TOWN OF CASHION, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

THE TOWN OF CASHION, OKLAHOMA

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared By:
Town of Cashion Clerk's Department

This page was intentionally left blank

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION:

Transmittal Letter……..……... 6-13
Certificate of Conformance…….…….. 14
Organizational Chart……..……..……. 15
List of Principal Officials…….……. 16

FINANCIAL SECTION:

Independent Auditor's Report on Financial Statements……..…….…… 19-20

The Basic Financial Statements:

Government-Wide Financial Statements:
Statement of Net Position (Modified Cash Basis)…… 22
Statement of Activities (Modified Cash Basis)……..… 23

Governmental Funds Financial Statements:
Balance Sheet (Modified Cash Basis)…… 25
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)……..…… 26
Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Budget and Actual – General Fund and Major Special Revenue Fund…..…… 27

Proprietary Funds Financial Statements:
Statement of Net Position (Modified Cash Basis) …… 29
Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis)…… 30
Statement of Cash Flows (Modified Cash Basis)……..…. 31

Footnotes to the Basic Financial Statements …….. 32-48

Supplementary and Other Information:

Individual Fund Financial Schedules

Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Budget and Actual – Non-Major Special Revenue Fund……... 50

Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Budget and Actual – Non-Major Capital Project Fund…….……... 50

TABLE OF CONTENTS

Page

Combining Non-Major Governmental Fund Statements

Combining Balance Sheet (Modified Cash Basis)…… 51
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis)…… 52

Federal and State Awards Information

Schedule of Expenditures of Federal and State Awards …… 53

Debt Service Coverage Information

Schedule of Debt Service Coverage Requirement …… 53

Trend Information:

Table:

1 Net Position (Modified Cash Basis) – Last Five Fiscal Years……. 55
2 Change in Net Position (Modified Cash Basis) – Last Five Fiscal Years…… 56
3 Fund Balances, Governmental Funds (Modified Cash Basis) – Last Five Fiscal Years…. 57
4 Changes in Fund Balances, Governmental Funds (Modified Cash Basis) – Last Five Fiscal Years…….. 58
5 Outstanding Long-Term Debt Obligations – Last Five Fiscal Years…… 59

Internal Control and Compliance over Financial Reporting

Independent Auditor's Report on Internal Control and Compliance…… 61-62

Summary Schedule of Findings……. 63

INTRODUCTORY SECTION

TOWN OF CASHION

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

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

December 10, 2014

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

We are pleased to submit to you the Annual Financial Statements of the Town of Cashion for the fiscal year ended June 30, 2014. We believe the information, as presented, is accurate in all material aspects and that all disclosures necessary to enable the reader to gain an adequate understanding of the Town's financial affairs have been included.

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

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

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

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

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

The Town's Financial Reporting Entity

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

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

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

- **The Cashion Public Works Authority (CPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the Town, with the Town Board members serving as the trustees – *considered part of the primary government presentation for reporting purposes*

- **The Oklahoma Public Finance Authority (OPFA)** - public trust created pursuant to 60 O.S. § 176 to provide aid or aid in providing facilities and or services necessary for the functioning of any governmental entity within the State of Oklahoma – *considered part of the primary government presentation for reporting purposes*

- **The Cashion Economic Development Authority (CEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the Town, with the trustees appointed by the Town Board – *reported as a discretely presented component unit*

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

Basis of Accounting and Presentation

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

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

- cash-based interfund receivables and payables

- assets that normally convert to cash or cash equivalents(certificates of deposits, marketable investments, and receivables resulting from loans)

- liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Reporting the Town as a Whole

The Statement of Net Position and Statement of Activities

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 32-48 of this report.

FINANCIAL HIGHLIGHTS

- As reported on a modified cash basis, the Town's total net position increased by $93,896, and the assets of the Town exceed its liabilities at June 30, 2014, by $694,786 (net position). Of this amount, $595,533 is restricted and $99,253 (unrestricted) is available to meet the government's ongoing needs.

- At June 30, 2014, the Town's governmental funds reported combined ending fund balances on a modified cash basis of $131,353.

- At the end of the fiscal year 2014, unassigned fund balance on a modified cash basis for the General Fund was $43,575 or 16.0% of General Fund revenues.

THE TOWN AS A WHOLE

For the year ended June 30, 2014, net position on a modified cash basis for the governmental and business-type activities increased $93,896.

The Town of Cashion's Net Position (Modified Cash Basis)
June 30, 2014 (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013 (Restated)		2014	2013 (Restated)	
Assets:									
Current assets	$ 131	$ 91	44%	$ 605	$ 562	8%	$ 736	$ 653	13%
Total assets	131	91	44%	605	562	8%	736	653	13%
Liabilities:									
Non-current liabilities	-	-	0%	41	52	-21%	41	52	-21%
Total liabilities	-	-	0%	41	52	-21%	41	52	-21%
Net position:									
Restricted	36	59	-39%	559	494	13%	595	553	8%
Unrestricted (deficit)	95	32	197%	5	16	-69%	100	48	108%
Total net position	$ 131	$ 91	44%	$ 564	$ 510	11%	$ 695	$ 601	16%

Governmental total assets increased approximately $40,000 as a direct result of the increase in ambulance run collections.

Business-type net position increased approximately $54,000 due primarily from an election held to repay the monies back to the special trust in the amount of $5,000 monthly. (See also Note 9 on Commitments and Contingencies).

The Town of Cashion's Revenues, Expenses and Changes in Net Position (Modified Cash Basis)
Year Ended June 30, 2014 (In Thousands)

	Governmental Activities		% Inc. (Dec.)	Business-Type Activities		% Inc. (Dec.)	Total		% Inc. (Dec.)
	2014	2013		2014	2013 (Restated)		2014	2013 (Restated)	
Revenues									
Program revenues:									
Charges for service	$ 149	$ 106	41%	$ 700	$ 609	15%	$ 849	$ 715	19%
Operating grants and contributions	175	146	20%	-	-	-	175	146	20%
Capital grants and contributions	-	15	-100%	-	-	-	-	15	-100%
General revenues:									
Taxes	162	214	-24%	-	-	-	162	214	-24%
Intergovernmental revenue	10	11	-9%	-	-	-	10	11	-9%
Investment income	-	-	-	-	-	-	-	-	-
Miscellaneous	82	58	41%	-	1	-100%	82	59	39%
Total revenues	578	550	5%	700	610	15%	1,278	1,160	10%
Expenses									
General government	110	127	-13%	-	-	-	110	127	-13%
Public safety	421	422	0%	-	-	-	421	422	0%
Highways and streets	44	25	76%	-	-	-	44	25	76%
Culture and recreation	-	1	100%	-	-	-	-	1	100%
Gas	-	-	-	180	166	8%	180	166	8%
Water	-	-	-	125	156	-20%	125	156	-20%
Sewer	-	-	-	110	123	-11%	110	123	-11%
Sanitation	-	-	-	194	119	63%	194	119	63%
Total expenses	575	575	0%	609	564	8%	1,184	1,139	4%
Excess (deficiency) before transfers	3	(25)	112%	91	46	-98%	94	21	-348%
Transfers	37	5	640%	(37)	(5)	640%	-	-	-
Change in net position	40	(20)	-300%	54	41	-32%	94	21	-348%
Beginning net position	91	111	-18%	509	469	9%	600	580	3%
Ending net position	$ 131	$ 91	44%	$ 563	$ 510	10%	$ 694	$ 601	15%

Governmental activities charges for service increased over the prior year due to an increase in ambulance run revenues of approximately $43,000 or 105.5%. Capital grants received in prior year were approximately $15,000 more than the current year. There was a significant decrease of approximately $53,000 or 28% in tax revenue. This decrease appears to be primarily due to oil and gas drilling one-time revenues that significantly increased the taxes in the prior year. Miscellaneous revenues are up approximately $24,000 which is due in large part of the sale of land and the collection of other revenues for community relations and beautification.

Business-type activities charges for services revenues and sanitation expenses are up as a result of contracting with a third party for sanitation services. In contracting with a third party to operate the sanitation services, the Town adjusted sanitation service revenues based on the outsourced cost of operations.

A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed its 2014 fiscal year, the governmental funds reported a combined fund balance of $131,353.

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

Governmental:		Proprietary:	
Restricted for:		Restricted for:	
Streets	$ 28,362	Trust Fund Purposes **	$ 556,430
Capital Outlay/Improvements	8,316	Debt Service	2,425
Assigned for:		Unrestricted	4,578
Emergency Services	44,131		
Community Relations and Beautification	6,969	Total	$ 563,433
Unassigned	43,575		
Total	$ 131,353		

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

Other fund highlights include:

- For the year ended June 30, 2014, the General Fund's total fund balance increased by $34,455 due mainly to the miscellaneous income increase from the sale of land and revenues received for community relations and beautification . The Emergency Fund, the Street & Alley Fund, and the Restricted Sales Tax Fund had total fund balance changes of $28,139, ($5,504), and ($17,228), respectively.

Budgetary Highlights

For the year ended June 30, 2014, the General Fund reported actual revenues and transfers over final estimates by $103,538 or a 37% positive variance. General Fund actual expenditures and transfers were over final appropriations by $73,494 or a 29% negative variance due to transfers out in the General Fund of $74,355 not being budgeted.

ECONOMIC FACTORS AND NEXT YEAR'S ESTIMATES

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

- The FY 2015 budget varies minimally from the prior years.

Contacting the Town's Financial Management

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Conformance to the Town of Cashion for its Small Government Annual Financial Report (SGAFR) for the fiscal year ended June 30, 2013. The Certificate of Conformance is a prestigious award recognizing conformance with the highest standards for preparation of modified cash basis reports in governmental accounting and financial reporting.

In order to be awarded a Certificate of Conformance, a government unit must publish an easily readable and efficiently organized Small Government Annual Financial Report, the contents of which conform to program standards.

The Certificate of Conformance is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Conformance program requirements, and we are submitting it to GFOA.

Acknowledgements

We would like to thank our consultants, Crawford & Associates, P. C., for their professional guidance and experience. And also, thanks to our auditors, Arledge & Associates, P.C. for their assistance in this process.

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

Respectfully submitted,

Freddie Baker
Town Mayor

Jennifer Firgard
Town Clerk/Treasurer

Government Finance Officers Association

Award for Small Government Cash Basis Reports

Presented to

Town of Cashion

Oklahoma

For its Annual Financial Report
for the Fiscal Year Ended

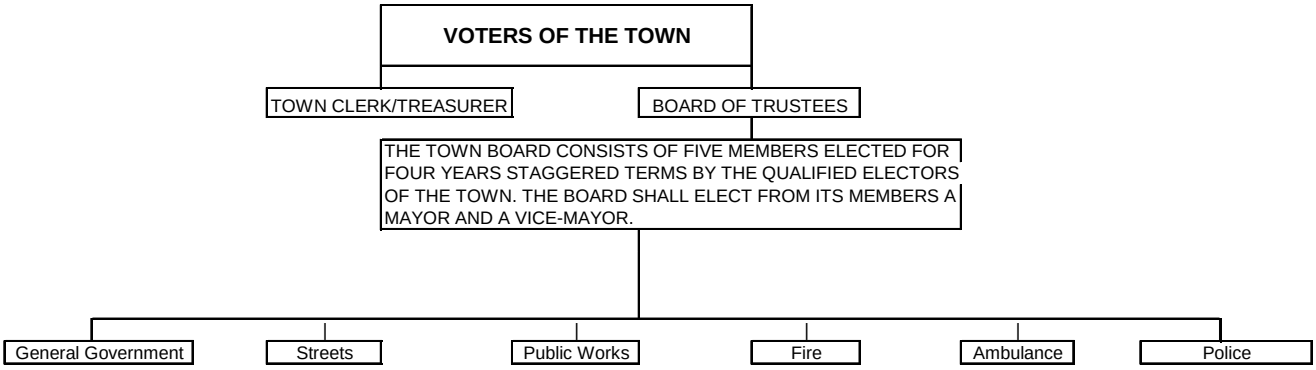
June 30, 2013

Jeffrey R. Esser

Executive Director/CEO

TOWN OF CASHION, OKLAHOMA

(A Town Form of Government)



TOWN OF CASHION

LIST OF PRINCIPAL OFFICIALS

Town Board

Freddie Baker	Mayor
Joe Knopp	Vice-Mayor
Kay Davis	Member
Jeff Beutler	Member
Judy Howry	Member

Town Clerk/Treasurer

Jennifer Firgard

FINANCIAL SECTION

THIS PAGE INTENTIONALLY LEFT BLANK

Arledge
& Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Emergency Fund of the Town of Cashion, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinions

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, the discretely presented component unit, each major fund, the aggregate remaining fund information and the respective budgetary comparison for the General Fund and the Emergency Fund of the Town of Cashion, Oklahoma, as of June 30, 2014, 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 as described in Note 1.

309 N. Bryant Ave. • Edmond, OK 73034 • 405.348.0615 • Fax 405.348.0931 • www.jmacpas.com
Member of AICPA and OSCPA

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 opinion is not modified with respect to that matter.

Other Matters – Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplemental individual non-major fund budgetary comparison schedules (modified cash basis), combining non-major governmental fund financial statements (modified cash basis), schedule of expenditures of federal awards, schedule of debt service coverage requirement, and the other information including the introductory section and trend information, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements (modified cash basis), federal and state awards information, and debt service coverage information, as listed in the table of contents, 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 non-major fund financial statements, federal and state awards information, and debt service coverage information are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the modified cash basis of accounting described in Note 1.

The introductory section, individual non-major fund budgetary comparison schedules, and trend information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Arledge & Associates, P.C.

November 10, 2014

BASIC FINANCIAL STATEMENTS – STATEMENT OF NET POSITION AND ACTIVITIES

Statement of Net Position (Modified Cash Basis)– June 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	$ 128,725	$ 40,925	$ 169,650	$ 19,918
Investments	-	566,620	566,620	-
Internal balances	2,628	(2,628)	-	-
Total Assets	131,353	604,917	736,270	19,918
LIABILITIES				
Refundable deposits	-	41,484	41,484	-
Total Liabilities	-	41,484	41,484	-
NET POSITION				
Restricted for:				
Streets	28,362	-	28,362	-
Capital outlay	8,316	-	8,316	-
Debt service	-	2,425	2,425	-
Other contracts	-	556,430	556,430	-
Unrestricted	94,675	4,578	99,253	19,918
Total Net Position	$ 131,353	$ 563,433	$ 694,786	$ 19,918

See accompanying notes to the basic financial statements.

Statement of Activities (Modified Cash Basis)– Year Ended June 30, 2014

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Economic Development Authority
Primary Government:								
Governmental activities:								
General Government	$ 109,959	$ 5,750	$ 23,075	$ -	$ (81,134)	$ -	$ (81,134)	$ -
Public Safety	420,641	143,508	144,025	-	(133,108)	-	(133,108)	-
Streets and Highways	44,458	-	7,686	-	(36,772)	-	(36,772)	-
Culture and Recreation	77	-	-	-	(77)	-	(77)	-
Total governmental activities	575,135	149,258	174,786	-	(251,091)	-	(251,091)	-
Business-type activities:								
Gas	180,382	250,240	-	-	-	69,858	69,858	-
Water	124,826	181,386	-	-	-	56,560	56,560	-
Sewer	110,195	90,867	-	-	-	(19,328)	(19,328)	-
Sanitation	193,674	177,156	-	-	-	(16,518)	(16,518)	-
Total business-type activities	609,077	699,649	-	-	-	90,572	90,572	-
Total primary government	$ 1,184,212	$ 848,907	$ 174,786	$ -	(251,091)	90,572	(160,519)	
Component Unit:								
Economic development	$ -	$ -	$ -	$ -				-
General revenues:								
Taxes:								
Sales and use tax					138,359	-	138,359	-
Franchise and public service taxes					23,609	-	23,609	-
Intergovernmental revenue not restricted to specific programs					10,592	-	10,592	-
Investment income					79	93	172	14
Miscellaneous					81,683	-	81,683	-
Transfers - Internal activity					36,631	(36,631)	-	-
Total general revenues and transfers					290,953	(36,538)	254,415	14
Change in net position					39,862	54,034	93,896	14
Net position - beginning, restated					91,491	509,399	600,890	19,904
Net position - ending					$ 131,353	$ 563,433	$ 694,786	$ 19,918

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS

Governmental Funds Balance Sheet (Modified Cash Basis) – June 30, 2014

	General Fund	Emergency Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Assets:				
Cash and cash equivalents	$ 36,975	$ 55,072	$ 36,678	$ 128,725
Due from other funds	14,019	3,078	-	17,097
Total Assets	$ 50,994	$ 58,150	$ 36,678	$ 145,822
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	$ 450	$ 14,019	$ -	$ 14,469
Total Liabilities	450	14,019	-	14,469
Fund Balances:				
Restricted for:				
Streets	-	-	28,362	28,362
Capital improvements	-	-	8,316	8,316
Assigned for:				
Emergency services	-	44,131	-	44,131
Community relations and beautification	6,969	-	-	6,969
Unassigned	43,575	-	-	43,575
Total Fund Balances	50,544	44,131	36,678	131,353
Total Liabilities and Fund Balances	$ 50,994	$ 58,150	$ 36,678	$ 145,822

See accompanying notes to the basic financial statements.

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance (Modified Cash Basis) – Year Ended June 30, 2014

	General Fund	Emergency Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 99,540	$ -	$ 62,428	$ 161,968
Intergovernmental	10,592	136,583	7,686	154,861
Charges for services	-	92,709	-	92,709
Fines and forfeitures	50,799	-	-	50,799
Licenses and permits	5,750	-	-	5,750
Investment income	61	-	18	79
Miscellaneous	105,537	6,663	-	112,200
Total Revenues	272,279	235,955	70,132	578,366
Expenditures:				
Current:				
General government	105,340	-	-	105,340
Public safety	145,869	270,503	-	416,372
Highways and streets	-	-	34,108	34,108
Culture and recreation	77	-	-	77
Capital outlay	4,438	-	14,800	19,238
Total Expenditures	255,724	270,503	48,908	575,135
Revenues over (under) expenditures	16,555	(34,548)	21,224	3,231
Other Financing Sources (Uses):				
Transfers in	92,255	68,687	21,834	182,776
Transfers out	(74,355)	(6,000)	(65,790)	(146,145)
Total Other Financing Sources (Uses)	17,900	62,687	(43,956)	36,631
Net change in fund balances	34,455	28,139	(22,732)	39,862
Fund balances - beginning	16,089	15,992	59,410	91,491
Fund balances - ending	$ 50,544	$ 44,131	$ 36,678	$ 131,353

See accompanying notes to the basic financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Budget and Actual – General Fund and Major Special Revenue Funds – Year Ended June 30, 2014

	GENERAL FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ -	$ -	$ 16,089	$ 16,089
Revenues:				
Taxes	128,000	128,000	99,540	(28,460)
Intergovernmental	8,000	8,000	10,592	2,592
Fines and Forfeitures	80,000	80,000	50,799	(29,201)
Licenses and Permits	-	-	5,750	5,750
Investment Income	200	200	61	(139)
Miscellaneous	41,000	55,085	105,537	50,452
Total Revenues	257,200	271,285	272,279	994
Transfers In	5,800	5,800	92,255	86,455
Amounts available for appropriation	$ 263,000	$ 277,085	$ 380,623	$ 103,538
Expenditures:				
General Government	106,000	100,085	105,509	(5,424)
Public Safety	157,000	156,500	150,138	6,362
Culture and Recreation	-	-	77	(77)
Total Expenditures	263,000	256,585	255,724	861
Transfers Out	-	-	74,355	(74,355)
Ending Budgetary Fund Balance	$ -	$ 20,500	$ 50,544	$ 30,044

	MAJOR SPECIAL REVENUE FUND EMERGENCY FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ -	$ 21,578	$ 15,992	$ (5,586)
Revenues:				
Intergovernmental	136,000	140,474	136,583	(3,891)
Charges for services	58,000	95,100	95,709	609
Miscellaneous	1,000	1,000	6,663	5,663
Total Revenues	195,000	236,574	238,955	2,381
Transfers In	84,200	25,622	68,687	43,065
Amounts available for appropriation	$ 279,200	$ 283,774	$ 323,634	$ 39,860
Expenditures:				
Public Safety	279,200	283,774	270,503	13,271
Total Expenditures	279,200	283,774	270,503	13,271
Transfer Out	-	-	6,000	(6,000)
Ending Budgetary Fund Balance	$ -	$ -	$ 47,131	$ 47,131

See accompanying notes to the basic financial statements.

BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS

Proprietary Funds Statement of Net Position (Modified Cash Basis) – June 30, 2014

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
ASSETS			
Cash and cash equivalents	$ 3,706	$ 3,500	$ 7,206
Restricted cash and cash equivalents	33,719	-	33,719
Restricted investments	566,620	-	566,620
Due from other funds	450	-	450
Total Assets	604,495	3,500	607,995
LIABILITIES			
Due to other funds	3,078	-	3,078
Meter deposit liability	41,484	-	41,484
Total Liabilities	44,562	-	44,562
NET POSITION			
Restricted for trust fund purposes	556,430	-	556,430
Restricted for debt service	2,425	-	2,425
Unrestricted	1,078	3,500	4,578
Total net position	$ 559,933	$ 3,500	$ 563,433

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Revenues, Expenses and Changes in Net Position (Modified Cash Basis) – Year Ended June 30, 2014

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
Operating Revenues:			
Charges for services:			
Gas	$ 239,458	$ -	$ 239,458
Water	173,570	-	173,570
Sewer	86,952	-	86,952
Sanitation	169,524	-	169,524
Utility fees	731	-	731
Other	29,414	-	29,414
Total Operating Revenues	699,649	-	699,649
Operating Expenses:			
Gas	118,409	-	118,409
Water	79,901	-	79,901
Sewer	15,958	-	15,958
Sanitation	149,823	-	149,823
General government	173,254	-	173,254
Total Operating Expenses	537,345	-	537,345
Operating Income	162,304	-	162,304
Non-Operating Revenues (Expenses):			
Investment income	93	-	93
Debt service:			
Principal retirement	(45,000)	-	(45,000)
Interest expense and fees	(26,732)	-	(26,732)
Total Non-Operating Revenues (Expenses)	(71,639)	-	(71,639)
Net Income Before Transfers	90,665	-	90,665
Transfers in	90,108	-	90,108
Transfers out	(126,739)	-	(126,739)
Change in net position	54,034	-	54,034
Total net position - beginning	474,213	3,500	477,713
Prior period adjustment	31,686	-	31,686
Total net position - ending	$ 559,933	$ 3,500	$ 563,433

See accompanying notes to the basic financial statements.

Proprietary Funds Statement of Cash Flows (Modified Cash Basis) – Year Ended June 30, 2014

	Cashion Public Works Authority	Oklahoma Public Finance Authority	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 699,649	$ -	$ 699,649
Payments to suppliers	(396,514)	-	(396,514)
Payments to employees	(140,831)	-	(140,831)
Receipts of customer utility deposits	7,551	-	7,551
Refunds of customer utility deposits	(1,262)	-	(1,262)
Net Cash Provided by Operating Activities	168,593	-	168,593
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	90,108	-	90,108
Transfers to other funds	(126,739)	-	(126,739)
Net Cash Provided by (Used in) Noncapital Financing Activities	(36,631)	-	(36,631)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(45,000)	-	(45,000)
Interest paid on capital debt	(26,732)	-	(26,732)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(71,732)	-	(71,732)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	93	-	93
Purchase of investments	(72,785)	-	(72,785)
Net Cash Provided by (Used in) Investing Activities	(72,692)	-	(72,692)
Net Increase (Decrease) in Cash and Cash Equivalents	(12,462)	-	(12,462)
Balance - beginning of the year	49,887	3,500	53,387
Balance - end of the year	$ 37,425	$ 3,500	$ 40,925
Reconciliation to Statement of Net Position:			
Cash and cash equivalents	$ 3,706	$ 3,500	$ 7,206
Restricted cash and cash equivalents	33,719	-	33,719
Total cash and cash equivalents	$ 37,425	$ 3,500	$ 40,925
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	$ 162,304	$ -	$ 162,304
Change in assets and liabilities:			
Meter deposit liability	6,289	-	6,289
Net cash provided by operating activities	$ 168,593	$ -	$ 168,593

See accompanying notes to the basic financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Financial Statements:

1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

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

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

- **The Cashion Public Works Authority (CPWA)** – public trust created pursuant to 60 O.S. § 176 to operate the water, wastewater, gas and sanitation services of the Town, with the Town Board members serving as the trustees – *a blended component unit, considered part of the primary government presentation for reporting purposes since there is a financial benefit/burden relationship and both entities are managed by the same staff.*

- **The Oklahoma Public Finance Authority (OPFA)** - public trust created pursuant to 60 O.S. § 176 to provide aid or aid in providing facilities and or services necessary for the functioning of any governmental entity within the State of Oklahoma with the Town Board members serving as Trustees – *a blended component unit, considered part of the primary government presentation for reporting purposes since the primary government can impose its will and managed by the same staff.*

- **The Cashion Economic Development Authority (CEDA)** – public trust created pursuant to 60 O.S. § 176 to provide economic development opportunities, in or near the Town, with the trustees appointed by the Town Board – *reported as a discretely presented component unit*

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

B. Basis of Accounting and Presentation

Government-Wide Financial Statements:

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

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

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

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

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

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

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

Governmental Funds:

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

Major Funds:

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Emergency Special Revenue Fund – accounts for all ambulance and fire revenues restricted for operations

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

- Street and Alley Special Revenue Fund – accounts for commercial vehicle tax, gasoline excise tax and sales tax legally restricted for street and alley repairs and maintenance

- Restricted Sales Tax Capital Project Fund – accounts for a one cent sales tax restricted for capital improvements or capital outlay

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

Proprietary Funds:

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

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

- Oklahoma Public Finance Authority – accounts for the debt service activity of the Authority

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

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

Budgetary Accounting and Control

Budget Law

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

a. Prior to June 1, the Mayor submits to the Town Board a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted at regular Board meetings to obtain taxpayer comments. Public hearings are held no later than 15 days prior to the beginning of the budget year.
c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is legally enacted through the passage of a resolution by the Town Board.

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

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

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

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

Budgetary Accounting

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

The Town utilizes encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The Town considers all appropriations to lapse at year-end; any open purchase orders to be honored in the subsequent budget year are re-appropriated in the new year's budget. As a result, encumbrances are not treated as the equivalent of expenditures in the budget and actual financial statements.

Budgetary Noncompliance:
The following departments had excess expenditures over available appropriations:

General Fund:	
General Government	$ 5,424
Culture and Recreation	$ 77
Transfers Out	$74,355
Emergency Fund:	
Transfers Out	$ 6,000
Street & Alley Fund:	
Transfers Out	$ 5,790
Restricted Sales Tax Fund:	
Transfers Out	$60,000

C. Cash, Cash Equivalents, and Investments

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

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

D. Assets Other Than Cash

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

E. Compensated Absences

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

F. Fund Balances and Net Position

Fund Balances:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. More information is provided in Note 3. These classifications are defined as:

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

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

Net Position:

Net position is displayed in two components:

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

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

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

G. Internal and Interfund Balances and Transfers

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

2. Deposits and Investments

For the year ended June 30, 2014, the Town recognized $172 of investment income. At June 30, 2014, the primary government held the following deposits and investments:

Deposits	**Credit Rating**	**Carrying Value**
Cash on hand		$ 52
Demand Deposits		169,598
Time Deposits		13,234
		$ 182,884
Investments		
CPWA - Federated Treasury Obligations Fund	AAAm	553,386
Total Deposits and Investments		$ 736,270
Reconciliation to the Statement of Net Position:		
Cash and cash equivalents		$ 169,650
Investments		566,620
		$ 736,270

Custodial Credit Risk

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

The Town's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. At June 30, 2014, the Town was not exposed to custodial credit as defined above.

Investment Credit Risk

The Town limits its investments to those allowed in state law applicable to municipalities. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments is debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. As noted in the schedule of deposits and investments above, at June 30, 2014, the only investment held by the Town subject to credit rating (the Federated Treasury Obligations Mutual Fund) maintained a rating of AAAm by Standard and Poor's Investor Service.

Investment Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town has no investment policy that limits based on maturity. The Town discloses it exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2014, the investments were limited to three time deposits in which mature January 2015, April 2015, and June 2017, and shares of a government obligations mutual fund not exposed to interest rate risk.

Concentration of Investment Credit Risk

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town has no investment policy regarding concentration of credit risk. At June 30, 2014, the Town had no concentration of credit risk as defined above. However, all of its mutual fund investments were in a single mutual fund.

Restricted cash and Investments – The amounts reported as restricted assets on the statement of net position are comprised of amounts restricted for meter deposits, debt service, and trust fund commitments. The restricted assets as of June 30, 2014 are as follows:

Type of Restricted Assets	Current Cash and Cash Equivalents	Current Investments
Utility Deposits	$ 28,250	$ 13,234
Debt Service	2,425	-
Trust Fund Commitment	3,044	553,386
Total Restricted Assets	$ 33,719	$ 566,620

3. Fund Balances and Net Position

The following tables show the fund balance classifications as shown on the Governmental Funds Balance Sheet and the net position as shown on the Proprietary Fund Statement of Net Position:

	General Fund	Major Fund Emergency Services	Other Governmental Funds	Total
Fund Balances:				
Restricted for:				
Capital improvements/outlay	$ -	$ -	$ 8,316	$ 8,316
Streets	-	-	28,362	28,362
Subtotal Restricted	-	-	36,678	36,678
Assigned for:				
Emergency services	-	44,131	-	44,131
Community relations/beautification	6,969	-	-	6,969
Subtotal Assigned	6,969	44,131	-	51,100
Unassigned	43,575	-	-	43,575
Total Fund Balances	$ 50,544	$ 44,131	$ 36,678	$ 131,353

Net Position:	
Restricted for:	
Trust fund purposes	$ 556,430
Debt service	2,425
	$ 558,855

4. Sales Tax Revenue

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

5. Property Tax Levy

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

6. Internal and Interfund Balances and Transfers

Internal balances and transfers between funds and activities for the year ended June 30, 2014, were as follows:

Receivable	Payable	Amount	Nature of Internal Balances
CPWA	General Fund	$450	Expenditures paid on behalf of another fund
General Fund	Emergency Fund	14,019	Expenditures paid on behalf of another fund
Emergency Fund	CPWA	3,078	Expenditures paid on behalf of another fund
		$17,547	

Reconciliation to Fund Financial Statements:

	Due From	Due To	Net Internal Balances
Governmental Funds	$17,097	$14,469	$2,628
Proprietary Funds	450	3,078	(2,628)
Total	$17,547	$17,547	$ -

Transfer From	Transfer To	Amount	Nature of Transfer
General Fund	Emergency Services Fund	$34,247	Operating subsidy
General Fund	Restricted Sales Tax Fund	10,000	Operating subsidy
Street & Alley Fund	General Fund	5,790	Operating subsidy
Emergency Services Fund	Restricted Sales Tax Fund	6,000	Operating subsidy
Restricted Sales Tax Fund	CPWA	60,000	Debt payment
CPWA	Emergency Services Fund	34,440	Operating subsidy
CPWA	Street & Alley Fund	5,834	Operating subsidy
CPWA	General Fund	86,465	Operating subsidy
General Fund	CPWA	30,108	Operating subsidy
		$272,884	

Reconciliation to Fund Financial Statements:

	Transfers In	Transfers Out	Net Transfers/ Internal Activity
Governmental Funds	$182,776	($146,145)	$36,631
Proprietary Funds	90,108	(126,739)	(36,631)
Total	$272,884	($272,884)	$ -

7. Risk Management

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

8. Employee Retirement Plan Participation

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

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

Firefighter Pension System:

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

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

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

The OFPRS contributions are as follows:

Fiscal Year	Required Contribution	Amount Contributed	Percentage Contributed
2012	$720	$720	100%
2013	$900	$900	100%
2014	$840	$840	100%

Oklahoma Municipal Retirement Fund

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

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

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

During the year ended June 30, 2014, the Town and CPWA contributed a total of $7,526 to the Plan, while employees contributed an aggregate of $7,720 on covered compensation.

9. Commitments and Contingencies

Long-term Debt Commitments:
At June 30, 2014, governmental activities had no long-term debt commitments from taxes or other general revenues.

Cashion Public Works Authority:
Long-term obligations payable from revenues generated by or pledged to CPWA includes the following:

Revenue Bonds Payable:
$785,000 utility system refunding revenue bonds for improvements, secured by utility revenues, payable in various annual installments, including principal and interest from 4.10-5.20% final payment due April 1, 2022.

Balance Outstanding at June 30, 2014 $445,000

Change in Long-Term Debt Commitments:

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014	Amounts Due Within One Year
Business-type Activities					
Revenue Bonds-CPWA	$ 490,000	$ -	$ 45,000	$ 445,000	$ 45,000
Total Long-Term Obligation - Cashion Public Works Authority	$ 490,000	$ -	$ 45,000	$ 445,000	$ 45,000

Debt Service Requirements to Maturity:

Year Ended June 30,	CPWA Revenue Bonds Payable Principal	Interest
2015	$ 45,000	$ 22,640
2016	50,000	20,412
2017	50,000	17,937
2018	55,000	15,463
2019	55,000	12,740
2020-2022	190,000	20,020
Total	$ 445,000	$ 109,212

Pledge of Future Revenues

Utility Net Revenues Pledge – The Town has pledged all net utility revenues of the CPWA to repay the $785,000 Series 2005 Utility System Refunding Revenue Bonds. Proceeds from the bonds provided financing for the refunded Series 1997 Utility Revenue Bonds which were used for sewer projects. The bonds are payable from pledged net utility revenues and are payable thru 2022. The total principal and interest for the remainder of the life of these bonds is $554,212. Pledged net revenues were $162,397. Debt service payments of $71,732 for the current fiscal year were 44% of the pledged net revenues.

Conduit Debt Obligations of OPFA

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

Oklahoma Public Finance Authority:

The Oklahoma Public Finance Authority has issued revenue bonds for various economic development projects. The following bonds were outstanding at June 30, 2014:

$310,000 of revenue bonds issued for the benefit of the Boone-Apache Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$ 31,000
$1,000,000 of revenue bonds issued for the benefit of the Byng Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$100,000
$156,000 of revenue bonds issued for the benefit of the Crowder Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$15,600

$415,000 of revenue bonds issued for the benefit of the Latta Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$41,500
$104,000 of revenue bonds issued for the benefit of the Mason Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$10,400
$516,000 of revenue bonds issued for the benefit of the McLoud Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$51,600
$343,500 of revenue bonds issued for the benefit of the Panola Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$34,350
$364,000 of revenue bonds issued for the benefit of the Pocola Public Schools, secured solely by lease payments, payable in various annual installments, including principal and interest at 1.8%, final payment due February 25, 2015.	
Balance Outstanding at June 30, 2014	$36,400
Total Debt Obligations of the OPFA	$320,850

Trust Fund Commitments

In November 1990 the Town electric distribution system was sold to Oklahoma Gas and Electric Company for $1,017,975. A special utility trust fund was established to account for the proceeds of the sale and its earnings. All funds in the trust must be invested in direct obligations of the United States of America, obligations of the United States of America fully guaranteed as to both interest and principal or certificate of deposit of the trustee bank or any selected by the trustee bank and secured as required by law. On July 1st each year the Town is to receive 75% of the earnings and the remaining 25% is to be retained in the trust fund. The principal of the Sale Fund shall be invested and held intact and shall not be expended for any purpose whatsoever unless the question of the expenditure of such principal shall have been submitted to and approved by the electors of the Town, at an election called and held for that purpose.

Compensated Absences:

As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2014, is summarized as follows:

- Town – accrued compensated absences $18,279
- CPWA – accrued compensated absences $10,313

Litigation:

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

Federal and State Award Programs:

The Town of Cashion participates in various federal or state grant/loan programs from year to year. In 2014, the Town's involvement in federal and state award programs was not significant. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The Town has not been notified of any noncompliance with federal or state award requirements.

Prior Period Adjustment:

Beginning net position was restated due to an overstatement of a liability:

	Cashion Public Works Authority Fund	Government-Wide Business-type Activities
Beginning net position, as previously reported	$ 474,213	$ 474,213
Overstatement of meter deposit liability	31,686	31,686
Beginning net position, restated	$ 505,899	$ 505,899

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-Major Special Revenue Fund – Year Ended June 30, 2014

	STREET & ALLEY FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ -	$ -	$ 33,866	$ 33,866
Revenues:				
Taxes	45,000	45,000	31,214	(13,786)
Intergovernmental	8,000	8,000	7,686	(314)
Interest income	-	-	10	10
Total Revenues	53,000	53,000	38,910	(14,090)
Transfers In	-	-	5,834	5,834
Amounts available for appropriation	$ 53,000	$ 53,000	$ 78,610	$ 25,610
Expenditures:				
Highways and streets	53,000	53,000	44,458	8,542
Total Expenditures	53,000	53,000	44,458	8,542
Transfers Out	-	-	5,790	(5,790)
Ending Budgetary Fund Balance	$ -	$ -	$ 28,362	$ 28,362

Schedule of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Non-Major Capital Project Fund – Year Ended June 30, 2014

	RESTRICTED SALES TAX FUND			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Beginning Budgetary Fund Balance:	$ 35,000	$ 35,000	$ 25,544	$ (9,456)
Revenues:				
Taxes	45,000	45,000	31,214	(13,786)
Interest income	-	-	8	8
Total Revenues	45,000	45,000	31,222	(13,778)
Transfers In	-	-	16,000	16,000
Amounts available for appropriation	$ 80,000	$ 80,000	$ 72,766	$ (7,234)
Expenditures:				
Capital outlay	80,000	80,000	4,450	75,550
Total Expenditures	80,000	80,000	4,450	75,550
Transfers Out	-	-	60,000	(60,000)
Ending Budgetary Fund Balance	$ -	$ -	$ 8,316	$ 8,316

Non-Major Governmental Funds Combining Balance Sheet (Modified Cash Basis – June 30, 2014

	Street & Alley Fund	Resricted Sales Tax Fund	Total
ASSETS			
Cash and cash equivalents - unrestricted	$ 28,362	$ 8,316	$ 36,678
Total Assets	28,362	8,316	36,678
LIABILITIES AND FUND BALANCES			
Liabilities	-	-	-
Total Liabilities	-	-	-
Fund Balances:			
Restricted for:			
Streets	28,362	-	28,362
Capital improvements/outlay	-	8,316	8,316
Total Fund Balances	28,362	8,316	36,678
Total Liabilities and Fund Balances	$ 28,362	$ 8,316	$ 36,678

Non-Major Governmental Funds Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Modified Cash Basis) – Year Ended June 30, 2014

	Street & Alley Fund	Restricted Sales Tax Fund	Total
Revenues:			
Taxes	$ 31,214	$ 31,214	$ 62,428
Intergovernmental	7,686	-	7,686
Investment income	10	8	18
Total Revenues	38,910	31,222	70,132
Expenditures:			
Streets	34,108	-	34,108
Capital outlay	10,350	4,450	14,800
Total Expenditures	44,458	4,450	48,908
Excess (deficiency) of revenues over expenditures	(5,548)	26,772	21,224
Other financing sources (uses):			
Transfers in	5,834	16,000	21,834
Transfers out	(5,790)	(60,000)	(65,790)
Net change in fund balances	(5,504)	(17,228)	(22,732)
Fund balances, beginning	33,866	25,544	59,410
Fund balances, ending	$ 28,362	$ 8,316	$ 36,678

Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2014

Federal/State Grantor/Pass through agency Grantor/Program Title	Federal CFDA#	Grant #	Awards Amount	Federal Expended	State Expended
FEDERAL AWARDS:					
U.S. DEPARTMENT OF HOMELAND SECURITY:					
Passed through Oklahoma Department of Homeland Security:					
Project Grant - Fire Department Radio Grant	97.008	#291-006	$ 75,966	$ 75,966	$ -
Total Expenditures of Federal Awards:			$ 75,966	$ 75,966	$ -
STATE AWARDS:					
OKLAHOMA DEPARTMENT OF AGRICULTURE:					
Rural Fire Grant	N/A	Operational Grant	$ 4,474	$ -	$ 4,474
Total Expenditures of State Awards:			$ 4,474	$ -	$ 4,474

Schedule of Debt Service Coverage Requirement – Year Ended June 30, 2014

	CPWA 2005 REFUNDING BONDS
Gross Revenue Available for Debt Service:	
Operating revenues	$699,649
Investment income	93
Total Gross Revenues Available	699,742
Public Works Authority operating expenses	537,345
Net Revenues Available for Debt Service	$162,397
Debt Service Requirements:	
Average annual debt service - Refunding Revenue Bonds Series 2005	$69,716
Total Debt Service Requirements	$69,716
Coverage	2.33
Coverage Requirement	1.20

TREND INFORMATION

TOWN OF CASHION, OKLAHOMA
NET POSITION/NET ASSETS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2014
TABLE 1

	2010 *	2011 *	2012	2013	2014
Governmental activities					
Restricted	4,452	29,488	68,942	59,410	36,678
Unrestricted	8,860	42,883	41,639	32,081	94,675
Total governmental activities net position/net assets	$ 13,312	$ 72,371	$ 110,581	$ 91,491	$ 131,353
Business-type activities					
Restricted	712,238	699,856	439,287	493,835	558,855
Unrestricted	68,819	28,646	(1,488)	(16,122)	4,578
Total business-type activities net position/net assets	$ 781,057	$ 728,502	$ 437,799	$ 477,713	$ 563,433
Primary government					
Restricted	716,690	729,344	508,229	553,245	595,533
Unrestricted	77,679	71,529	40,151	15,959	99,253
Total primary government net position/net assets	$ 794,369	$ 800,873	$ 548,380	$ 569,204	$ 694,786

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

TOWN OF CASHION, OKLAHOMA
CHANGES IN NET POSITION/NET ASSETS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2014
TABLE 2

	2010 *	2011 *	2012	2013	2014
Expenses					
Government activities:					
Government government	$ 211,951	$ 106,239	$ 133,893	$ 126,469	$ 109,959
Public safety	279,282	304,175	476,489	422,288	420,641
Streets and highways	15,354	15,953	40,644	24,487	44,458
Culture and recreation	1,622	25	588	898	77
Interest on long-term debt	7,846	7,875	493	-	-
Total governmental activities expenses	516,055	434,267	652,107	574,142	575,135
Business-type activities:					
Gas	188,308	199,317	192,985	166,052	180,382
Water	144,757	180,374	182,741	155,592	124,826
Sewer	103,516	106,690	138,813	123,565	110,195
Sanitation	104,192	89,274	171,921	119,367	193,674
Total business-type activities expenses	540,773	575,655	686,460	564,576	609,077
Total primary government expenses	$ 1,056,828	$ 1,009,922	$ 1,338,567	$ 1,138,718	$ 1,184,212
Program Revenues					
Government activities:					
Charges for services:					
General government	$ 3,780	$ 2,780	$ 3,340	$ 5,105	$ 5,750
Public safety	100,383	30,397	51,488	101,450	143,508
Operating grants and contributions	40,282	159,192	163,924	146,506	174,786
Capital grants and contributions	-	-	27,250	14,647	-
Total governmental activities program revenues	144,445	192,369	246,002	267,708	324,044
Business-type activities:					
Charges for services:					
Gas	$ 258,463	$ 250,555	$ 180,827	$ 201,128	$ 250,240
Water	172,455	183,146	171,296	169,030	181,386
Sewer	81,479	79,137	83,214	84,503	90,867
Sanitation	135,493	130,835	141,884	154,332	177,156
Total business-type activities program revenues	647,890	643,673	577,221	608,993	699,649
Total primary government program revenues	$ 792,335	$ 836,042	$ 823,223	$ 876,701	$ 1,023,693
Net (Expense)/Revenue					
Government activities:	$ (371,610)	$ (241,898)	$ (406,105)	$ (306,434)	$ (251,091)
Business-type activities:	107,117	68,018	(109,239)	44,417	90,572
Total primary government net expense	$ (264,493)	$ (173,880)	$ (515,344)	$ (262,017)	$ (160,519)
General Revenues and Other Changes in Net Position/Net Assets					
Government activities:					
Taxes:					
Sales and use taxes	$ 99,077	$ 127,089	$ 169,352	$ 191,359	$ 138,359
Franchise and public service taxes	17,188	17,565	16,037	22,278	23,609
Intergovernmental revenue not restricted to specific programs	7,722	8,306	9,971	11,199	10,592
Investment income	777	452	285	197	79
Miscellaneous	51,322	26,545	67,092	57,675	81,683
Transfers-Internal activity	195,308	121,000	181,578	4,636	36,631
Total governmental activities	371,394	300,957	444,315	287,344	290,953
Business-type activities:					
Investment earnings	750	427	114	133	93
Transfers	(195,308)	(121,000)	(181,578)	(4,636)	(36,631)
Total business-type activities	(194,558)	(120,573)	(181,464)	(4,503)	(36,538)
Total primary government	$ 176,836	$ 180,384	$ 262,851	$ 282,841	$ 254,415
Change in Net Position/Net Assets					
Government activities	$ (216)	$ 59,059	$ 38,210	$ (19,090)	$ 39,862
Business-type activities	(87,441)	(52,555)	(290,703)	39,914	54,034
Total primary government	$ (87,657)	$ 6,504	$ (252,493)	$ 20,824	$ 93,896

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

TOWN OF CASHION, OKLAHOMA
FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2014
TABLE 3

	2010	2011	2012	2013	2014
General Fund					
Unreserved	$ 7,624	$ -	$ -	$ -	$ -
Assigned	-	-	-	-	6,969
Unassigned	-	17,985	1,073	16,089	43,575
Total general fund	$ 7,624	$ 17,985	$ 1,073	$ 16,089	$ 50,544
All Other Governmental Funds					
Unreserved, reported in:					
Special revenue funds	$ 5,688	$ -	$ -	$ -	$ -
Restricted	-	29,488	68,942	59,410	36,678
Assigned	-	24,898	40,566	15,992	44,131
Total all other governmental funds	$ 5,688	$ 54,386	$ 109,508	$ 75,402	$ 80,809
GRAND TOTAL	$ 13,312	$ 72,371	$ 110,581	$ 91,491	$ 131,353

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

TOWN OF CASHION, OKLAHOMA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (MODIFIED CASH BASIS)
Last Five Fiscal Years
June 30, 2014
TABLE 4

	2010	2011	2012	2013	2014
Revenues					
General Fund:					
Taxes	$ 86,979	$ 101,607	$ 109,991	$ 124,887	$ 99,540
Intergovernmental	7,722	8,306	40,162	11,690	10,592
Fines and forfeitures	4,450	13,119	40,304	60,694	50,799
Licences and permits	3,780	2,780	3,340	5,105	5,750
Investment Income	614	452	286	168	61
Miscellaneous	51,673	26,635	67,092	53,394	105,537
Total General Fund Revenues	$ 155,218	$ 152,899	$ 261,175	$ 255,938	$ 272,279
Other Governmental Funds:					
Taxes	$ 29,286	$ 43,047	$ 75,398	$ 88,750	$ 62,428
Intergovernmental	11,188	17,882	153,437	155,804	144,269
Charges for services	95,933	150,870	11,183	40,755	92,709
Investment Income	164	-	-	29	18
Miscellaneous	28,742	7,628	7,546	9,140	6,663
Total Other Governmental Fund Revenues	165,313	219,427	247,564	294,478	306,087
TOTAL GOVERNMENTAL FUND REVENUES	320,531	372,326	508,739	550,416	578,366
Expenditures:					
General Fund:					
General government	$ 211,951	$ 105,555	$ 88,119	$ 118,686	$ 105,340
Public safety and Judiciary	79,530	85,446	121,456	140,527	145,869
Cultural, Parks and Recreation	1,622	25	588	898	77
Debt service:					
Principal	4,190	-	-	-	-
Interest and other charges	2,159	-	-	-	-
Capital Outlay	-	1,484	60,774	-	4,438
Total General Fund Expenditures	299,452	192,510	270,937	260,111	255,724
Other Governmental Funds:					
Public safety and Judiciary	$ 181,413	$ 186,191	$ 222,941	$ 281,761	$ 270,503
Transportation	15,354	15,560	22,194	24,487	34,108
Debt service:					
Principal	11,039	29,238	8,786	-	-
Interest and other charges	5,687	7,875	493	-	-
Capital Outlay	3,110	2,893	18,806	7,783	14,800
Total Other Governmental Fund Expenditures	216,603	241,757	273,220	314,031	319,411
TOTAL GOVERNMENTAL FUND EXPENDITURES	516,055	434,267	544,157	574,142	575,135
Excess of revenues over(under) expenditures	$ (195,524)	$ (61,941)	$ (35,418)	$ (23,726)	$ 3,231
Other financing sources(uses)					
General Fund:					
Transfers in	$ 195,287	$ 93,287	$ 66,695	$ 77,908	$ 92,255
Transfers out	(49,388)	(43,315)	(73,845)	(58,719)	(74,355)
Total General Fund other financing sources(uses)	$ 145,899	$ 49,972	$ (7,150)	$ 19,189	$ 17,900
Other Governmental Funds:					
Transfers in	$ 64,461	$ 81,265	$ 99,345	$ 76,735	$ 90,521
Transfers out	(15,052)	(10,237)	(18,567)	(91,288)	(71,790)
Total Other Governmental Funds other financing sources(uses)	$ 49,409	$ 71,028	$ 80,778	$ (14,553)	$ 18,731
Net change in fund balances	$ (216)	$ 59,059	$ 38,210	$ (19,090)	$ 39,862

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

	Governmental Activities	Business-Type Activities	
Fiscal Year	Capital Leases Payable	Revenue Bonds	Total Primary Government
2010	$ 365,232	$ 615,000	$ 980,232
2011	265,755	575,000	840,755
2012	-	535,000	535,000
2013	-	490,000	490,000
2014	-	445,000	445,000

INTERNAL CONTROL AND COMPLIANCE

Arledge
& Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information and the respective budgetary comparisons for the General Fund and the Emergency Fund of the Town of Cashion, Oklahoma, (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 10, 2014. Our report included an emphasis-of-a-matter paragraph related to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards,* and which is described in the accompanying schedule of findings as Finding 14-01.

309 N. Bryant Ave. • Edmond, OK 73034 • 405.348.0615 • Fax 405.348.0931 • www.jmacpas.com
Member of AICPA and OSCPA

Town of Cashion, Oklahoma's Response to Finding

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

Purpose of this Report

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

Arledge & Associates, P.C.

November 10, 2014

TOWN OF CASHION, OKLAHOMA

SUMMARY SCHEDULE OF FINDINGS
Year Ended June 30, 2014

Finding 14-01 – Budgeted Appropriations
(repeat from prior year)

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

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

Fund	Department	Amount
General Fund	General Government	$ 5,424

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

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

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

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