>	<u>16,413</u>	<u>(6,000)</u>	<u>13,400</u>	<u>15,103</u>
<b>Net change in fund balances</b>	(664)	10,103	(87,975)	2,788	(75,748)
<b>Fund balances - beginning</b>	111,977	89,238	198,297	1,568	401,080
<b>Fund balances - ending</b>	<u>\$ 111,313</u>	<u>\$ 99,341</u>	<u>\$ 110,322</u>	<u>\$ 4,356</u>	<u>\$ 325,332</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, 2020**

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**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2020**

	<b>ENTERPRISE FUNDS</b>		<b>Totals</b>
	<b>Cashion Public Works Authority</b>	<b>Oklahoma Public Finance Authority</b>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 147,846	\$ 3,500	\$ 151,346
Due from other funds	362	-	362
Due from other governments	317	-	317
Restricted cash and cash equivalents	46,907	-	46,907
Restricted investments	405,760	-	405,760
Total Assets	<u>601,192</u>	<u>3,500</u>	<u>604,692</u>
<b>LIABILITIES</b>			
Meter deposit liability	59,097	-	59,097
Total Liabilities	<u>59,097</u>	<u>-</u>	<u>59,097</u>
<b>NET POSITION</b>			
Restricted for trust fund purposes	393,570	-	393,570
Unrestricted	148,525	3,500	152,025
Total net position	<u>\$ 542,095</u>	<u>\$ 3,500</u>	<u>\$ 545,595</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, 2020**

**Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2020**

	<b>ENTERPRISE FUNDS</b>		<b>Totals</b>
	<b>Cashion Public Works Authority</b>	<b>Oklahoma Public Finance Authority</b>	
<b>Operating Revenues:</b>			
Charges for services:			
Gas	\$ 200,879	\$ -	\$ 200,879
Water	222,262	-	222,262
Sewer	98,370	-	98,370
Sanitation	222,367	-	222,367
Other	11,111	-	11,111
<b>Total Operating Revenues</b>	<b>754,989</b>	<b>-</b>	<b>754,989</b>
<b>Operating Expenses:</b>			
Gas	82,689	-	82,689
Water	127,059	-	127,059
Sewer	24,145	-	24,145
Sanitation	156,329	-	156,329
General government	297,555	-	297,555
<b>Total Operating Expenses</b>	<b>687,777</b>	<b>-</b>	<b>687,777</b>
<b>Operating Income</b>	<b>67,212</b>	<b>-</b>	<b>67,212</b>
<b>Non-Operating Revenues (Expenses):</b>			
Investment income	5,567	-	5,567
Trustee fees	(500)	-	(500)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>5,067</b>	<b>-</b>	<b>5,067</b>
<b>Net Income Before Transfers</b>	<b>72,279</b>	<b>-</b>	<b>72,279</b>
Transfers in	6,161	-	6,161
Transfers out	(21,264)	-	(21,264)
<b>Change in net position</b>	<b>57,176</b>	<b>-</b>	<b>57,176</b>
<b>Total net position - beginning</b>	<b>484,919</b>	<b>3,500</b>	<b>488,419</b>
<b>Total net position - ending</b>	<b>\$ 542,095</b>	<b>\$ 3,500</b>	<b>\$ 545,595</b>

See accompanying notes to the basic financial statements.

**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2020**

	ENTERPRISE FUNDS		Totals
	Cashion Public Works Authority	Oklahoma Public Finance Authority	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 754,989	\$ -	\$ 754,989
Payments to suppliers	(472,033)	-	(472,033)
Payments to employees	(216,423)	-	(216,423)
Receipts of customer utility deposits	14,200	-	14,200
Refunds of customer utility deposits	(7,322)	-	(7,322)
Net Cash Provided by Operating Activities	<u>73,411</u>	<u>-</u>	<u>73,411</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	6,161	-	6,161
Transfers to other funds	(21,264)	-	(21,264)
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(15,103)</u>	<u>-</u>	<u>(15,103)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	5,567	-	5,567
Purchase of investments	(22,931)	-	(22,931)
Trustee fees	(500)	-	(500)
Net Cash Provided by (Used in) Investing Activities	<u>(17,864)</u>	<u>-</u>	<u>(17,864)</u>
Net Increase in Cash and Cash Equivalents	40,444	-	40,444
Balance - beginning of the year	154,309	3,500	157,809
Balance - end of the year	<u>\$ 194,753</u>	<u>\$ 3,500</u>	<u>\$ 198,253</u>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and cash equivalents	\$ 147,846	\$ 3,500	\$ 151,346
Restricted cash and cash equivalents	46,907	-	46,907
Total cash and cash equivalents	<u>\$ 194,753</u>	<u>\$ 3,500</u>	<u>\$ 198,253</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 67,212	\$ -	\$ 67,212
Change in assets and liabilities:			
Due from other funds	(362)	-	(362)
Due from other governments	(317)	-	(317)
Meter deposit liability	6,878	-	6,878
Net cash provided by operating activities	<u>\$ 73,411</u>	<u>\$ -</u>	<u>\$ 73,411</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, 2020**

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

**Footnotes to the Financial Statements:**

**1. Summary of Significant Accounting Policies**

**A. Financial Reporting Entity**

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

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

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



**B. Basis of Accounting and Presentation**

*Government-Wide Financial Statements:*

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

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

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

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

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

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

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

*Governmental Funds:*

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

**Major Funds:**

- General Fund - accounts for all activities not accounted for in other special-purpose funds

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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- Street and Alley Special Revenue Fund – accounts for commercial vehicle tax, gasoline excise tax and sales tax legally restricted for street and alley repairs and maintenance
- Restricted Sales Tax Capital Project Fund – accounts for a one cent sales tax restricted for capital improvements or capital outlay

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

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

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

*Proprietary Funds:*

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

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

The proprietary funds are also reported on a modified cash basis, as defined above.

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

***Budgetary Accounting and Control***

**Budget Law**

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

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

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the Town Board.
- d. Subsequent to Town Board enactment, the adopted budget is filed with the office of the State Auditor and Inspector.

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

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

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

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

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

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

**D. Assets Other Than Cash**

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

**E. Compensated Absences**

As a result of the use of the modified cash basis of accounting, liabilities related to accrued compensated absences are not recorded in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination is reported as a commitment in Note 8.

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

**F. Fund Balances and Net Position**

*Fund Balances:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

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

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

*Net Position:*

Net position is displayed in two components:

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

	Enabling Legislation	State Statutes	Other Contracts	Total
Governmental Activities:				
Capital Improvements purposes	\$ 165,166	\$ -	\$ -	\$ 165,166
Street & Alley purposes	-	14,511	-	14,511
Total Governmental Activities	<u>165,166</u>	<u>14,511</u>	<u>-</u>	<u>179,677</u>
Business-type Activities:				
Trust Fund purposes	-	-	393,570	393,570
Total Business-type Activities	<u>-</u>	<u>-</u>	<u>393,570</u>	<u>393,570</u>
Total Restricted Net Position	<u>\$ 165,166</u>	<u>\$ 14,511</u>	<u>\$ 393,570</u>	<u>\$ 573,247</u>

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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

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

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

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

**2. Deposits and Investments**

For the year ended June 30, 2020, the Town recognized \$5,832 of investment income. At June 30, 2020, the primary government held the following deposits and investments:

<u>Deposits</u>	<u>Credit Rating</u>	<u>Carrying Value</u>
Cash on hand		\$ 100
Demand Deposits		523,569
Time Deposits		13,234
		<u>\$ 536,903</u>
 <u>Investments</u>		
CPWA - Federated Treasury Obligations Fund	AAAm	392,526
 <b>Total Deposits and Investments</b>		 <u><u>\$ 929,429</u></u>
 <b>Reconciliation to the Statement of Net Position:</b>		
Cash and cash equivalents		\$ 523,669
Investments		405,760
		<u><u>\$ 929,429</u></u>

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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*Custodial Credit Risk*

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

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2020, the Town was not exposed to custodial credit risk as defined above.

*Investment Credit Risk*

The Town limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments is debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As noted in the schedule of deposits and investments above, at June 30, 2020, 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, 2020, the investments were limited to three time deposits in which mature January 2021, April 2021, and June 2021, and shares of a government obligations mutual fund not exposed to interest rate risk.

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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*Concentration of Investment Credit Risk*

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no investment policy regarding concentration of credit risk. At June 30, 2020, the Town had no concentration of credit risk as defined above. However, all of its mutual fund investments were in a single mutual fund.

*Restricted cash and Investments* – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for meter deposits and trust fund commitments. The restricted assets as of June 30, 2020 are as follows:

<u>Type of Restricted Assets</u>	<u>Current Cash and Cash Equivalents</u>	<u>Current Investments</u>
Utility Deposits	\$ 45,863	\$ 13,234
Trust Fund Commitment	1,044	392,526
Total Restricted Assets	\$ 46,907	\$ 405,760

**3. Sales Tax Revenue**

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

**4. Property Tax Levy**

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

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

**5. Internal and Interfund Transfers**

Internal balances between funds and activities for the year ended June 30, 2020, were as follows:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>	<u>Nature of Internal Balances</u>
Emergency Fund	General Fund	\$183	Expenditures paid on behalf of another fund
CPWA	General Fund	362	Expenditures paid on behalf of another fund
		<u>\$545</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Due From</u>	<u>Due To</u>	<u>Net Internal Balances</u>
Governmental Funds	\$183	(\$545)	\$ (362)
Proprietary Funds	362	-	362
Total	<u>\$545</u>	<u>(\$545)</u>	<u>\$ -</u>

Internal transfers between funds and activities for the year ended June 30, 2020, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Emergency Services Fund	\$ 7,400	Operating subsidy
General Fund	Street & Alley Fund	16,413	Operating subsidy
General Fund	CPWA	6,161	Operating subsidy
Restricted Sales Tax Fund	Emergency Services Fund	6,000	Operating subsidy
CPWA	General Fund	21,264	Operating subsidy
		<u>\$ 57,238</u>	

**Reconciliation to Fund Financial Statements:**

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers/ Internal Activity</u>
Governmental Funds	\$ 51,077	\$ (35,974)	\$ 15,103
Proprietary Funds	6,161	(21,264)	(15,103)
Total	<u>\$ 57,238</u>	<u>\$ (57,238)</u>	<u>\$ -</u>

**Reconciliation to Statement of Activities:**

Net Transfers Governmental Funds	\$ 15,103
Capital outlay for governmental capital project funds reported as transfers to business-type activities	<u>(113,029)</u>
Net Transfers	<u>\$ (97,926)</u>

**6. Risk Management**

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



**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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**7. Employee Retirement Plan Participation**

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

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

*Firefighter Pension System:*

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

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

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

<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Amount Contributed</u>	<u>Percentage Contributed</u>
2018	\$672	\$0	0%
2019	\$480	\$0	0%
2020	\$540	\$1,692	313%

The Town reviewed volunteers and paid actual amounts owed for the current year and the past two years.

*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%

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

Plan members are required to contribute a minimum of 3.0%, but no more than 25% of compensation, while the Town contributes 5.0% of annual covered payroll. The contribution requirements as well as plan provisions of the Town are established and may be amended by the Town Board. During the fiscal year ended June 30, 2020, the Town used forfeited employer contributions to cover employer contributions.

During the year ended June 30, 2020, the Town and CPWA contributed a total of \$134 to the Plan, while employees contributed an aggregate of \$4,623 on covered compensation.

**8. Commitments and Contingencies**

*Long-term Debt Commitments:*

At June 30, 2020, governmental activities had no long-term debt commitments from taxes or other general revenues.

*Cashion Public Works Authority:*

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

*Note Payable (direct borrowing):*

\$73,178 note payable for the purchase of 2 police units, payable in monthly installments of \$1,323, with a 3.25% interest rate, final payment due September 25, 2020. This direct borrowing contains a provision that in an event of default, outstanding amounts become immediately due if the Town is unable to make payment. These notes are secured with collateral of the 2 police units purchased.

Balance Outstanding at June 30, 2020 \$2,460

*Change in Long-Term Debt Commitments:*

<u>Business-type Activities</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Note Payable (direct borrowing)	\$ 19,226	\$ -	\$ 16,766	\$ 2,460	\$ 2,460
Total Long-Term Obligation - Cashion Public Works Authority	<u>\$ 19,226</u>	<u>\$ -</u>	<u>\$ 16,766</u>	<u>\$ 2,460</u>	<u>\$ 2,460</u>

*Debt Service Requirements to Maturity:*

Year Ended June 30,	CPWA Note Payable (direct borrowing)	
	<u>Principal</u>	<u>Interest</u>
2021	<u>\$ 2,460</u>	<u>\$ 26</u>

**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

---

**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.

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

*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, 2020, is summarized as follows:

- Town – accrued compensated absences                   \$14,725
- CPWA – accrued compensated absences                 \$19,064

*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.

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

---

*Federal and State Award Programs:*

The Town of Cashion participates in various federal or state grant/loan programs from year to year. In 2020, 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.

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

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**SUPPLEMENTARY AND OTHER INFORMATION**

**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2020

**Budgetary Comparison Schedules (Modified Cash Basis) – Year Ended June 30, 2020**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 30,000	\$ 87,000	\$ 111,977	\$ 24,977
<b>Revenues and Transfers:</b>				
Taxes	212,000	227,000	223,336	(3,664)
Intergovernmental	12,000	12,000	76,589	64,589
Fines and Forfeitures	55,000	41,000	42,410	1,410
Licenses and Permits	-	-	7,785	7,785
Investment Income	-	-	120	120
Miscellaneous	25,000	20,000	11,270	(8,730)
Transfers In	-	-	21,264	21,264
<b>Total Revenues and Transfers</b>	<u>304,000</u>	<u>300,000</u>	<u>382,774</u>	<u>82,774</u>
<b>Amounts available for appropriation</b>	<u>\$ 334,000</u>	<u>\$ 387,000</u>	<u>\$ 494,751</u>	<u>\$ 107,751</u>
<b>Expenditures and Transfers:</b>				
General Government	135,850	184,850	157,134	27,716
Public Safety	198,150	202,150	196,007	6,143
Culture and Recreation	-	-	323	(323)
Transfers Out	-	-	29,974	(29,974)
<b>Total Expenditures and Transfers</b>	<u>334,000</u>	<u>387,000</u>	<u>383,438</u>	<u>3,562</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,313</u>	<u>\$ 111,313</u>

	STREET & ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 50,000	\$ 68,000	\$ 89,238	\$ 21,238
<b>Revenues and Transfers:</b>				
Taxes	65,000	62,500	59,108	(3,392)
Intergovernmental	7,500	7,500	7,636	136
Interest income	-	-	47	47
Transfers In	-	-	16,413	16,413
<b>Total Revenues and Transfers</b>	<u>72,500</u>	<u>70,000</u>	<u>83,204</u>	<u>13,204</u>
<b>Amounts available for appropriation</b>	<u>\$ 122,500</u>	<u>\$ 138,000</u>	<u>\$ 172,442</u>	<u>\$ 34,442</u>
<b>Expenditures:</b>				
Highways and streets	122,500	97,500	73,101	24,399
<b>Total Expenditures</b>	<u>122,500</u>	<u>97,500</u>	<u>73,101</u>	<u>24,399</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ 40,500</u>	<u>\$ 99,341</u>	<u>\$ 58,841</u>

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 150,000	\$ 152,500	\$ 198,297	\$ 45,797
<b>Revenues:</b>				
Taxes	65,000	62,500	59,108	(3,392)
Intergovernmental	-	-	49,992	49,992
Interest income	-	-	98	98
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>65,000</u>	<u>62,500</u>	<u>109,198</u>	<u>46,698</u>
<b>Amounts available for appropriation</b>	<u>\$ 215,000</u>	<u>\$ 215,000</u>	<u>\$ 307,495</u>	<u>\$ 92,495</u>
<b>Expenditures:</b>				
Capital outlay	215,000	215,000	191,173	23,827
Transfers out	-	-	6,000	(6,000)
<b>Total Expenditures</b>	<u>215,000</u>	<u>215,000</u>	<u>197,173</u>	<u>17,827</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,322</u>	<u>\$ 110,322</u>

**Footnotes to Budgetary Comparison Schedules:**

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

*Budgetary Noncompliance:*

The following departments had excess expenditures over available appropriations:

General Fund:	
Culture and Recreation	\$323
Transfers Out	\$29,974
Restricted Sales Tax Fund:	
Transfers Out	\$6,000

**TOWN OF CASHION, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2020**

**Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2020**

<b>Federal/State Grantor/Pass through agency Grantor/Program Title</b>	<b>Grant #/Name</b>	<b>Awards Amount</b>	<b>Expended</b>
<b>FEDERAL AWARDS:</b>			
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>			
Passed through Oklahoma Department of Commerce:			
CDBG - Wastewater Construction	17533 CDBG 19	\$ 49,992	\$ 49,992
		<u>\$ 49,992</u>	<u>\$ 49,992</u>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 49,992</b>	<b>\$ 49,992</b>
 <b>STATE AWARDS:</b>			
<u>OKLAHOMA DEPARTMENT OF AGRICULTURE:</u>			
Rural Fire Grant	State Aid Operational Grant	\$ 4,642	\$ 4,642
 <u>NORTHERN OKLAHOMA DEVELOPMENT AUTHORITY:</u>			
REAP - Sewer Main Replacement Project	2020 REAP KF20-1	59,100	-
		<u>59,100</u>	<u>-</u>
<b>Total Expenditures of State Awards</b>		<b>\$ 63,742</b>	<b>\$ 4,642</b>



**TOWN OF CASHION, OKLAHOMA**  
**ANNUAL FINANCIAL REPORT**  
**As of and for the Year Ended June 30, 2020**

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**INTERNAL CONTROL AND COMPLIANCE**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Cashion, Oklahoma (the "Town"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 25, 2021. Our report included an emphasis-of-matter paragraph related to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 20-01.

### **Town's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Arlidge & Associates, P.C.*

March 25, 2021

TOWN OF CASHION, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS

Year Ended June 30, 2020

**Finding 20-01 – Budgeted Appropriations**

(repeat from prior year)

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

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

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General Fund	Culture and Recreation	\$ 323
General Fund	Transfers out	29,974
Restricted Sales Tax Fund	Transfers out	6,000

*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 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:* The Town will more closely monitor budget compliance in current and future years.