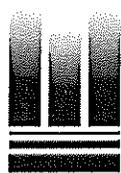


**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

CITY OF CACHE

JUNE 30, 2014

BY



FURRH
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

City of Cache
Cache, Oklahoma
Year Ended June 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Cache
Cache, Oklahoma

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, 2014, 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 accounting principles standards generally accepted in the United States of America; this includes 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.

As discussed in Note 3, the City of Cache, Oklahoma prepares its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position (modified cash basis) of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in the modified cash basis financial position, thereof for the year then ended in conformity with the basis of accounting described in Note 3.

Other Matters

The accompanying supplemental schedules and information presented are not necessary for a fair presentation of the financial statements for the year ended June 30, 2014, but are presented for the purpose of additional analysis. The accompanying supplemental schedules were subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2014 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The City of Cache has not presented the Management's Discussion and Analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary supplemental information, although not required to be part of the basis financial statements.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

December 26, 2014

City of Cache, OK
Statement of Net Assets
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 243,139	\$ 651,510	\$ 894,649
Due From General	22,531	5,150	27,681
Capital Assets	1,106,722	1,826,529	2,933,251
Accumulated Depreciation	(601,949)	(713,906)	(1,315,855)
 Total Assets	 <u>\$ 770,443</u>	 <u>\$ 1,769,283</u>	 <u>\$ 2,539,726</u>
<u>Liabilities</u>			
Due to Governmental Funds	\$ 22,531	\$ 0	\$ 22,531
Due to PWA	5,150	0	
Meter Deposits	0	19,106	
Notes Payable	0	1,005,422	1,005,422
 Total Liabilities	 <u>27,681</u>	 <u>1,024,528</u>	 <u>1,027,953</u>
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	504,773	119,012	623,785
Restricted	0	19,106	19,106
Unrestricted	237,989	606,637	844,626
 Total Net Assets	 <u>742,762</u>	 <u>744,755</u>	 <u>1,487,517</u>
 Total Liabilities & Net Assets	 <u>\$ 770,443</u>	 <u>\$ 1,769,283</u>	 <u>\$ 2,539,726</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 90,540	\$ 152,599	\$ 243,139
Due from General	0	22,531	22,531
Total Assets	\$ 90,540	\$ 175,130	\$ 265,670
<u>Liabilities and Fund Balances</u>			
Due to Other Governmental Funds	\$ 22,531	\$ 0	\$ 22,531
Due to PWA Fund	5,150	0	5,150
Total Liabilities	27,681	0	27,681
Fund Balances			
Unrestricted	62,859	175,130	237,989
Total Liabilities and Fund Balances	\$ 90,540	\$ 175,130	

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 \$1,106,722 Net of Accumulated Depreciation of \$601,949 are not financial resources and, therefore, are not reported in the funds.

504,773

Net Assets of Governmental Activities

\$ 742,762

Please see accompanying notes to the financial statements.

City of Cache, OK
Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 399,850	\$ 75,014	\$ 474,864
Miscellaneous	53,093	7,882	60,975
Police Revenue	49,706	0	49,706
Penalty Revenue	43,740	11,556	55,296
Court Costs	31,412	0	31,412
Building Permits	11,601	0	11,601
Grants	4,400	8,831	13,231
Interest	68	29	97
Fire Service	0	63,752	63,752
Pound Revenue	0	3,785	3,785
Donations	0	4,896	4,896
Total Revenue	<u>593,870</u>	<u>175,745</u>	<u>769,615</u>
<u>Expenditures</u>			
General Government:			
General Government	547,449	5,335	552,784
Public Safety:			
Police	128,672	13,689	142,361
Fire	17,010	36,268	53,278
Street and Public Works:			
Streets	0	24,735	24,735
Culture and Recreation:			
Parks	0	2,133	2,133
Total Expenditures	<u>693,131</u>	<u>82,160</u>	<u>775,291</u>
<u>Revenue Over (Under) Expenditures</u>	(99,261)	93,585	(5,676)
<u>Other Financing Sources (Uses)</u>			
Transfers In/(Out)			0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
<u>Net Changes in Fund Balance</u>	(99,261)	93,585	(5,676)
<u>Fund Balance, June 30, 2013</u>	162,120	81,545	243,665
<u>Fund Balance, June 30, 2014</u>	<u>\$ 62,859</u>	<u>\$ 175,130</u>	<u>\$ 237,989</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)
Year Ended June 30, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 651,510
Due From General	<u>5,150</u>

Total Current Assets \$ 656,660

Noncurrent Assets:

Capital Assets	1,817,470
Land	9,059
Accumulated Depreciation	<u>(713,906)</u>

Total Noncurrent Assets 1,112,623

Total Assets \$ 1,769,283

LIABILITIES

Current Liabilities

Notes Payable- Current Portion	\$ 55,517
Accrued Interest	11,811
Meter Deposits	<u>19,106</u>

Total Current Liabilities 86,434

Noncurrent Liabilities

Notes Payable- Long-Term Portion	<u>938,094</u>
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Total Liabilities 1,024,528

NET ASSETS

Invested in Capital Assets, Net of Related Debt	119,012
Restricted	19,106
Unrestricted	<u>606,637</u>

Total Net Assets 744,755

Total Net Assets and Liabilities \$ 1,769,283

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, 2014

Operating Revenue

Water Revenue	\$ 409,072	
Garbage Revenue	293,594	
OWRB	167,407	
Sewer Revenue	96,115	
Miscellaneous Income	60,305	
Late Charges and Misc Penalties	39,082	
Total Operating Revenue	\$ 1,065,575	

Operating Expense

Garbage Service Expense	265,982	
Payroll Expense	246,880	
Insurance	95,713	
Depreciation	69,554	
Operating Supplies	66,682	
Utilities	58,750	
Repairs & Maintenance	51,086	
Interest Expense	36,152	
Legal & Auditing	23,599	
Automobile Expense	13,750	
Equipment Rental	11,041	
Postage	8,080	
Miscellaneous	3,126	
Total Operating Expense	950,395	

Net Operating Income (Loss) 115,180

Nonoperating Revenue (Expense)

Interest Income 302

Net Revenue (Loss) 115,482

Total Net Assets, June 30, 2013 629,273

Total Net Assets, June 30, 2014 \$ 744,755

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, 2014

Cash Flows from Operating Activities

Receipts from Customers	\$ 1,005,270
Miscellaneous Revenue	60,305
Payments to Suppliers	(265,982)
Operating Expenses	(367,979)
Payments to Employees	(246,880)
	184,734
Net Cash Provided by Operating Activities	184,734

Cash Flows from Noncapital Financing Activities

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

Cash Flows from Capital and Related Financing Activities

Decrease in Notes Payable	(66,667)
Net Cash Provided (Used) by Capital and Related Financing Activities	(66,667)

Cash Flows from Investing Activities

Increase in Meter Deposits	19,106
Interest Income	302
Purchased Fixed Assets	(61,920)
	(42,512)
Net Cash Provided by Investing Activities	(42,512)

Net Increase (Decrease) in Cash and Cash Equivalents 75,555

Cash and Cash Equivalents - June 30, 2013 575,955

Cash and Cash Equivalents - June 30, 2014 \$ 651,510

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 115,180
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	69,554
	184,734
Net Cash Provided by Operating Activities	\$ 184,734

Please see accompanying notes to the financial statements.

City of Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

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.

The Cache Economic Development Authority and the Cache Educational Facility Authority are public trusts that will issue separate financial statements for the year ended June 30, 2014.

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

City of Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

Penalty Fund
Park & Recreation
Street & Alley Fund
Crime Prevention
Fire Department
Animal Control
CDBG

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.

Note 5 - Deposits, Investments, and Collateral

The City is statutorily limited to investing public funds in insured checking accounts, certificates

City of Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

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, 2013	\$ 1,056,543	\$ 511,768
Additions	50,179	90,181
Total	1,106,722	601,949
Disposals	0	0
Balance, June 30, 2014	\$ 1,106,722	\$ 601,949

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, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 1,764,309	\$ 644,352
Additions	62,220	69,554
Total	1,826,529	713,906
Disposals	0	0
Balance, June 30, 2014	\$ 1,826,529	\$ 713,906

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, 2014 accrued vacation was equal to \$6,318. Due to modified basis of accounting, the accrued vacation is not recorded as a liability. 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, 2013 and June 30, 2014 the following required contributions were made:

	For Year			
	Ending June	Employee	Employer	Total
2013	\$ 14,312	\$ 11,875	\$ 26,187	
2014	13,517	13,517	27,034	

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, 2014, the City contributed \$510.

City of Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

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, 2014 the City of Cache had the following long-term leases:

	2009 Pumper	2008 Ford	2009 Ford
Balance as of 06/30/2013	\$ 171,186	\$ 12,353	\$ 1,306
Principal Payments	28,287	3,748	1,306
Balance as of 06/30/2014	<u>142,899</u>	<u>8,605</u>	<u>0</u>
Original Amount	230,000	22,653	43,990
Lease Origination Date	8/12/2009	6/30/2013	8/19/2010

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, 2014.

Balance as of 06/30/2013	\$ 1,060,278
Principal Payments	(66,667)
New Loans	0
Balance as of 06/30/2014	<u>\$ 993,611</u>

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

	Date	Original Amount	Interest Rate	Balance as of 6/30/2014
Oklahoma Water Resource Board	03-15-2010	\$2,000,000	4.00%	\$ 993,611
Total				<u>\$ 993,611</u>

City of Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2014

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

For Year Ending June 30th		
2015	\$	55,517
2016		57,477
2017		59,506
2018		50,750
2019+		770,361
	\$	993,611

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

Note 13 - Forfeited and Seized Property

SFFAS #3 requires disclosure of seized property that is not a monetary instrument in the notes to financial statements, but not in the financial statements themselves. At June 30, 2014 the City of Cache had the following seized property and the corresponding estimated market value:

2011 Nissan Maxima	\$ 17,500
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Cache, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Cache, State Oklahoma's basic financial statements and have issued our report thereon dated December 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Cache, State 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 City of Cache, State Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Cache, State Oklahoma'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

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies (Finding 14-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Cache's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (Finding 14-2).

City of Cache, Oklahoma's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

December 26, 2014

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, 2014

	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Sales Tax	\$ 310,000	\$ 329,630	\$ (19,630)
Franchise Tax	55,000	58,417	(3,417)
Police Revenue	40,100	49,706	(9,606)
Fire Service Revenue	35,700	0	35,700
Miscellaneous Revenue	24,425	53,093	(28,668)
Alcohol Beverage Tax	20,000	7,189	12,811
Building Permits	17,000	11,601	5,399
Gas Excise Tax	12,000	0	12,000
Court Costs	6,000	31,412	(25,412)
Pound Revenue	5,650	0	5,650
Grant Revenue	4,000	4,400	(400)
Interest	75	68	7
Donations	50	0	50
Penalty Revenue	0	43,740	(43,740)
Tobacco Tax	0	4,614	(4,614)
	530,000	593,870	(63,870)
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	277,129	270,028	7,101
Payroll Taxes	22,000	24,736	(2,736)
Maintenance and Operations	29,400	91,924	(62,524)
Legal & Professional	15,000	35,946	(20,946)
Utilities & Telephone	23,000	33,286	(10,286)
Insurance	63,871	91,529	(27,658)
Capital Outlay	0	0	0
	430,400	547,449	(117,049)
<u>Police Department</u>			
Maintenance and Operations	66,450	59,992	6,458
Capital Outlay	50,000	68,680	(18,680)
	116,450	128,672	(12,222)

Please see accompanying notes to the financial statements.

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, 2014

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Fire Department</u>			
Maintenance and Operations	11,250	17,010	(5,760)
Total Fire Department	11,250	17,010	(5,760)
Total Expenditures	558,100	693,131	(135,031)
<u>Revenue Over (Under) Expenditures</u>	(28,100)	(99,261)	71,161
<u>Other Financing Sources (Uses)</u>			
Transfer In	30,000	0	30,000
Transfer Out	0	0	0
Total Other Financing Sources (Uses)	30,000	0	30,000
<u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures & Other Uses</u>	1,900	(99,261)	101,161
<u>Fund Balance, June 30, 2013</u>	162,120	162,120	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 164,020</u>	<u>\$ 62,859</u>	<u>\$ 101,161</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Notes to Required Supplemental Information
Year Ended June 30, 2014

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
Balance Sheet
(Modified Cash Basis)
June 30, 2014

	<u>Court</u>	<u>Animal</u>	<u>Fire</u>	<u>Community</u>	<u>K-9</u>	<u>Penalty</u>	<u>Park &</u>	<u>CDBG</u>	<u>Street &</u>	<u>Crime</u>	<u>Total</u>
	<u>Bond Fund</u>	<u>Control</u>	<u>Dept.</u>	<u>Center</u>			<u>Recreation</u>		<u>Alley</u>	<u>Prevention</u>	<u>Nonmajor</u>
											<u>Governmental</u>
											<u>Funds</u>
<u>Assets</u>											
Cash in Bank	\$ 122	\$ 3,437	\$ 60,857	\$ 11,770	\$ 2,136	\$ 3,381	\$ 11,166	\$ 52	\$ 58,508	\$ 1,170	\$ 152,599
Due from Other Funds	0			0	0	0	180	0	21,951	400	22,531
Total Assets	\$ 122	\$ 3,437	\$ 60,857	\$ 11,770	\$ 2,136	\$ 3,381	\$ 11,346	52	\$ 80,459	\$ 1,570	\$ 175,130
<u>Liabilities</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fund Equity</u>											
Fund Balance:											
Unrestricted	122	3,437	60,857	11,770	2,136	3,381	11,346	52	80,459	1,570	175,130
Liabilities & Equity	\$ 122	\$ 3,437	\$ 60,857	\$ 11,770	\$ 2,136	\$ 3,381	\$ 11,346	\$ 52	\$ 80,459	\$ 1,570	\$ 175,130

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)
 Year Ended June 30, 2014

	Court Bond Fund	Animal Control	Fire Dept.	Community Center	K-9	Penalty	Park & Recreation	CDBG	Street & Alley	Crime Prevention	Total Nonmajor Governmental Funds
Revenue											
Tax Revenue	\$ 0	\$ 0	\$ 0	\$ 11,159	\$ 0	\$ 0	\$ 6,282	\$ 0	\$ 57,573	\$ 0	\$ 75,014
Donations	0	0	4,896	0	0	0	0	0	0	0	4,896
Interest	0	1	0	0	0	1	3	0	24	0	29
Pound Income	0	3,785	0	0	0	0	0	0	0	0	3,785
Fire Dept. Income	0	0	63,752	0	0	0	0	0	0	0	63,752
Miscellaneous	0	361	975	1,936	152	0	4,458	0	0	0	7,882
Grant	0	0	8,831	0	0	0	0	0	0	0	8,831
Penalty Revenue	0	0	0	0	0	11,556	0	0	0	0	11,556
Total Revenue	0	4,147	78,454	13,095	152	11,557	10,743	0	57,597	0	175,745
Expenditures											
Maintenance & Operations	0	3,770	36,268	1,325	500	10,804	0	0	24,735	230	77,632
Other Expenses	10	0	0	0	2,385	0	2,133	0	0	0	4,528
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	10	3,770	36,268	1,325	2,885	10,804	2,133	0	24,735	230	82,160
Revenue Over (Under) Expenditures	(10)	377	42,186	11,770	(2,733)	753	8,610	0	32,862	(230)	93,585
Transfers to/(from) Other funds	0	0	0	0	0	0	0	0	0	0	0
Fund Balance, June 30, 2013	132	3,060	18,671	0	4,869	2,628	2,736	52	47,597	1,800	81,545
Fund Balance, June 30, 2014	\$ 122	\$ 3,437	\$ 60,857	\$ 11,770	\$ 2,136	\$ 3,381	\$ 11,346	\$ 52	\$ 80,459	\$ 1,570	\$ 175,130

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, 2014

	Court Bond Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Contributions	\$ 0	\$ 0	\$ 0
Interest	0	0	0
Total Revenue	0	0	0
<u>Expenditures</u>			
Other Services and Charges	132	10	122
Total Expenditures	132	10	122
<u>Revenue Over (Under) Expenditures</u>	(132)	(10)	(122)
<u>Fund Balance, June 30, 2013</u>	132	132	0
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 122	\$ (122)

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, 2014

	Community Center Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Sales Tax	\$ 0	\$ 11,159	\$ (11,159)
Misc. Income	0	1,936	(1,936)
	0	13,095	(13,095)
<u>Expenditures</u>			
Maintenance & Operations	0	1,325	(1,325)
<u>Revenue Over (Under) Expenditures</u>	0	11,770	(11,770)
<u>Fund Balance, June 30, 2013</u>	0	0	0
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 11,770	\$ (11,770)

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, 2014

	<u>K-9 Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Misc. Income	\$ 500	\$ 152	\$ 348
<u>Expenditures</u>			
Training	500	500	0
Miscellaneous Expense	4,869	2,385	2,484
Capital Outlay	0	0	0
Total Expenditures	5,369	2,885	2,484
<u>Revenue Over (Under) Expenditures</u>	(4,869)	(2,733)	(7,602)
<u>Fund Balance, June 30, 2013</u>	4,869	4,869	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 2,136</u>	<u>\$ (7,602)</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, 2014

	<u>Penalty Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Penalty Revenue	\$ 5,000	\$ 11,556	\$ (6,556)
Interest Income	0	1	(1)
Total Revenue	5,000	11,557	(6,557)
<u>Expenditures</u>			
Maintenance & Operations	7,628	10,804	(3,176)
Total Expenditures	7,628	10,804	(3,176)
<u>Revenue Over (Under) Expenditures</u>	(2,628)	753	(3,381)
<u>Fund Balance, June 30, 2013</u>	2,628	2,628	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 3,381</u>	<u>\$ (3,381)</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, 2014

	Park & Recreation Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grants	\$ 100,000	\$ 4,118	\$ 95,882
Contributions	3,500	0	3,500
Sales Tax	0	6,282	(6,282)
Permits	0	340	(340)
Interest	0	3	(3)
	<hr/>	<hr/>	<hr/>
Total Revenue	103,500	10,743	92,757
<u>Expenditures</u>			
Other Expenses	106,236	2,133	104,103
	<hr/>	<hr/>	<hr/>
<u>Revenue Over (Under) Expenditures</u>	(2,736)	8,610	(11,346)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2013</u>	<hr/>	<hr/>	<hr/>
	2,736	2,736	0
<u>Fund Balance, June 30, 2014</u>	<hr/>	<hr/>	<hr/>
	\$ 0	\$ 11,346	\$ (11,346)

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, 2014

	Street & Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Miscellaneous Revenue	\$ 26,000	\$ 0	\$ 26,000
Use Tax	23,000	18,987	4,013
Gas Excise Tax	12,000	5,358	6,642
City Sales Tax	500	10,521	(10,021)
Motor Vehicle Tax	0	22,707	(22,707)
Interest	45	24	21
	61,545	57,597	3,948
<u>Expenditures</u>			
Maintenance & Operations	109,142	24,735	84,407
	109,142	24,735	84,407
<u>Revenue Over (Under) Expenditures</u>	(47,597)	32,862	(80,459)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2013</u>	47,597	47,597	0
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 80,459	\$ (80,459)

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, 2014

	Fire Department		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Fire Protection Members	\$ 43,000	\$ 57,300	\$ (14,300)
Fire Runs	10,000	6,452	3,548
Grants	8,500	8,831	(331)
Donations	1,400	4,896	(3,496)
Misc. Income	100	975	(875)
	63,000	78,454	(15,454)
<u>Expenditures</u>			
Capital Outlay	18,000	0	18,000
Maintenance & Operations	63,671	36,268	27,403
	81,671	36,268	45,403
<u>Revenue Over (Under) Expenditures</u>	(18,671)	42,186	(60,857)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2013</u>	18,671	18,671	0
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 60,857	\$ (60,857)

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, 2014

	Animal Control		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Pound Income	\$ 0	\$ 3,785	\$ (3,785)
Miscellaneous Revenue	0	361	(361)
Interest	0	1	(1)
Total Revenue	0	4,147	(4,147)
<u>Expenditures</u>			
Maintenance & Operations	3,060	3,770	(710)
Total Expenditures	3,060	3,770	(710)
<u>Revenue Over (Under) Expenditures</u>	(3,060)	377	(3,437)
Transfers to/(from) other funds	0	0	0
<u>Fund Balance, June 30, 2013</u>	3,060	3,060	0
<u>Fund Balance, June 30, 2014</u>	\$ 0	\$ 3,437	\$ (3,437)

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, 2014

	CDBG		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Grants	\$ 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, 2013</u>	52	52	0
<u>Fund Balance, June 30, 2014</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, 2014

	<u>Crime Prevention Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Contributions	\$ 0	\$ 0	\$ 0
<u>Expenditures</u>			
Maintenance & Operations	1,800	230	1,570
<u>Revenue Over (Under) Expenditures</u>	(1,800)	(230)	(1,570)
<u>Fund Balance, June 30, 2013</u>	1,800	1,800	0
<u>Fund Balance, June 30, 2014</u>	<u>\$ 0</u>	<u>\$ 1,570</u>	<u>\$ (1,570)</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
15532 CENA 14 Grant
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant Funds	\$ 4,400	\$ 4,400	\$ 0
Total Revenues	4,400	4,400	0
<u>Expenditures</u>			
Utilities for Center	3,000	2,700	300
Repairs	1,400	1,700	(300)
Total Expenditures	4,400	4,400	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Rural Fire Department Operational Grant 2014
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant Funds	\$ 4,474	\$ 4,474	\$ 0
Total Revenues	4,474	4,474	0
<u>Expenditures</u>			
Operating Expenses	4,474	4,474	0
Total Expenditures	4,474	4,474	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

City of Cache, OK
Comanche County Facilities Grant
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2014

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Grant Funds	\$ 4,358	\$ 4,358	\$ 0
Total Revenues	4,358	4,358	0
<u>Expenditures</u>			
Grant Expenditures	4,358	4,358	0
Total Expenditures	4,358	4,358	0
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

CITY OF CACHE, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2014

Reportable Conditions of Internal Control, Compliance and Other Matters

14-1. Criteria – City Ordinance No. 2012-11 requires the 0.75% sales tax increase effective July1, 2013 be divided 20% for the Parks and Recreation fund, 20% for the Street and Alley fund, 30% for Economic Development, and 30% for the Community Center fund.

Condition – The General fund did not transfer the proper amounts in the required funds.

Cause and Effect – The General Fund owes the following funds:

Parks and Recreation Fund	\$4,181.23
Street and Alley Fund	\$2,390.33
Economic Development	\$6,271.91
Community Center Fund	\$6,271.91

Recommendation – We recommend that the Town Clerk transfer the money as soon as possible.

Management response – Management agrees.

14-2. Criteria –OWRB bonding requirements.

Condition – Rhoda (City Clerk) has \$100,000, Feather (Accounts Receivable Clerk) has \$10,000, and Tina (Accounts Receivable Clerk) has none.

Cause and Effect – The town is in violation of loan covenant.

Recommendation – We recommend the City obtains the necessary coverage for its employees.

Management response – Management will obtain coverage as soon as possible.