

CITY OF CACHE
Cache, Oklahoma

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

FOR THE YEAR ENDED JUNE 30, 2023

BY



City of Cache
Cache, Oklahoma
Year Ended June 30, 2023

Table of Contents

	<u>Page</u>
 Introductory Section	
Title Page	
Table of Contents	
 Financial Section	
Independent Auditor’s Report on Financial Statements.....	1 - 4
 Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	5
Statement of Activities – Modified Cash Basis.....	6
Governmental Funds Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis	9
Proprietary Funds Financial Statements:	
Statement of Net Position – Modified Cash Basis – Proprietary Funds	10
Statement of Revenues, Expense, and Changes in Net Position – Modified Cash Basis – Proprietary Funds.....	11
Statement of Cash Flows – Modified Cash Basis – Proprietary Funds	12
Notes to the Financial Statements	13 - 30

City of Cache
Cache, Oklahoma
Year Ended June 30, 2023

Table of Contents
(continued)

	<u>Page</u>
Single Audit, Internal Control and Compliance Section	
Independent’s 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 <i>Government Auditing Standards</i>	31 - 32
Schedule of Findings and Responses	33
Summary Schedule of Prior Audit Findings.....	34
Supplementary Information	
Budgetary Comparison Schedule – Modified Cash Basis – General Fund	35
Notes to Supplementary Information.....	36
Nonmajor Governmental Funds:	
Combining Balance Sheet – Modified Cash Basis	37
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis.....	38
Budgetary Comparison Schedules – Modified Cash Basis	39 - 45
Single Audit	
Independent’s Auditor’s Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	46 - 48
Schedules of Expenditures of Federal and State Awards Information:	
Schedule of Expenditures of Federal Awards – Modified Cash Basis	49
Schedule of Expenditures of State and Other Awards – Modified Cash Basis	50
Notes to Schedules of Expenditures of Federal and State Awards	51
Schedule of Findings and Questioned Costs	52



INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Cache
Cache, Oklahoma

Report on the Audit of the Modified Cash Basis Financial Statements

Qualified and Unmodified Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit of the Cache Economic Development Authority, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Cache, Oklahoma's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-type Activities	Unmodified
Discretely Presented Component Unit	Qualified
Major Fund: General Fund	Unmodified
Major Fund: Public Works Authority	Unmodified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinion on the Discretely Presented Component Unit

In our opinion, except for the effects of the matter disclosed in the "Basis for Qualified and Unmodified Opinions" section of our report, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Cache Economic Development Authority (a Discretely Presented Component Unit of the City of Cache, Oklahoma), as of June 30, 2023, and the changes in modified cash basis financial position thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Unmodified Opinions on Governmental Activities, Business-type Activities, Each Major Fund, and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the aggregate remaining fund information of the City of Cache, Oklahoma, as of June 30, 2023, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Cache, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to the Qualified Opinion on the Discretely Presented Component Unit

Management of the discretely presented component unit could not adequately produce financial statements. Therefore, we cannot place reliance on the Statement of Net Position for the component unit.

Emphasis of Matter – Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cache, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Cache, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Cache, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Supplementary 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 accompanying General Fund budgetary comparison schedule, the combining nonmajor governmental funds financial statements, the nonmajor governmental funds budgetary comparison schedules, and the schedule of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state and other awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management

and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2024, on our consideration of the City of Cache, Oklahoma'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 City of Cache's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC
Lawton, Oklahoma
February 9, 2024

City of Cache, Oklahoma
Statement of Net Position - Modified Cash Basis
June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Cache Economic Development Authority
ASSETS				
Cash and Cash Equivalents	\$ 1,080,730	\$ 748,467	\$ 1,829,197	\$ 26,283
Restricted Cash and Cash Equivalents	107,273	752,436		
Accounts Receivable	0	115,970	115,970	0
Prepaid Expenses	645	620	1,265	0
Capital Assets, net of accumulated depreciation	1,051,966	1,539,001	2,590,967	331,284
Total Assets	<u>\$ 2,240,614</u>	<u>\$ 3,156,494</u>	<u>\$ 4,537,399</u>	<u>\$ 357,567</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Meter Deposits	\$ 0	\$ 130,058	\$ 130,058	\$ 0
Accounts Payable	0	26,878	26,878	0
Accrued Payroll Liabilities	14,255	15,981	30,236	0
Due within one year				
Notes Payable	0	31,950	31,950	100
Due in more than one year				
Notes Payable	0	493,326	493,326	0
Total Liabilities	<u>14,255</u>	<u>698,193</u>	<u>712,448</u>	<u>100</u>
Net Position:				
Net Investment in Capital Assets	1,051,966	1,013,725	2,065,691	331,184
Restricted for Debt Service	0	622,294	622,294	0
Restricted for Capital Improvements	107,410	0	107,410	0
Assigned	641,660	0	641,660	0
Unrestricted	425,323	822,282	1,247,605	26,283
Total Net Position	<u>2,226,359</u>	<u>2,458,301</u>	<u>4,684,660</u>	<u>357,467</u>
Total Liabilities and Net Position	<u>\$ 2,240,614</u>	<u>\$ 3,156,494</u>	<u>\$ 5,397,108</u>	<u>\$ 357,567</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2023

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit Cache Economic Development Authority</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>			
					<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>	
Primary Government								
Governmental Activities:								
General Government	\$ 551,279	\$ 96,441	\$ 24,582	\$ 262,805	\$ (167,451)	\$ 0	\$ (167,451)	
Public Safety	595,355	162,861	21,304	0	(411,190)	0	(411,190)	
Streets	195,391	0	0	0	(195,391)	0	(195,391)	
Culture and Recreation	11,846	560	0	0	(11,286)	0	(11,286)	
Total Governmental Activities	<u>1,353,871</u>	<u>259,862</u>	<u>45,886</u>	<u>262,805</u>	<u>(785,318)</u>	<u>0</u>	<u>(785,318)</u>	
Business-Type Activities:								
Water	604,157	680,115	0	0	0	75,958	75,958	
Garbage	310,479	418,958	0	0	0	108,479	108,479	
Sewer	122,732	147,309	0	0	0	24,577	24,577	
Miscellaneous	234,938	281,983	0	487,000	0	534,045	534,045	
Total Business-Type Activities	<u>1,272,306</u>	<u>1,528,365</u>	<u>0</u>	<u>487,000</u>	<u>0</u>	<u>743,059</u>	<u>743,059</u>	
Total Primary Government	<u>\$ 2,626,177</u>	<u>\$ 1,788,227</u>	<u>\$ 45,886</u>	<u>\$ 749,805</u>	<u>(785,318)</u>	<u>743,059</u>	<u>(42,259)</u>	
Component Unit:								
Cache Econ. Develop. Authority	\$ 83,978	\$ 9,600	\$ 0	\$ 0				\$ (74,378)
Total Component Unit	<u>\$ 83,978</u>	<u>\$ 9,600</u>	<u>\$ 0</u>	<u>\$ 0</u>				<u>(74,378)</u>
General Revenues:								
Taxes:								
Sales Tax					598,264	0	598,264	36,653
Use Tax					220,537	0	220,537	0
Franchise Tax					70,377	0	70,377	0
Vehicle Tax					21,514	0	21,514	0
Gas Excise Tax					5,301	0	5,301	0
Alcoholic Beverage Tax					15,934	0	15,934	0
Cigarette Tax					4,173	0	4,173	0
Miscellaneous Income					135,200	0	135,200	975
Interest Revenue (Expense)					6,632	(18,009)	(11,377)	(2,448)
Total General Revenues					<u>1,077,932</u>	<u>(18,009)</u>	<u>1,059,923</u>	<u>35,180</u>
Change in Net Position before Transfers					292,614	725,050	1,017,664	(39,198)
Net Transfers					(136,565)	136,565	0	0
Net Position - beginning					<u>2,089,288</u>	<u>1,596,686</u>	<u>3,685,974</u>	<u>396,665</u>
Prior Period Adjustment					(18,978)	0	(18,978)	0
Net Position - ending					<u>\$ 2,226,359</u>	<u>\$ 2,458,301</u>	<u>\$ 4,684,660</u>	<u>\$ 357,467</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 438,933	\$ 749,070	\$ 1,188,003
Deferred Inflow	0	0	0
Total Assets	<u>\$ 438,933</u>	<u>\$ 749,070</u>	<u>\$ 1,188,003</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred Outflow	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Non-spendable	0	0	0
Restricted	0	107,410	107,410
Committed	0	0	0
Assigned	0	641,660	641,660
Unassigned	438,933	0	438,933
Total Fund Balances	<u>438,933</u>	<u>749,070</u>	<u>1,188,003</u>
Total Liabilities and Fund Balances	<u>\$ 438,933</u>	<u>\$ 749,070</u>	<u>\$ 1,188,003</u>

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities of \$2,268,236 net of accumulated depreciation of \$1,216,270 are not financial resources and therefore are not reported in the funds.	1,051,966
Prepaid Expenses are expensed in the current period in governmental accounting even though they benefit future periods	645
Payroll liabilities are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,255)</u>
<u>Net Position of Governmental Activities</u>	<u>\$ 2,226,359</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Tax Revenue	\$ 618,372	\$ 247,352	\$ 865,724
Grants	22,994	272,858	295,852
Miscellaneous Income	105,537	29,663	135,200
Fines	72,738	0	72,738
Franchise Tax	70,377	0	70,377
Animal Control	68,358	1,410	69,768
Fire Protection Members	0	31,220	31,220
Pumper Fee	0	30,045	30,045
Permits	26,673	560	27,233
Court Fee	14,540	0	14,540
Penalty Revenue	0	14,318	14,318
Donations	1,577	11,262	12,839
Interest	2,267	4,364	6,631
Total Revenues	<u>1,003,433</u>	<u>643,052</u>	<u>1,646,485</u>
EXPENDITURES			
Current:			
General Government	441,095	49,426	490,521
Public Safety - Police	383,097	13,351	396,448
Public Safety - Fire	25,987	122,715	148,702
Streets	0	183,120	183,120
Culture and Recreation	0	21,918	21,918
Debt service:			
Principal	0	0	0
Capital Outlay	17,564	347,635	365,199
Total Expenditures	<u>867,743</u>	<u>738,165</u>	<u>1,605,908</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,690</u>	<u>(95,113)</u>	<u>40,577</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	3,953	234,608	238,561
Transfers Out	(101,433)	(273,693)	(375,126)
Total Other Financing Sources (Uses)	<u>(97,480)</u>	<u>(39,085)</u>	<u>(136,565)</u>
Net Change in Fund Balances	38,210	(134,198)	(95,988)
<u>Fund Balances - beginning</u>	<u>400,723</u>	<u>883,268</u>	<u>1,283,991</u>
<u>Fund Balances - ending</u>	<u>\$ 438,933</u>	<u>\$ 749,070</u>	<u>\$ 1,188,003</u>

Please see accompanying notes to financial statements.

City of Cache, OK
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 40,578

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

	\$ 365,199	
Capital Outlay		
Depreciation	(113,263)	
		251,936

Payroll liabilities not reported of governmental statements.

	(8,519)	
Compensated Absences		
Accrued Payroll	(5,736)	
		(14,255)

Prepaid insurance not reported on governmental statements.

	(645)	
Prepaid Insurance		
		(645)

Contributed capital assets (land, building and infrastructure) and other miscellaneous capital asset transactions recorded in government-wide financial statements but not recorded in fund level financial statements.

	15,000	
		15,000

Change in Net Assets of governmental activities \$ 292,614

City of Cache, Oklahoma
Statement of Net Position - Modified Cash Basis
Proprietary Fund
June 30, 2023

	Cache Public Works Authority	
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 748,467	
Accounts Receivable	115,970	
Prepaid Expenses	620	
Total Current Assets		\$ 865,057
Noncurrent assets:		
Capital assets, net of accumulated depreciation	1,539,001	
Total Noncurrent Assets		1,539,001
Other assets:		
Restricted Cash and Cash Equivalents	752,436	
Total Other Assets		752,436
Total Assets		\$ 3,156,494
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Customer Deposits	\$ 130,058	
Notes Payable, current portion	31,950	
Accrued Payroll Liabilities	15,981	
Accounts Payable	26,878	
Total Current Liabilities		\$ 204,867
Noncurrent Liabilities:		
Notes Payable, less current portion	493,326	
Total Noncurrent Liabilities		493,326
Total Liabilities		698,193
Net Position:		
Net investment in Capital Assets	1,013,725	
Restricted for Debt Service	622,294	
Unrestricted	822,282	
Total Net Position		2,458,301
Total Liabilities and Net Position		\$ 3,156,494

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis
Proprietary Fund
Year Ended June 30, 2023

	Cache Public Works Authority	
Operating Revenues:		
Water Revenue	\$ 680,115	
Grant Revenue	487,000	
Garbage Revenue	418,958	
OWRB	211,165	
Sewer Revenue	147,309	
Late Charges and Misc. Penalties	41,134	
Miscellaneous Income	29,684	
Total Operating Revenues		\$ 2,015,365
Operating Expenses:		
Personal Services	432,880	
Garbage Service Expense	310,479	
Depreciation	177,179	
Repairs and Maintenance	114,584	
Telephone and Utilities	71,414	
Operating Supplies	53,990	
Equipment Lease and Rental	29,474	
Insurance	21,118	
Miscellaneous	18,276	
Legal and Professional	16,910	
Automobile Expense	15,834	
Postage	10,168	
Total Operating Expense		1,272,306
Operating Income		743,059
Nonoperating Revenues (Expenses):		
Interest Income	7,990	
Interest and Fiscal Charges	(25,999)	
Net Nonoperating Revenues (Expenses)		(18,009)
Income before Transfers		725,050
Net Transfers		136,565
<u>Net Income (Loss)</u>		861,615
<u>Net Position - beginning</u>		1,596,686
<u>Net Position - ending</u>		\$ 2,458,301

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Statement of Cash Flows - Modified Cash Basis
Proprietary Fund
Year Ended June 30, 2023

	Cache Public Works Authority	
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,494,921	
Miscellaneous Revenue	516,684	
Payments to Suppliers	(310,479)	
Operating Expense	(348,731)	
Payments to Employees	(421,003)	
Net Cash Provided by Operating Activities		\$ 931,392
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(1,015,924)	
Principal paid on Capital Debt	(23,934)	
Interest paid on Capital Debt	(25,999)	
Net Cash Used by Capital and Related Financing Activities		(1,065,857)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Transfers	45,022	
Interest Income	7,990	
Net Cash Provided by Investing Activities		53,012
Net Increase (Decrease) in Cash and Cash Equivalents		(81,453)
<u>Cash and Cash Equivalents - beginning</u>		1,582,356
<u>Cash and Cash Equivalents - ending</u>		\$ 1,500,903
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 743,059	
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation Expense	177,179	
Change in Current Assets and Current Liabilities:		
Accounts Payable	3,037	
Payroll Tax Liability	11,877	
Meter Deposit Liability	(3,760)	
Net Cash Provided by Operating Activities	\$ 931,392	

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cache, Oklahoma (the “City”) operates under a Council-Manager form of government and provides for the following services as authorized by ordinance: public safety and health; maintenance of highways and streets; culture and recreation; zoning and planning; sanitation services; water distribution; wastewater treatment; and general administration.

The accounting policies and presentation of the basic financial statements of the City have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City’s financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The City’s financial reporting entity is comprised of the following:

Primary Government:	City of Cache
Blended Component Unit:	Cache Public Works Authority
Discretely Presented Component Unit:	Cache Economic Development Authority

Blended Component Units:

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. The component unit’s fund is blended into those of the City’s by appropriate activity type to comprise the primary government presentation.

The Cache Public Works Authority was created to finance, develop and operate the utility services activities. The current City Council serves as the governing body (Trustees) of the Public Works Authority. Any issuance of debt would require a two-thirds approval of the City Council. The Public Works Authority is reported as proprietary fund.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Discretely presented component units:

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending.

The Cache Economic Development Authority develops land and buildings within the City's jurisdiction for use by the public. The component unit is financially accountable to the City, the City's governing body serves as the trustees for these public trusts, and they are all managed by the same management team of the City. The Economic Development Authority does not issue separate financial statements. The component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

B. Basis of Presentation and Accounting

The City's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The government-wide focus is on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the City as a whole.

These statements include financial activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the City's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each city function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

The financial transactions of the City are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a City's general activities.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements. Currently, the City does not have any fiduciary funds.

C. Measurement Focus

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the city-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting:

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The City maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Fund Types and Major Funds:

The City reports the following major governmental fund:

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The City reports the following major enterprise fund:

The Public Works Authority is used to account for the revenues and expenses associated with providing utility services to the City.

D. Cash and Investments

The City is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. Certificates of deposit are reported at cost.

The City is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

E. Interfund Activities and Balances

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The City's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer 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.

F. Inventories

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

G. Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

reported in government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in process (if any), buildings, building improvements, machinery and equipment, as well as infrastructure. A capitalization threshold of \$1,000 is used for additions, other than land, to report capital assets. Capital assets are reported at actual or estimated historical cost. The City did not maintain a detailed fixed asset ledger prior to July 1999; therefore, only assets purchased after this date are included in the financial statements. Assets acquired since July 1999 are recorded at cost.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Water, Sewer & Land Improvements	20
Furniture and Fixtures	10
Machinery and Equipment	5 - 20

H. Compensated Absences

Under terms of City personnel policies, City employees are granted comp time, vacation and sick leave in varying amounts. Under the modified cash basis of accounting, the City does not record any accrued compensated absences on the governmental fund financial statements. Those benefits utilized in the current year are recorded through payroll.

In the event of termination, an employee is paid for accumulated vacation time. The estimated liabilities for vested benefits also include salary related payments such as employment taxes. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

J. Concentration of Credit Risk

All users of the City’s utility services are located within the same geographic area within Comanche County, Oklahoma.

K. Fund Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of “restricted” or “net investment in capital assets.” It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Fund balance is the difference between assets and liabilities in a governmental fund. The City reports a governmental fund’s fund balance into the following classifications:

- a. *Nonspendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b. *Restricted* - includes amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.
- c. *Committed* - includes amounts that can be used only for specific purposes determined by a formal action by City Council ordinance or resolution. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. The City currently reports no committed fund balance.
- d. *Assigned* - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

- e. Unassigned - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The City presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

L. Program Revenues

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the City. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

M. Related Party Transactions

There were no material related party transactions with City officials or employees during the year ended June 30, 2023.

N. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the City's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

O. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all demand accounts, which are highly liquid investments, to be cash.

P. Budget

The City's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The City's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

Q. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City currently has no items that qualify for reporting as deferred outflows of resources.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as in inflow of resources (revenues) until that time. The City currently has no items that qualify for reporting as deferred inflows of resources.

R. Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The City adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year. The adoption of GASB 87 did not have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The City adopted

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

GASB 96 on July 1, 2022, for the June 30, 2023, reporting year. The adoption of GASB 96 did not have a significant impact on the financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The City will adopt the sections that were effective immediately on July 1, 2022, for the June 30, 2023, reporting year. The remaining sections will be adopted by the City for the June 30, 2024, reporting year, as required by GASB 99. The City does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The City will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The City does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The City will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The City has not determined the impact that GASB 101 will have on the financial statements.

NOTE 2 – DEPOSIT AND INVESTMENTS

Cash Deposits

The City's governmental and proprietary funds' cash deposits consist of checking accounts. These deposits are stated at cost. The City is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2023, the carrying amount and the bank balance of the governmental funds' cash deposits were \$1,188,003. At June 30, 2023, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$1,500,903. At June 30, 2023, the carrying amount and the bank balance of the component units' cash deposits were \$26,283.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

At June 30, 2023, the governmental and proprietary funds held the following deposits of unrestricted funds:

Unrestricted Cash and Cash Equivalents

Governmental Funds:

General Fund	\$ 438,933
Street & Alley	395,449
Fire Department	108,864
Community Center	50,705
Parks & Recreation	41,063
Animal Control	36,485
Penalty	6,289
Crime Prevention	2,120
K-9	560
Municipal Court	125
Grant Special	85
REAP	52
Total	<u><u>\$ 1,080,730</u></u>

Enterprise Funds:

Public Works Authority	\$ 748,467
Total	<u><u>\$ 748,467</u></u>

At June 30, 2023, the governmental and proprietary funds held the following deposits of restricted funds:

Restricted Cash, Cash Equivalents and Investments

Governmental Funds:

ARPA	\$ 107,273
Total	<u><u>\$ 107,273</u></u>

Enterprise Funds:

Meter Deposits	\$ 130,142
Oklahoma Water Resource Board	622,294
Total	<u><u>\$ 752,436</u></u>

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Component Unit Deposits and Investments:

At June 30, 2023, Cache Economic Development Authority held the following deposits of unrestricted funds:

Unrestricted Cash and Cash Equivalents

Component Unit:

Cache Economic Development Authority	\$ 26,283
	\$ 26,283

Deposits and Investment Risks:

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City 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 City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name.

The City does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the City’s deposits are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity’s name.
- B. Collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
- C. Uncollateralized.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

	<u>A</u>	<u>B</u>	<u>C</u>	<u>Total</u>
Governmental Type	\$ 1,188,003	\$ 0	\$ 0	\$ 1,188,003
Business Type	1,500,903	0	0	1,500,903
CEDA	26,283	0	0	26,283
Total	<u>\$ 2,715,189</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,715,189</u>

Investment Credit Risk – State law limits the investments available to the City and is described below.

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers’ acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The City 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. 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.

If applicable, the City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs. The City currently has no investments in Certificate of Deposits.

NOTE 3 – ACCOUNTS RECEIVABLE

The Cache Public Works Authority has accounts receivable from utility services in the amount of \$115,970. Management considers the entire amount of accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts has been computed on the accounts receivable balance.

NOTE 4 – PREPAID EXPENSES

Prepaid expenses in the financial statement represent insurance payments made during the fiscal year ending June 30, 2023 to insurers for insurance coverage periods after the fiscal year ends. As of June 30, 2023 the City’s governmental funds had prepaid expenses in the amount of \$645 and the proprietary funds had prepaid expenses in the amount of \$620.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in governmental capital assets during the year ending June 30, 2023, were as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 1,914,037	\$ 1,110,842
Additions	365,199	113,263
Total	<u>2,279,236</u>	<u>1,224,105</u>
Disposals	<u>11,000</u>	<u>7,835</u>
Balance, June 30, 2023	<u>\$ 2,268,236</u>	<u>\$ 1,216,270</u>

Changes in proprietary capital assets during the year ending June 30, 2023, were as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 2,113,000	\$ 1,412,744
Additions	1,015,924	177,179
Total	<u>3,128,924</u>	<u>1,589,923</u>
Disposals	<u>0</u>	<u>0</u>
Balance, June 30, 2023	<u>\$ 3,128,924</u>	<u>\$ 1,589,923</u>

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Changes in component unit fixed assets during the year ending June 30, 2023, were as follows:

	Capital Assets	Accumulated Depreciation
Balance, July 1, 2022	\$ 334,055	\$ 872
Additions	0	1,899
Total	334,055	2,771
Disposals	0	0
Balance, June 30, 2023	\$ 334,055	\$ 2,771

NOTE 6 – CUSTOMER DEPOSITS

The City has an established policy for the reimbursement of customer deposits for their utility services. Changes during the year ending June 30, 2023, were as follows:

	Customer Deposits
Balance, July 1, 2022	\$ 125,031
Current Year Changes	5,027
Balance, June 30, 2023	\$ 130,058

NOTE 7 – ACCOUNTS PAYABLE

As of June 30, 2023 the Cache Public Works Authority had Accounts Payable in the total amount of \$26,792, which consists of obligations to various suppliers and creditors for goods and services received on or before June 30, 2023 that have not been paid for by the end of the fiscal year.

NOTE 8 – ACCRUED PAYROLL LIABILITIES

The paycheck on July 7, 2023 was for the pay period from June 22 – July 6, 2023. Therefore, part of that is recorded as accrued payroll as of June 30, 2023. Additionally, the Cache Public Works Authority records an accrued compensated absences liability in the amount of \$11,154.

As of June 30, 2023 the City’s governmental funds had accrued payroll liabilities in the amount of \$14,255 and the proprietary funds had accrued payroll liabilities in the amount of \$15,981.

NOTE 9 – FUND EQUITY

During the fiscal year ending June 30, 2023, the City had the following Non-spendable, Restricted,

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Committed, and Assigned Fund Balances:

Governmental Activities

a. Non-Spendable

The City had no non-spendable funds as of June 30, 2023.

b. Restricted

Fund	Amount
Nonmajor Governmental Funds:	
Grant Funds	\$ 107,410
Total Restricted Funds	\$ 107,410

c. Committed

The City had no committed funds as of June 30, 2023.

d. Assigned

Fund	Amount
Nonmajor Governmental Funds:	
Street & Alley	\$ 395,449
Fire Dept.	108,864
Community Center	50,705
Park & Rec	41,063
Animal Control	36,485
Penalty and Court Bond	6,414
Crime Prevention	2,120
K-9	560
Total Nonmajor Governmental Funds	641,660
Total Assigned Funds	\$ 641,660

e. Unassigned

Fund	Amount
General Fund	\$ 438,933
Total Unassigned Funds	\$ 438,933

NOTE 10 – LEASE AGREEMENT

The City currently has a 1-year lease agreement that renews annually for a 2021 Freightliner Pumper Tanker. The total value of the vehicle was \$293,879 as of the end of the year ending June 30, 2023.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 11 – LONG-TERM DEBT

Business-Type Activities

Notes Payable

On March 15, 2010, the Cache Public Works Authority borrowed \$2,000,000 at 4.00% interest from the Oklahoma Water Resource Board, secured and payable from utility service revenues.

The following is a summary of the long-term debt for the year ended June 30, 2023:

Business-Type Activities	Note Payable at June 30, 2022	Additions	Reductions	Note Payable at June 30, 2023
PWA Note Payable	\$ 536,482	\$ 0	\$ (23,934)	<u>\$ 512,548</u>

Interest Expense

Interest expense on long-term debt of \$25,999 was reported in the business-type activities.

Component Unit

Notes Payable

The component unit Cache Economic Development Authority had a loan for the remodeling of a building purchased with the intent of renting it for a medical facility in the community. The original amount of the loan was \$60,000 with a due date of May 18, 2022. Upon maturity, the loan was renewed for a 12-month period classified as a line of credit. At June 30, 2023, the remaining balance was \$100. This was paid in full in August 2023.

NOTE 12 – PENSION

The City established a Defined Contribution Plan to be known as the City of Cache Plan (the Plan) in the form of the Oklahoma Municipal Retirement Fund Master Defined Contribution Plan. The Plan started on May 1, 2009. The Plan requires all participating employees to contribute 3% of their wages and the Town contributes 3% of the employee’s wages. For the years ended June 30, 2021, 2022 and 2023 the following required contributions were made:

For the Year	Employee	Employer	Total
Ending			
2023	\$ 22,543	\$ 20,122	\$ 42,665
2022	18,035	17,270	35,305
2021	16,011	14,019	30,030

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement System. The City contributes to this plan for each firefighter in accordance with Oklahoma Statutes. For 2023, the City contributed \$840.00 to this plan.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Grant Audit

The City receives grant funds from various Federal and State agencies during the normal course of operations. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

NOTE 14 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters for which the City carries commercial insurance. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

There have been no significant reductions in coverage from the prior year. Claim have not exceeded coverage in the current year or either of the two previous years.

NOTE 15 – RELATED PARTY

Cache Economic Development Authority has entered into a banking relationship with All America Bank. One of its trustees, Eddie Dabney, is the Vice-President of All America Bank – Cache Branch.

NOTE 16 – DATE OF MANAGEMENT'S REVIEW

City of Cache

Management has evaluated subsequent events through February 9, 2024, the date of which the financial statements were available to be issued. No subsequent events are known that would have a material impact on the financial statements.

City of Cache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Cache Economic Development Authority

Management has evaluated subsequent events through February 9, 2024, the date of which the financial statements were available to be issued. The effect of the following items on the financial statements of the component unit have not been evaluated.

1. Sale of a parcel of land for \$175,000 on July 27, 2023.
2. Contracting with Yarbrough Backhoe for the construction of Gateway Plaza. The amount of this contract is \$827,197.
3. Procuring a loan with All America Bank for \$900,000 in September 2023.



**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 Mayor and
City Council
City of Cache, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated February 9, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cache, Oklahoma’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did identify one deficiency in internal control that we consider to be material weaknesses, which is identified as Finding 2023-1 and 2023-2 in the Schedule of Findings and Responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Cache, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

February 9, 2024

City of Cache, OK
Schedule of Findings and Responses
Year Ended June 30, 2023

Reportable Conditions of Internal Control, Compliance and Other Matters

2023-1 Lack of Financial Statement Production

Condition – The Cache Economic Development Authority was unable to produce financial statements.

Effect – Due to the lack of following proper accounting procedures, a proper review of financial records by the City of Cache can not be undertaken.

Cause – The Cache Economic Development Authority is not following proper accounting procedures in terms of financial statements production.

Recommendation – We recommend that financial statements be produced and maintained by the Cache Economic Development Authority.

Management response – Management will create and maintain financial statements.

2023-2 Segregation of Duties

Condition – The entity had limited personnel performing accounting functions during the year.

Effect – The lack of proper segregation of duties could allow for the improper authorization of transactions.

Cause – Due to the limited size of the staff of the City of Cache, the City does not have the ability to completely segregate the accounting functions.

Recommendation – We recommend that the entity implement policies and procedures to increase the segregation of the accounting functions.

Management's Response – The City of Cache's management will put in place policies outlining segregation of roles at each step of handling, approving and authorizing funds.

City of Cache, Oklahoma
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

Reference Number	Summary of Finding	Status
2022 - 1	<i>Lack of Oversight of Component Unit</i> - The City Council does not receive financial statements from the Cache Economic Development Authority on a regular basis.	Resolved
2022 - 2	<i>Improper Reconciliation of Cash Account</i> - The Cache Economic Development Authority does not perform a monthly reconciliation of their bank accounts.	Resolved
2022 - 3	<i>Improper Charging of Waste Rates</i> - During a review of their waste management billing, it was noted that the City was charging less than the approved rate per Ordinance No. 21-09.	Resolved

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For The Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Tax Revenue	\$ 570,000	\$ 618,700	\$ 618,372	\$ 328
Fines	90,000	72,850	72,738	112
Animal Control	87,700	68,525	68,358	167
Miscellaneous Income	77,300	109,590	105,537	4,053
Franchise Tax	75,000	70,500	70,377	123
Permits	47,500	26,950	26,673	277
Grants	25,000	497,000	22,994	474,006
Court Fee	10,000	14,550	14,540	10
Donations	1,500	1,600	1,577	23
Interest	350	2,300	2,267	33
Total Revenues	<u>984,350</u>	<u>1,482,565</u>	<u>1,003,433</u>	<u>479,132</u>
EXPENDITURES:				
Current:				
General Government:				
Personal Services	184,500	153,875	84,240	69,635
Maintenance and Operations	415,120	362,795	356,855	5,940
Capital Outlay	10,000	64,350	12,064	52,286
Total General Government	<u>609,620</u>	<u>581,020</u>	<u>453,159</u>	<u>127,861</u>
Public Safety - Police:				
Personal Services	331,800	260,750	298,526	(37,776)
Maintenance and Operations	21,000	31,225	84,571	(53,346)
Capital Outlay	0	0	5,500	(5,500)
Total Public Safety - Police:	<u>352,800</u>	<u>291,975</u>	<u>388,597</u>	<u>(96,622)</u>
Public Safety - Fire:				
Maintenance and Operations	20,200	26,000	25,987	13
Total Public Safety - Fire:	<u>20,200</u>	<u>26,000</u>	<u>25,987</u>	<u>13</u>
Total Expenditures	<u>982,620</u>	<u>898,995</u>	<u>867,743</u>	<u>31,252</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,730</u>	<u>583,570</u>	<u>135,690</u>	<u>447,880</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	600,000	0	3,953	(3,953)
Transfer Out	(90,000)	(577,650)	(101,433)	(476,217)
Total Other Financing Sources (Uses)	<u>510,000</u>	<u>(577,650)</u>	<u>(97,480)</u>	<u>(480,170)</u>
Net Change in Fund Balances	511,730	5,920	38,210	(32,290)
<u>Fund Balances - beginning</u>	<u>400,723</u>	<u>400,723</u>	<u>400,723</u>	<u>0</u>
<u>Fund Balances - ending</u>	<u>\$ 912,453</u>	<u>\$ 406,643</u>	<u>\$ 438,933</u>	<u>\$ (32,290)</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Notes to Supplementary Information
June 30, 2023

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

The City’s annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The City operates under the guidelines of the “Municipal Budget Act” which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

Expenditures may not legally exceed appropriated amounts for an individual fund. It is the City’s policy that all appropriations lapse at the end of the fiscal year.

The City prepares an annual operating budget for its General Fund. The operating budgets of the grants cover the period designated in the grant documents. The City prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

NOTE 2 – INDIVIDUAL FUND DISCLOSURES

No funds had an excess of expenditures over appropriations for the year ended June 30, 2023.

City of Cache, Oklahoma
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2023

	<u>Street & Alley</u>	<u>K-9</u>	<u>Penalty and Court Bond Funds</u>	<u>Park & Rec</u>	<u>Animal Control</u>	<u>Community Center</u>	<u>Fire Dept.</u>	<u>Grant Funds</u>	<u>Crime Prevention</u>	<u>Total Non- Major Gov. Funds</u>
ASSETS										
Cash in Bank	\$ 395,449	\$ 560	\$ 6,414	\$ 41,063	\$ 36,485	\$ 50,705	\$ 108,864	\$ 107,410	\$ 2,120	\$ 749,070
Deferred Inflow	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 395,449</u>	<u>\$ 560</u>	<u>\$ 6,414</u>	<u>\$ 41,063</u>	<u>36,485</u>	<u>\$ 50,705</u>	<u>\$ 108,864</u>	<u>\$ 107,410</u>	<u>\$ 2,120</u>	<u>\$ 749,070</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Deferred Outflow	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:										
Restricted	0	0	0	0	0	0	0	107,410	0	107,410
Assigned	395,449	560	6,414	41,063	36,485	50,705	108,864	0	2,120	641,660
Total Fund Balances	<u>395,449</u>	<u>560</u>	<u>6,414</u>	<u>41,063</u>	<u>36,485</u>	<u>50,705</u>	<u>108,864</u>	<u>107,410</u>	<u>2,120</u>	<u>749,070</u>
Total Liabilities and Fund Balances	<u>\$ 395,449</u>	<u>\$ 560</u>	<u>\$ 6,414</u>	<u>\$ 41,063</u>	<u>\$ 36,485</u>	<u>\$ 50,705</u>	<u>\$ 108,864</u>	<u>\$ 107,410</u>	<u>\$ 2,120</u>	<u>\$ 749,070</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Combining Statement of of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis
Nonmajor Governmental Funds
For The Year Ended June 30, 2023

	<u>Street & Alley</u>	<u>K-9</u>	<u>Penalty and Court Funds</u>	<u>Park & Rec</u>	<u>Animal Control</u>	<u>Community Center</u>	<u>Fire Dept.</u>	<u>Grant Funds</u>	<u>Crime Prevention</u>	<u>Total Non- Major Gov. Funds</u>
REVENUES										
Tax Revenue	\$ 234,402	\$ 0	\$ 0	\$ 12,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 247,352
Miscellaneous Income	7,100	0	0	822	0	7,850	13,874	17	0	29,663
Interest	2,268	3	34	203	204	290	659	703	0	4,364
Penalty Revenue	0	0	14,318	0	0	0	0	0	0	14,318
Permits	0	0	0	560	0	0	0	0	0	560
Pound Income	0	0	0	0	1,410	0	0	0	0	1,410
Fire Protection Members	0	0	0	0	0	0	31,220	0	0	31,220
Donations	0	0	0	0	11	0	11,251	0	0	11,262
Grants	0	0	0	0	0	0	10,053	262,805	0	272,858
Pumper Fee	0	0	0	0	0	0	30,045	0	0	30,045
Total Revenues	<u>243,770</u>	<u>3</u>	<u>14,352</u>	<u>14,535</u>	<u>1,625</u>	<u>8,140</u>	<u>97,102</u>	<u>263,525</u>	<u>0</u>	<u>643,052</u>
EXPENDITURES										
Current:										
General Government	0	0	0	0	6,730	24,190	0	14,942	0	45,862
Public Safety - Police	0	0	13,351	0	0	0	0	0	0	13,351
Public Safety - Fire	0	0	0	0	0	0	122,715	0	0	122,715
Streets	183,120	0	0	0	0	0	0	0	0	183,120
Culture and Recreation	0	0	0	21,918	0	0	0	0	0	21,918
Grant Expense	0	0	0	0	0	0	0	3,564	0	3,564
Capital Outlay	103,718	0	0	0	0	64,511	179,406	0	0	347,635
Total Expenditures	<u>286,838</u>	<u>0</u>	<u>13,351</u>	<u>21,918</u>	<u>6,730</u>	<u>88,701</u>	<u>302,121</u>	<u>18,506</u>	<u>0</u>	<u>738,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(43,068)</u>	<u>3</u>	<u>1,001</u>	<u>(7,383)</u>	<u>(5,105)</u>	<u>(80,561)</u>	<u>(205,019)</u>	<u>245,019</u>	<u>0</u>	<u>(95,113)</u>
OTHER FINANCING SOURCES (USES)										
Transfers In	22,217	0	0	7,324	0	33,243	171,824	0	0	234,608
Transfers Out	0	0	0	0	(90)	0	0	(273,603)	0	(273,693)
Total Other Financing Sources (Uses)	<u>22,217</u>	<u>0</u>	<u>0</u>	<u>7,324</u>	<u>(90)</u>	<u>33,243</u>	<u>171,824</u>	<u>(273,603)</u>	<u>0</u>	<u>(39,085)</u>
Net Change in Fund Balances	(20,851)	3	1,001	(59)	(5,195)	(47,318)	(33,195)	(28,584)	0	(134,198)
Fund Balances - beginning	416,300	557	5,413	41,122	41,680	98,023	142,059	135,994	2,120	883,268
Fund Balances - ending	<u>\$ 395,449</u>	<u>\$ 560</u>	<u>\$ 6,414</u>	<u>\$ 41,063</u>	<u>\$ 36,485</u>	<u>\$ 50,705</u>	<u>\$ 108,864</u>	<u>\$ 107,410</u>	<u>\$ 2,120</u>	<u>\$ 749,070</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Street & Alley Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget
REVENUES				
Tax Revenue	\$ 232,500	\$ 234,430	\$ 234,402	\$ 28
Miscellaneous Income	0	7,100	7,100	0
Interest	200	2,270	2,268	2
Total Revenues	232,700	243,800	243,770	30
EXPENDITURES:				
Personal Services	106,500	61,720	57,760	3,960
Maintenance & Operations	123,500	142,978	125,360	17,618
Capital Outlay	100,000	86,350	103,718	(17,368)
Total Expenditures	330,000	291,048	286,838	4,210
<u>Revenue Over (Under) Expenditures</u>	(97,300)	(47,248)	(43,068)	(4,180)
Transfer (to)/from other funds	25,000	22,225	22,217	8
<u>Fund Balance, June 30, 2022</u>	416,300	416,300	416,300	0
<u>Fund Balance, June 30, 2023</u>	\$ 319,000	\$ 369,052	\$ 395,449	\$ (4,172)

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Penalty Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Penalty Revenue	\$ 13,500	\$ 14,310	\$ 14,318	\$ (8)
Interest Income	300	34	33	1
Total Revenues	13,800	14,344	14,351	(7)
EXPENDITURES				
Maintenance & Operations	12,350	13,354	13,351	3
Total Expenditures	12,350	13,354	13,351	3
<u>Revenue Over (Under) Expenditures</u>	1,450	990	1,000	(10)
<u>Fund Balance, June 30, 2022</u>	5,289	5,289	5,289	0
<u>Fund Balance, June 30, 2023</u>	\$ 6,739	\$ 6,279	\$ 6,289	\$ (10)

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Park & Recreation Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Tax Revenue	\$ 25,000	\$ 12,960	\$ 12,950	\$ 10
Permits	440	560	560	0
Miscellaneous Revenue	813	825	822	3
Interest	44	203	203	0
Total Revenue	26,297	14,548	14,535	13
EXPENDITURES				
Maintenance & Operations	25,500	21,945	21,918	27
Capital Outlay	5,000	0	0	0
Total Expenditures	30,500	21,945	21,918	27
<u>Revenue Over (Under) Expenditures</u>	(4,203)	(7,397)	(7,383)	(14)
Transfers to/(from) other funds	0	7,330	7,324	6
<u>Fund Balance, June 30, 2022</u>	41,122	41,122	41,122	0
<u>Fund Balance, June 30, 2023</u>	\$ 36,919	\$ 33,725	\$ 41,063	\$ (14)

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Animal Control			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Pound Income	\$ 0	\$ 1,320	\$ 1,410	\$ (90)
Miscellaneous Income	0	90	0	90
Donations	0	10	11	(1)
Interest	0	205	204	1
Total Revenues	0	1,625	1,625	0
EXPENDITURES				
Personal Services	0	0	0	0
Maintenance & Operations	0	6,743	6,730	13
Capital Outlay	0	0	0	0
Total Expenditures	0	6,743	6,730	13
<u>Revenue Over (Under) Expenditures</u>	0	(5,118)	(5,105)	(13)
Transfers (to)/from other funds	0	(90)	(90)	0
<u>Fund Balance, June 30, 2022</u>	41,680	41,680	41,680	0
<u>Fund Balance, June 30, 2023</u>	\$ 41,680	\$ 36,562	\$ 36,485	\$ (13)

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Community Center Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Misc. Income	\$ 25,000	\$ 7,875	7,850	\$ 25
Interest	50	291	290	1
Total Revenues	<u>25,050</u>	<u>8,166</u>	<u>8,140</u>	<u>26</u>
EXPENDITURES				
Maintenance & Operations	37,500	57,760	24,190	33,570
Capital Outlay	5,000	30,994	64,511	(33,517)
Total Expenditures	<u>42,500</u>	<u>88,754</u>	<u>88,701</u>	<u>53</u>
<u>Revenue Over (Under) Expenditures</u>	(17,450)	(80,588)	(80,561)	(27)
Transfers (to)/from other funds	40,000	33,250	33,243	7
<u>Fund Balance, June 30, 2022</u>	<u>98,022</u>	<u>98,022</u>	<u>98,022</u>	<u>0</u>
<u>Fund Balance, June 30, 2023</u>	<u>\$ 120,572</u>	<u>\$ 50,684</u>	<u>\$ 50,704</u>	<u>\$ (20)</u>

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Fire Department			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Fire Protection Members	\$ 25,000	\$ 26,100	\$ 31,220	\$ (5,120)
Grants	0	10,055	10,053	2
Pumper Fee	0	30,500	30,045	455
Misc. Income	50,000	18,505	13,874	4,631
Donations	1,500	11,255	11,251	4
Interest	1,100	660	659	1
Total Revenues	77,600	97,075	97,102	(27)
EXPENDITURES				
Maintenance & Operations	32,200	68,215	122,715	(54,500)
Capital Outlay	4,500	13,675	179,406	(165,731)
Total Expenditures	36,700	81,890	302,121	(220,231)
<u>Revenue Over (Under) Expenditures</u>	40,900	15,185	(205,019)	220,204
Transfers (to)/from other funds	(32,000)	(18,480)	171,824	(190,304)
<u>Fund Balance, June 30, 2022</u>	142,059	142,059	142,059	0
<u>Fund Balance, June 30, 2023</u>	\$ 150,959	\$ 138,764	\$ 108,864	\$ 29,900

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Grant Funds			
	Original Budget	Final Budget	Actual	(Over) Under Budget
REVENUES				
Grant Income	\$ 0	\$ 262,810	\$ 262,805	\$ 5
Miscellaneous Income	250,000	17	17	0
Interest Income	75	703	703	0
Total Revenues	<u>250,075</u>	<u>263,530</u>	<u>263,525</u>	<u>5</u>
EXPENDITURES				
Operations & Maintenance	0	14,942	14,942	0
Grant Expense	<u>200,500</u>	<u>277,285</u>	<u>3,564</u>	<u>273,721</u>
Total Expenditures	<u>200,500</u>	<u>292,227</u>	<u>18,506</u>	<u>273,721</u>
<u>Revenue Over (Under) Expenditures</u>	49,575	(28,697)	245,019	(273,716)
Transfers (to)/from Other funds	0	0	(273,603)	273,716
<u>Fund Balance, June 30, 2022</u>	<u>135,942</u>	<u>135,942</u>	<u>135,942</u>	<u>0</u>
<u>Fund Balance, June 30, 2023</u>	<u>\$ 185,517</u>	<u>\$ 107,245</u>	<u>\$ 107,358</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City Council
City of Cache
Cache, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Cache’s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Cache’s major federal programs for the year ended June 30, 2023. City of Cache’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Uniform Administrative Requirement, Cost Principles, and Audit Requirements For Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Cache and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Cache’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Cache's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Cache's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Cache's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Cache's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Cache's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Cache's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is suitable for any other purpose.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

February 9, 2024

City of Cache, Oklahoma
Schedule of Expenditures of Federal Awards - Modified Cash Basis
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
FEDERAL AWARDS				
<u>Association of South Central Oklahoma Governments</u>				
SPR Mini Transportation Planning Grant	20.205	\$ 25,000	\$ 25,000	\$ 25,000
<u>US Department of Treasury</u>				
American Rescue Plan Act	21.019	487,000	487,000	487,000
American Rescue Plan Act	21.027	<u>247,805</u>	<u>247,805</u>	<u>277,167</u>
Total Federal Awards		<u>\$ 759,805</u>	<u>\$ 759,805</u>	<u>\$ 789,167</u>

Please see accompanying Accountant's Report.

City of Cache, Oklahoma
Schedule of Expenditures of State and Other Awards - Modified Cash Basis
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
STATE AWARDS			
<u>Association of South Central Oklahoma Governments</u>			
Rural Economic Action Plan (REAP) 2022	\$ 45,000	\$ 0	\$ 9,598
Rural Economic Action Plan (REAP) 2023	45,000	0	0
<u>Office of the Attorney General of Oklahoma</u>			
2023 Safe Oklahoma Grant Program	15,000	15,000	15,000
<u>Oklahoma Municipal Assurance Group</u>			
Police Equipment Gant	10,000	10,000	10,000
<u>Oklahoma Department of Agriculture</u>			
Forestry Services - Rural Fire Grant	10,053	10,053	10,053
Total State Awards	<u>\$ 125,053</u>	<u>\$ 35,053</u>	<u>\$ 44,651</u>

Please see accompanying Accountant's Report.

City of Cache, Oklahoma
Notes to Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of City of Cache under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3 – INDIRECT COST RATE

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Cache, Oklahoma
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on the financial statements of the City of Cache.
2. Two material weakness findings relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Cache were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for each major program on internal control over compliance as required by the Uniform Guidance expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance are reported.
7. The program tested as major was the American Rescue Plan Act, CFDA 21.019.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. City of Cache did not qualify as a low-risk auditee.

Findings – Financial Statement Audit

1. Finding 2023-1: Financial statements for the discretely presented component unit could not be produced.
2. Finding 2023-2: There is a lack of segregation of duties.