

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**CITY OF CACHE
Cache, Oklahoma**

JUNE 30, 2015

BY



City of Cache
Cache, Oklahoma
Year Ended June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Cache
Cache, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 3; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 3.

Basis of Accounting

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 18-19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and grant schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the grant schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the grant schedules are 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 October 29, 2015, on our consideration of the City'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's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 29, 2015

City of Cache, OK
Statement of Net Assets
(Modified Cash Basis)
June 30, 2015

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 307,066	\$ 637,121	\$ 944,187
Accounts Receivable	0	1,695	1,695
Capital Assets	1,153,095	1,876,666	3,029,761
Accumulated Depreciation	(539,031)	(787,483)	(1,326,514)
 Total Assets	 <u>\$ 921,130</u>	 <u>\$ 1,727,999</u>	 <u>\$ 2,649,129</u>
<u>Liabilities</u>			
Due to Governmental Funds	\$ 0	\$ 759	\$ 759
Due to PWA	2,395	0	2,395
Payroll Liabilities	0	3,969	3,969
Meter Deposits	0	93,259	93,259
Notes Payable	0	826,944	826,944
 Total Liabilities	 <u>2,395</u>	 <u>924,931</u>	 <u>927,326</u>
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	614,064	262,239	876,303
Restricted	0	93,259	93,259
Unrestricted	304,671	447,570	752,241
 Total Net Assets	 <u>918,735</u>	 <u>803,068</u>	 <u>1,721,803</u>
 Total Liabilities & Net Assets	 <u>\$ 921,130</u>	 <u>\$ 1,727,999</u>	 <u>\$ 2,649,129</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2015

Functions/Programs <u>Primary Government</u>	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
				Governmental Activities	Business Type Activities	Total	
Governmental Activities:							
General Government	\$ 306,610	\$ 41,922	\$ 0	\$ (183,363)	\$ 0	\$ (183,363)	
Public Safety							
Police	291,409	0	0	(213,212)	0	(213,212)	
Fire	88,443	0	4,896	(26,954)	0	(26,954)	
Streets	31,456	0	0	(31,456)	0	(31,456)	
Total Governmental Activities	717,918	41,922	4,896	(454,985)	0	(454,985)	
Business-Type Activities:							
Water	454,716	0	0	0	(61,461)	(61,461)	
Garbage	328,188	0	0	0	(44,359)	(44,359)	
Sewer	103,243	0	0	0	(13,955)	(13,955)	
Miscellaneous	5,551	0	0	0	243,929	243,929	
Total Business-Type Activities	891,698	0	0	0	124,154	124,154	
Total Primary Government	\$ 1,609,616	\$ 41,922	\$ 4,896	\$ (454,985)	\$ 124,154	\$ (330,831)	
General Revenue							
Taxes:							
				404,712	0	404,712	
				56,248	0	56,248	
				20,270	0	20,270	
				7,547	0	7,547	
				5,508	0	5,508	
				4,435	0	4,435	
				2,668	0	2,668	
				501,388	0	501,388	
				46,403	124,154	170,557	
				872,332	678,914	1,551,246	
				\$ 918,735	\$ 803,068	\$ 1,721,803	

Please see accompanying notes to the financial statements.

City of Cache, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 47,307	\$ 259,759	\$ 307,066
Total Assets	\$ 47,307	\$ 259,759	\$ 307,066
<u>Liabilities and Fund Balances</u>			
Due to PWA Fund	\$ 2,395	\$ 0	\$ 2,395
Total Liabilities	2,395	0	2,395
Fund Balances			
Unrestricted	44,912	259,759	304,671
Total Liabilities and Fund Balances	\$ 47,307	\$ 259,759	

Reconciliation to Statement of Net Assets

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

Capital Assets used in governmental activities of \$1,153,095 Net of Accumulated Depreciation of \$539,031 are not financial resources and, therefore, are not reported in the funds.

614,064

Net Assets of Governmental Activities

\$ 918,735

City of Cache, OK
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2015

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 378,187	\$ 120,533	\$ 498,720
Police Revenue	37,208	0	37,208
Miscellaneous	33,108	3,148	36,256
Penalty Revenue	32,503	8,486	40,989
Court Costs	26,605	0	26,605
Building Permits	11,806	0	11,806
Grants	4,735	4,457	9,192
Interest	208	546	754
Permits	0	1,204	1,204
Fire Service	0	56,593	56,593
Pound Revenue	0	4,700	4,700
Donations	0	32,730	32,730
	<u>524,360</u>	<u>232,397</u>	<u>756,757</u>
<u>Expenditures</u>			
General Government:			
General Government	230,723	57,054	287,777
Public Safety:			
Police	291,379	30	291,409
Fire	26,253	62,190	88,443
Street and Public Works:			
Streets	0	31,456	31,456
Culture and Recreation:			
Parks	0	18,833	18,833
	<u>548,355</u>	<u>169,563</u>	<u>717,918</u>
<u>Revenue Over (Under) Expenditures</u>	(23,995)	62,834	38,839
<u>Other Financing Sources (Uses)</u>			
Transfers In/(Out)	(26,397)	29,065	2,668
	<u>(26,397)</u>	<u>29,065</u>	<u>2,668</u>
<u>Net Changes in Fund Balance</u>	(50,392)	91,899	41,507
<u>Fund Balance, June 30, 2014</u>	95,304	167,860	263,164
<u>Fund Balance, June 30, 2015</u>	<u>\$ 44,912</u>	<u>\$ 259,759</u>	<u>\$ 304,671</u>

Please see accompanying notes to financial statements.

City of Cache, OK
Cache Public Works Authority
Enterprise Funds
Statement of Net Assets
(Modified Cash Basis)
June 30, 2015

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	637,121	
Accounts Receivable		1,695	
Total Current Assets	\$		638,816

Noncurrent Assets:

Capital Assets		1,867,608	
Land		9,058	
Accumulated Depreciation		(787,483)	
Total Noncurrent Assets			1,089,183
Total Assets	\$		1,727,999

LIABILITIES

Current Liabilities

Notes Payable- Current Portion	\$	166,666	
Meter Deposits		93,259	
Payroll Liabilities		3,969	
Due to General Fund		759	
Total Current Liabilities			264,653

Noncurrent Liabilities

Notes Payable- Long-Term Portion		660,278	
Total Liabilities			924,931

NET ASSETS

Invested in Capital Assets, Net of Related Debt		262,239	
Restricted		93,259	
Unrestricted		447,570	
Total Net Assets			803,068
Total Net Assets and Liabilities	\$		1,727,999

Please see accompanying notes to the financial statements.

City of Cache, OK
Cache Public Works Authority
Enterprise Funds
Statement of Revenue, Expense, and Changes in Fund Net Assets
(Modified Cash Basis)
Year Ended June 30, 2015

Operating Revenue

Water Revenue	\$ 393,255	
Garbage Revenue	283,829	
OWRB	198,966	
Sewer Revenue	89,288	
Miscellaneous Income	18,528	
Late Charges and Misc. Penalties	30,350	
Total Operating Revenue	\$ 1,014,216	

Operating Expense

Payroll Expense	324,760	
Garbage Service Expense	273,254	
Depreciation	74,141	
Utilities	57,882	
Operating Supplies	51,197	
Interest Expense	33,659	
Insurance	19,217	
Legal & Auditing	15,592	
Automobile Expense	14,761	
Repairs & Maintenance	11,418	
Postage	7,920	
Miscellaneous	5,551	
Equipment Rental	2,346	
Total Operating Expense	891,698	

Net Operating Income (Loss) 122,518

Nonoperating Revenue (Expense)

Interest Income	1,636	
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Net Revenue (Loss) 124,154

Total Net Assets, June 30, 2014 678,914

Total Net Assets, June 30, 2015 \$ 803,068

Please see accompanying notes to the financial statements.

City of Cache, OK
Cache Public Works Authority
Enterprise Fund
Statement of Cash Flows
(Modified Cash Basis)
Year Ended June 30, 2015

Cash Flows from Operating Activities

Receipts from Customers	\$ 969,125
Miscellaneous Revenue	48,878
Payments to Suppliers	(273,254)
Operating Expenses	(219,543)
Payments to Employees	(324,760)
	200,446
Net Cash Provided by Operating Activities	200,446

Cash Flows from Noncapital Financing Activities

Net Transfers	0
	0
Net Cash Provided (Used) by Noncapital Financing Activities	0

Cash Flows from Capital and Related Financing Activities

Decrease in Notes Payable	(166,667)
	(166,667)
Net Cash Provided (Used) by Capital and Related Financing Activities	(166,667)

Cash Flows from Investing Activities

Increase in Meter Deposits	3,787
Interest Income	1,636
Purchased Fixed Assets	(45,408)
	(39,985)
Net Cash Provided by Investing Activities	(39,985)

Net Increase (Decrease) in Cash and Cash Equivalents (6,206)

Cash and Cash Equivalents - June 30, 2014 643,327

Cash and Cash Equivalents - June 30, 2015 \$ 637,121

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 126,305
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	74,141
	200,446
Net Cash Provided by Operating Activities	\$ 200,446

Please see accompanying notes to the financial statements.

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 1 - Summary of Significant Accounting Policies

The accounting and reporting policies of the City of Cache, Oklahoma relating to the funds included in the financial statements conforms to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the City:

The City of Cache, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

The Cache Public Works Authority is a public trust created under authority of and pursuant to the provisions of 60 O.S. Sections 177-180.3, for the use and benefit of the City of Cache, Oklahoma. The Authority leases the existing water and sewer lines, wells and storage facilities of the City and receives the revenues from their use. The Authority is charged with the responsibility of maintaining the property as needed, although title to the property is retained by the City. The lease is for a period of fifty years.

Note 2 - Fund Accounting

The accounts of the City are organized on the basis of funds and a group of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are grouped by type in the financial statements in this report, as follows:

1. Governmental Fund Types

(a) General Fund

The General Fund is the principal fund of the City which accounts for all financial transactions not properly accounted for in other funds.

(b) Special Revenue Funds

Special Revenue Funds are used to account for the revenues derived from specific taxes and other designated revenue sources.

The City's current Special Revenue Funds include:

Court Bond Fund
Community Center Fund
K-9 Fund
Penalty Fund
Park & Recreation

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Street & Alley Fund
Crime Prevention
Fire Department
Animal Control
CDBG
Crime Prevention Fund
CEFA
CEDA

2. Proprietary Fund Types

(a) Enterprise Fund

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

(b) Fiduciary Funds

Fiduciary funds are trust or agency funds used to account for assets held by the City in a trustee capacity or as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Note 3 - Basis of Accounting

The modified cash basis of accounting is followed. Revenues are recorded when received rather than when earned. Expenditures are recorded when paid, however, outstanding encumbrances, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation.

This method accounting is a comprehensive basis of accounting which differs from the method required under generally accepted accounting principles. Generally accepted accounting principles for cities and towns require that the modified accrual basis of accounting be followed.

Note 4 - 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.

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 5 - Deposits, Investments, and Collateral

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. 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.

Note 6 - Fixed Assets

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. Changes in fixed assets during the year ended June 30, 2014, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2014	\$ 1,104,758	\$ 447,058
Additions	48,337	91,973
Total	1,153,095	539,031
Disposals	0	0
Balance, June 30, 2015	\$ 1,153,095	\$ 539,031

The estimated useful lives by type of asset are as follows:

Buildings and Improvements	40 years
Land Improvements	20 years
Machinery and Equipment	20 years
Furniture and Fixtures	10 years

The Authority did not maintain a detailed fixed asset ledger prior to July 1995; therefore, only assets purchased after this date are included in the financial statements. Assets acquired since July 1995 have been recorded at cost. Changes in fixed assets of the Enterprise Fund during the year ended June 30, 2014, were as follows:

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2014	\$ 1,831,258	\$ 713,342
Additions	45,408	74,141
Total	1,876,666	787,483
Disposals	0	0
Balance, June 30, 2015	\$ 1,876,666	\$ 787,483

The estimated useful lives by type of asset are as follows:

Buildings and Improvements	40 years
Water and Sewer Improvements	20 years
Machinery and Equipment	5 years

Note 7 - Compensated Absences

Under personnel policies, employees are paid vacation leave upon termination. Vacation is accrued on the anniversary date and is dependent on the employee's employment time. Vacation is accumulated and carried over from one year to another. On June 30, 2015 accrued vacation was equal to \$3,516. Sick leave is not paid upon termination, but accrued yearly.

Note 8 - 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, 2014 and June 30, 2015 the following required contributions were made:

For Year Ending	Employee	Employer	Total
June 30th			
2014	\$ 13,517	\$ 13,517	\$ 27,034
2015	15,062	11,718	26,780

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. During the year ended June 30, 2015, the City contributed \$510.

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

Note 9 - Commitments and Contingent Liabilities

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. At June 30, 2015 the City of Cache had the following long-term leases:

	<u>2009 Pumper</u>	<u>2008 Ford</u>
Balance as of 06/30/2014	\$ 142,899	\$ 8,605
Principal Payments	<u>(20,856)</u>	<u>(3,748)</u>
Balance as of 06/30/2015	<u>122,043</u>	<u>4,857</u>
Original Amount	\$ 230,000	\$ 22,653
Lease Origination Date	8/12/2009	6/30/2013

Note 10 - Long-Term Debt

The following is a summary of the long-term debt transactions of the Public Works Authority for the year ended June 30, 2015.

Balance as of 06/30/2014	\$ 993,611
Principal Payments	(166,667)
New Loans	<u>0</u>
Balance as of 06/30/2015	<u>\$ 826,944</u>

A brief description of the outstanding general long-term debt at June 30, 2014, is set forth below:

	<u>Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance as of 6/30/2015</u>
Oklahoma Water Resource Board	03-15-2010	\$2,000,000	4.00%	<u>\$ 826,944</u>
Total				<u>\$ 829,944</u>

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2015

The annual debt service requirements for retirement of principal are as follows:

For Year Ending June 30th		
2016	\$	166,666
2017		57,477
2018		59,506
2019		50,750
2020+		492,545
	<u>\$</u>	<u>826,944</u>

Note 11 - 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. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

Note 12 - Insurance and Bond Coverage of Contingencies

The City carries the following insurance coverage as protection against possible loss contingencies:

- General Liability
- Public Officials Liability
- Law Enforcement Liability
- Commercial Auto Liability
- Commercial Property
- Commercial Inland Marine
- Commercial Crime & Excess Liability
- Workman's Compensation
- Firefighter's Life Insurance



**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***

Board of Trustees
City of Cache
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, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 29, 2015.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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

October 29, 2015

City of Cache, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2015

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Sales Tax	\$ 479,840	\$ 309,957	\$ 169,883
Police Revenue	55,000	37,208	17,792
Fines	55,000	32,503	22,497
Franchise Tax	42,000	56,248	(14,248)
Court Costs	31,000	26,605	4,395
Miscellaneous Revenue	10,000	33,108	(23,108)
Alcohol Beverage Tax	5,000	7,547	(2,547)
Building Permits	2,000	11,806	(9,806)
Interest	60	208	(148)
Grant Revenue	0	4,735	(4,735)
Tobacco Tax	0	4,435	(4,435)
Total Revenue	<u>679,900</u>	<u>524,360</u>	<u>155,540</u>
<u>Expenditures</u>			
<u>General Government</u>			
Insurance	77,000	67,218	9,782
Personal Services	70,440	75,676	(5,236)
Maintenance and Operations	54,200	30,704	23,496
Legal & Professional	48,000	6,151	41,849
Utilities & Telephone	40,000	26,765	13,235
Payroll Taxes	25,000	24,209	791
Capital Outlay	0	0	0
Total General Government	<u>314,640</u>	<u>230,723</u>	<u>83,917</u>
<u>Police Department</u>			
Personal Services	222,560	233,446	(10,886)
Maintenance and Operations	37,000	38,333	(1,333)
Capital Outlay	25,000	19,600	5,400
Total Police Department	<u>284,560</u>	<u>291,379</u>	<u>(6,819)</u>

Please see accompanying notes to the financial statements.

City of Cache
Cache, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Fire Department</u>			
Maintenance and Operations	17,000	26,253	(9,253)
Total Fire Department	17,000	26,253	(9,253)
Total Expenditures	616,200	548,355	67,845
<u>Revenue Over (Under) Expenditures</u>	63,700	(23,995)	87,695
<u>Other Financing Sources (Uses)</u>			
Transfer In	0	2,668	(2,668)
Transfer Out	(40,000)	(29,065)	(10,935)
Total Other Financing Sources (Uses)	(40,000)	(26,397)	(13,603)
<u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures & Other Uses</u>	23,700	(50,392)	74,092
<u>Fund Balance, June 30, 2014</u>	95,304	95,304	0
<u>Fund Balance, June 30, 2015</u>	<u>\$ 119,004</u>	<u>\$ 44,912</u>	<u>\$ 74,092</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Notes to Required Supplemental Information
Year Ended June 30, 2015

Note 1 - Notes to Required Supplemental Information

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

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.

City of Cache, OK
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Year Ended June 30, 2015

	Court Bond Fund	Community Center	K-9	Penalty	Park & Rec	Street & Alley	Fire Dept	Animal Control	CDBG	Crime Prevention	CEFA	CEDA	Total Non- Major Govt Funds
Revenue													
Tax Revenue	\$ 0	\$ 29,065	\$ 0	\$ 0	\$ 19,377	\$ 72,091	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 120,533
Donations	0	0	0	0	0	0	56,593	0	0	0	0	0	56,593
Interest	0	0	0	0	0	0	27,730	0	0	0	0	5,000	32,730
Pound Income	0	0	0	8,486	0	0	0	0	0	0	0	0	8,486
Fire Dept. Income	0	0	0	0	0	0	0	4,700	0	0	0	0	4,700
Miscellaneous	0	0	0	0	0	0	4,457	0	0	0	0	0	4,457
Grants	10	50	30	57	0	536	2,053	224	0	0	30	158	3,148
Permits	0	0	0	0	1,204	0	0	0	0	0	0	0	1,204
Penalty Revenue	0	101	5	9	32	217	173	7	0	0	2	0	546
Total Revenue	10	29,216	35	8,552	20,613	72,844	91,006	4,931	0	0	32	5,158	232,397
Expenditures													
Maintenance & Operations	0	3,984	0	8,729	0	31,456	47,185	4,510	0	0	0	0	95,864
Other Expenses	14	0	30	0	7,758	0	0	0	0	0	30	17,387	25,219
Capital Outlay	0	22,400	0	0	11,075	0	15,005	0	0	0	0	0	48,480
Total Expenditures	14	26,384	30	8,729	18,833	31,456	62,190	4,510	0	0	30	17,387	169,563
Revenue Over (Under) Expenditures	(4)	2,832	5	(177)	1,780	41,388	28,816	421	0	0	2	(12,229)	62,834
Transfers to/(from) Other funds	0	0	0	0	0	0	0	0	0	0	0	29,065	29,065
Fund Balance, June 30, 2014	122	11,770	2,136	3,381	11,723	58,508	60,857	3,437	52	1,570	1,000	13,304	167,860
Fund Balance, June 30, 2015	\$ 118	\$ 14,602	\$ 2,141	\$ 3,204	\$ 13,503	\$ 99,896	\$ 89,673	\$ 3,858	\$ 52	\$ 1,570	\$ 1,002	\$ 30,140	\$ 239,759

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Court Bond Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Miscellaneous	\$ 50	\$ 10	\$ 40
Interest	1	0	1
Total Revenue	51	10	41
<u>Expenditures</u>			
Other Services and Charges	173	14	159
Total Expenditures	173	14	159
<u>Revenue Over (Under) Expenditures</u>	(122)	(4)	(118)
<u>Fund Balance, June 30, 2014</u>	122	122	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 118	\$ (118)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Community Center Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Sales Tax	\$ 28,000	\$ 29,065	\$ (1,065)
Interest	100	101	(1)
Misc. Income	50	50	0
	28,150	29,216	(1,066)
<u>Expenditures</u>			
Capital Outlay	25,000	22,400	2,600
Maintenance & Operations	14,920	3,984	10,936
	39,920	26,384	13,536
<u>Revenue Over (Under) Expenditures</u>	(11,770)	2,832	(14,602)
<u>Fund Balance, June 30, 2014</u>	11,770	11,770	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 14,602	\$ (14,602)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	K-9 Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Misc. Income	\$ 400	\$ 30	\$ 370
Interest	10	5	5
	410	35	375
<u>Expenditures</u>			
Miscellaneous Expense	2,546	30	2,516
	2,546	30	2,516
<u>Revenue Over (Under) Expenditures</u>	(2,136)	5	(2,141)
<u>Fund Balance, June 30, 2014</u>	2,136	2,136	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 2,141	\$ (2,141)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Penalty Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Penalty Revenue	\$ 8,000	\$ 8,486	\$ (486)
Miscellaneous	100	57	43
Interest Income	10	9	1
Total Revenue	8,110	8,552	(442)
<u>Expenditures</u>			
Maintenance & Operations	11,491	8,729	2,762
Total Expenditures	11,491	8,729	2,762
<u>Revenue Over (Under) Expenditures</u>	(3,381)	(177)	(3,204)
<u>Fund Balance, June 30, 2014</u>	3,381	3,381	0
<u>Fund Balance, June 30, 2015</u>	<u>\$ 0</u>	<u>\$ 3,204</u>	<u>\$ (3,204)</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Park & Recreation Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Sales Tax	\$ 19,000	\$ 19,377	\$ (377)
Permits	1,500	1,204	296
Interest	50	32	18
Total Revenue	20,550	20,613	(63)
<u>Expenditures</u>			
Capital Outlay	11,000	11,075	(75)
Other Expenses	21,273	7,758	13,515
Total Expenditures	32,273	18,833	13,440
<u>Revenue Over (Under) Expenditures</u>	(11,723)	1,780	(13,503)
<u>Fund Balance, June 30, 2014</u>	11,723	11,723	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 13,503	\$ (13,503)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Street & Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Use Tax	\$ 25,000	\$ 28,727	\$ (3,727)
Motor Vehicle Tax	18,000	20,270	(2,270)
City Sales Tax	14,000	17,586	(3,586)
Gas Excise Tax	5,000	5,508	(508)
Miscellaneous Revenue	500	536	(36)
Interest	100	217	(117)
	62,600	72,844	(10,244)
<u>Expenditures</u>			
Maintenance & Operations	121,108	31,456	89,652
	121,108	31,456	89,652
<u>Revenue Over (Under) Expenditures</u>	(58,508)	41,388	(99,896)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2014</u>	58,508	58,508	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 99,896	\$ (99,896)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Fire Department		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Fire Protection Members	\$ 50,000	\$ 52,440	\$ (2,440)
Fire Runs	5,000	4,153	847
Donations	5,000	27,730	(22,730)
Grants	4,400	4,457	(57)
Misc. Income	2,000	2,053	(53)
Interest	150	173	(23)
	66,550	91,006	(24,456)
<u>Expenditures</u>			
Capital Outlay	20,000	15,005	4,995
Maintenance & Operations	107,407	47,185	60,222
	127,407	62,190	65,217
<u>Revenue Over (Under) Expenditures</u>	(60,857)	28,816	(89,673)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2014</u>	60,857	60,857	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 89,673	\$ (89,673)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Animal Control		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Pound Income	\$ 4,500	\$ 4,700	\$ (200)
Miscellaneous Revenue	200	224	(24)
Interest	5	7	(2)
	4,705	4,931	(226)
<u>Expenditures</u>			
Maintenance & Operations	8,142	4,510	3,632
	8,142	4,510	3,632
<u>Revenue Over (Under) Expenditures</u>	(3,437)	421	(3,858)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2014</u>	3,437	3,437	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 3,858	\$ (3,858)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	CDBG		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Grants	\$ 100,000	\$ 0	\$ 100,000
Total Revenue	100,000	0	100,000
<u>Expenditures</u>			
Grant Expense	100,052	0	100,052
Total Expenditures	100,052	0	100,052
<u>Revenue Over (Under) Expenditures</u>	(52)	0	(52)
<u>Fund Balance, June 30, 2014</u>	52	52	0
<u>Fund Balance, June 30, 2015</u>	\$ 0	\$ 52	\$ (52)

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	Crime Prevention Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Contributions	\$ 0	\$ 0	\$ 0
Total Revenue	0	0	0
<u>Expenditures</u>			
Maintenance & Operations	1,570	0	1,570
Total Expenditures	1,570	0	1,570
<u>Revenue Over (Under) Expenditures</u>	(1,570)	0	(1,570)
<u>Fund Balance, June 30, 2014</u>	1,570	1,570	0
<u>Fund Balance, June 30, 2015</u>	<u>\$ 0</u>	<u>\$ 1,570</u>	<u>\$ (1,570)</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	<u>Cache Educational Facilities Authority</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Miscellaneous	\$ 30	\$ 30	\$ 0
Interest	2	2	0
Total Revenue	32	32	0
<u>Expenditures</u>			
Bank Service Charges	30	30	0
Total Expenditures	30	30	0
<u>Revenue Over (Under) Expenditures</u>	2	2	0
<u>Fund Balance, June 30, 2014</u>	1,000	1,000	0
<u>Fund Balance, June 30, 2015</u>	<u>\$ 1,002</u>	<u>\$ 1,002</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Nonmajor Governmental Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2015

	<u>Cache Economic Development Authority</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Donations	\$ 5,000	\$ 5,000	\$ 0
Miscellaneous	150	158	(8)
Total Revenue	5,150	5,158	(8)
<u>Expenditures</u>			
Consulting Fees	47,404	17,363	30,041
Bank Service Charges	50	24	26
Total Expenditures	47,454	17,387	30,067
<u>Revenue Over (Under) Expenditures</u>	(42,304)	(12,229)	(30,075)
Transfers to/(from) other funds	29,000	29,065	(65)
<u>Fund Balance, June 30, 2014</u>	13,304	13,304	0
<u>Fund Balance, June 30, 2015</u>	<u>\$ 0</u>	<u>\$ 30,140</u>	<u>\$ (30,140)</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
16017 CENA 15 Grant
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2015

	Budget	Current Year	(Over) Under Budget
<u>Revenue</u>			
Grant Funds	\$ 4,800	\$ 4,735	\$ 65
Total Revenues	4,800	4,735	65
<u>Expenditures</u>			
Utilities for Center	2,800	2,800	0
Equipment	1,100	1,035	65
Repairs	900	900	0
Total Expenditures	4,800	4,735	65
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ 0	\$ 0

Please see accompanying notes to the financial statements.

City of Cache, OK
Rural Fire Department Operational Grant 2015
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2015

	Budget	Current Year	(Over) Under Budget
<u>Revenue</u>			
Grant Funds	\$ 4,484	\$ 4,484	\$ 0
Total Revenues	4,484	4,484	0
<u>Expenditures</u>			
Operating Expenses	4,484	4,484	0
Total Expenditures	4,484	4,484	0
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ 0	\$ 0

Please see accompanying notes to the financial statements.