ACCOUNTANT'S AUDIT REPORT

CITY OF CACHE

JUNE 30, 2012

BY

City of Cache
Cache, Oklahoma
Year Ended June 30, 2012

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FURRH
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Management has not recorded capital assets purchased prior to 1999 and the corresponding depreciation of those assets. The amount by which this departure would affect the assets, liabilities, net assets, revenues, and expenses of the business type activities is not reasonably determinable.

In our opinion, except for the effects as described in the preceding paragraph, 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 funds of the City of Cache, Oklahoma, as of June 30, 2012, and the respective changes in financial position – modified cash basis, and where

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applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 3.

In accordance with *Government Auditing Standards,* we have also issued our report dated June 19, 2013 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 budgetary comparison information and the related notes are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Cache's basic financial statements. The accompanying combining and individual non-major governmental fund financial statements and the schedule of federal and state awards are presented for purposes of additional analysis and is not a required part of the basic financial statements of the City of Cache, Oklahoma. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting used by the City.

Furrh & Associates PC

FURRH & ASSOCIATES, PC
Certified Public Accountants
June 19, 2013

City of Cache, OK

Statement of Net Assets
(Modified Cash Basis)
June 30, 2012

	Primary Government		
	Governmental Activities	Business Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 360,970	$ 251,179	$ 612,149
Due From CPWA	1,019	0	1,019
Capital Assets	755,610	1,709,407	2,465,017
Accumulated Depreciation	(317,608)	(575,669)	(893,277)
Total Assets	$ 799,991	$ 1,384,917	$ 2,184,908
Liabilities			
Accounts Payable	$ 0	$ 1,019	$ 1,019
Notes Payable	0	1,130,842	1,130,842
Total Liabilities	0	1,131,861	1,131,861
Net assets			
Invested in Capital, Net of Related Debt	438,002	2,896	440,898
Restricted	0	92,973	92,973
Unrestricted	361,989	157,187	519,176
Total Net Assets	799,991	253,056	1,053,047
Total Liabilities & Net Assets	$ 799,991	$ 1,384,917	$ 2,184,908

Please see accompanying notes to the financial statements.

City of Cache, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets, Primary Government: Governmental Activities	Activities	Total
Primary Government							
Governmental Activities:							
General Government	$ 374,116	$ 8,827	$ 7,604	$ 0	$ (357,685)	$ 0	$ (357,685)
Public Safety							
Police	204,702	29,575	0	0	(175,127)	0	(175,127)
Fire	61,837	42,000	0	0	(19,837)	0	(19,837)
Streets	39,404	0	0	0	(39,404)	0	(39,404)
Total Governmental Activities	680,059	80,402	7,604	0	(592,053)	0	(592,053)
Business-Type Activities:							
Water	529,164	421,399	0	0	0	(107,765)	(107,765)
Garbage	345,679	275,281	0	0	0	(70,398)	(70,398)
Sewer	120,690	96,112	0	0	0	(24,578)	(24,578)
Miscellaneous	0	45,180	0	0	0	45,180	45,180
Total Business-Type Activities	995,533	837,972	0	0	0	(157,561)	(157,561)
Total Primary Government	$ 1,675,592	$ 918,374	$ 7,604	$ 0	(592,053)	(157,561)	(749,614)
General Revenue							
Taxes:							
Sales Tax					302,149	0	302,149
Use Tax					218,070	0	218,070
Alcoholic Beverage Tax					83,150	0	83,150
Vehicle Tax					33,738	0	33,738
Gasoline Tax					7,212	0	7,212
Cigarette Tax					4,560	0	4,560
Miscellaneous					61,044	5,878	66,922
Net Transfers					(26,693)	79	(26,614)
Total General Revenue					683,230	5,957	689,187
Change in Net Assets					91,177	(151,604)	(60,427)
Net Assets, June 30, 2011					708,814	404,660	1,113,474
Net Assets, June 30, 2012					$ 799,991	$ 253,056	$ 1,053,047

Please see accompanying notes to the financial statements.

City of Cache, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	$ 137,698	$ 223,272	$ 360,970
Due from CPWA	0	1,019	1,019
Total Assets	$ 137,698	$ 224,291	$ 361,989
Liabilities and Fund Balances			
Accounts Payable	$ 0	$ 0	$ 0
Total Liabilities	0	0	0
Fund Balances			
Unrestricted	137,698	224,291	361,989
Total Liabilities and Fund Balances	$ 137,698	$ 224,291	

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 $755,610 Net of Accumulated Depreciation of $317,608 are not financial resources and, therefore, are not reported in the funds.	438,002
Net Assets of Governmental Activities	$ 799,991

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, 2012

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Taxes	$ 402,357	$ 246,522	$ 648,879
Fire Service	42,000	0	42,000
Miscellaneous	28,407	49	28,456
Police Revenue	27,010	0	27,010
Donations	25,180	7,408	32,588
Grants	7,604	0	7,604
Building Permits	6,167	0	6,167
Pound Revenue	2,660	0	2,660
Penalty Revenue	0	2,565	2,565
Total Revenue	541,385	256,544	797,929
Expenditures			
General Government:			
General Government	237,787	111,670	349,457
Public Safety:			
Police	199,282	4,427	203,709
Fire	105,670	0	105,670
Street and Public Works:			
Streets	0	47,832	47,832
Culture and Recreation:			
Parks	0	0	0
Total Expenditures	542,739	163,929	706,668
Revenue Over (Under) Expenditures	(1,354)	92,615	91,261
Other Financing Sources (Uses)			
Transfers In/(Out)	(7,567)	(19,126)	(26,693)
Total Other Financing Sources (Uses)	(7,567)	(19,126)	(26,693)
Net Changes in Fund Balance	(8,921)	73,489	64,568
Fund Balance, June 30, 2011	146,619	150,802	297,421
Fund Balance, June 30, 2012	$ 137,698	$ 224,291	$ 361,989

Please see accompanying notes to financial statements.

City of Cache, OK

Cache Public Works Authority
Enterprise Fund
Statement of Net Assets
(Modified Cash Basis)
Year Ended June 30, 2012

ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 251,179	
Total Current Assets		$ 251,179
Noncurrent Assets:		
Capital Assets	1,700,348	
Land	9,059	
Accumulated Depreciation	(575,669)	
Total Noncurrent Assets		1,133,738
Total Assets		$ 1,384,917
LIABILITIES		
Current Liabilities		
Due to Governmental Funds	$ 1,019	
Notes Payable- Current Portion	26,347	
Total Current Liabilities		27,366
Noncurrent Liabilities		
Notes Payable- Long-Term Portion	1,104,495	1,104,495
Total Liabilities		1,131,861
Net Assets		
Invested in Capital Assets, Net of Related Debt	2,896	
Restricted	92,973	
Unrestricted	157,187	
Total Net Assets		253,056
Total Net Assets and Liabilities		$ 1,384,917

Please see accompanying notes to the financial statements.

City of Cache, OK
Cache Public Works Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Fund Net Assets
(Modified Cash Basis)
Year Ended June 30, 2012

Operating Revenue				
Water Revenue	$	421,399		
Garbage Revenue		275,281		
Sewer Revenue		96,112		
Miscellaneous Income		14,062		
Late Charges and Misc Penalties		31,118		
Total Operating Revenue			$	837,972
Operating Expense				
Payroll Expense		276,158		
Garbage Service Expense		245,747		
Depreciation		106,203		
Repairs & Maintenance		70,445		
Utilities		68,943		
Insurance		53,287		
Equipment Rental		51,856		
Operating Supplies		34,617		
Office Supplies and Expense		32,217		
Automobile Expense		29,339		
Legal & Auditing		26,721		
Total Operating Expense				995,533
Net Operating Income (Loss)				(157,561)
Nonoperating Revenue (Expense)				
Increase/(Decrease) in Meter Deposits		5,878		
Transfers In (Out)		79		
Net Nonoperating Revenue (Expense)				5,957
Net Revenue (Loss)				(151,604)
Total Net Assets, June 30, 2011				404,660
Total Net Assets, June 30, 2012			$	253,056

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, 2012

Cash Flows from Operating Activities		
Receipts from Customers	$	823,910
Miscellaneous Revenue		14,062
Payments to Suppliers		(613,172)
Payments to Employees		(276,158)
Net Cash Provided by Operating Activities		(51,358)
Cash Flows from Noncapital Financing Activities		
Net Transfers		79
Net Cash Provided (Used) by Noncapital Financing Activities		79
Cash Flows from Capital and Related Financing Activities		
Decrease in Notes Payable		(47,766)
Net Cash Provided (Used) by Capital and Related Financing Activities		(47,766)
Cash Flows from Investing Activities		
Increase in Meter Deposits		5,878
Net Cash Provided by Investing Activities		5,878
Net Increase (Decrease) in Cash and Cash Equivalents		(93,167)
Cash and Cash Equivalents - June 30, 2011		344,346
Cash and Cash Equivalents - June 30, 2012	$	251,179
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$	(157,561)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities		
Depreciation Expense		106,203
Net Cash Provided by Operating Activities	$	(51,358)

Please see accompanying notes to the financial statements.

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, 2012.

Note 2 - Fund Accounting

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

1. Governmental Fund Types

   (a) General Fund

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

   (b) Special Revenue Funds

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

The City's current Special Revenue Funds include:

Court Bond Fund
Community Center Fund
K-9 Fund
Penalty Fund

Park & Recreation
Street & Alley Fund
Crime Prevention

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 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, 2012, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2011	$ 684,176	$ 272,783
Additions	71,434	44,825
Total	755,610	317,608
Disposals	0	0
Balance, June 30, 2012	$ 755,610	$ 317,608

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, 2012, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2011	$ 1,709,406	$ 469,466
Additions	0	106,203
Total	1,709,406	575,669
Disposals	0	0
Balance, June 30, 2012	$ 1,709,406	$ 575,669

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

Depreciation for the current year was $106,203, which was charged to current operations.

Note 7 - Compensated Absences

Under personnel policies, employees are granted vacation leave in varying amounts. The City records vacation leave expenditures only at the time such leave is actually paid.

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, 2011 and June 30, 2012 the following contributions were made:

For Year Ending June	Employee	Employer	Total
2011	$ 14,144	$ 11,921	$ 26,065
2012	14,722	12,239	26,961

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, 2012, the City contributed $1,020.

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.

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, 2012.

Balance as of 06/30/2011	$ 1,207,831
Principal Payments	(76,989)
New Loans	
Balance as of 06/30/2012	$ 1,130,842

A brief description of the outstanding general long-term debt at June 30, 2012, is set forth below:

	Date	Original Amount	Interest Rate	Balance as of 6/30/2012
Oklahoma Water Resource Board	03-15-2010	$2,000,000	4.00%	$ 1,130,842
Total				$ 1,130,842

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

For Year Ending June 30th	
2013	$ 26,347
2014	27,277
2015	28,240
2016	29,237
2017	30,269
2018+	989,472
	$ 1,130,842

Note 11 – Long Term Lease

On July 19, 2010, the City has entered into a long term lease with Kansas State Bank for the purchase of a 2009 Crown Victoria Police Vehicle and a 2008 Crown Victoria Police Vehicle.

The lease terms call for 36 monthly payments of $1,310.34. As of June 30, 2012, the amount remaining on the lease contract is $15,608.

Note 12 - 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 13 - 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

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& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

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 the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2013. The financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above which are described in the

accompanying schedule of findings and responses: 11-1 and 11-2. We also identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting: 12-1. 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.

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.

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.

This report is intended solely for the information and use of the governing body, management and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Furrh & Associates

FURRH & ASSOCIATES, PC
Certified Public Accountants
June 19, 2013

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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, 2012

	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Sales Tax	$ 300,000	$ 300,000	$ 302,149	$ (2,149)
Franchise Tax	50,000	50,000	83,150	(33,150)
Fire Service Revenue	45,000	45,000	42,000	3,000
Police Revenue	30,000	30,000	27,010	2,990
Building Permits	20,000	20,000	6,167	13,833
Grants	10,000	10,000	7,604	2,396
Alcohol Beverage Tax	7,000	7,000	7,212	(212)
Gas Excise Tax	6,000	6,000	5,286	714
Miscellaneous Revenue	5,000	5,000	28,407	(23,407)
Donations	5,000	5,000	25,180	(20,180)
Cigarette Tax	5,000	5,000	4,560	440
Pound Revenue	3,000	3,000	2,660	340
Total Revenue	486,000	486,000	541,385	(55,385)
Expenditures				
General Government				
Personal Services	200,000	200,000	128,464	71,536
Maintenance and Operations	17,619	17,619	109,323	(91,704)
Capital Outlay	50,000	50,000	0	50,000
Total General Government	267,619	267,619	237,787	29,832
Police Department				
Personal Services	200,000	200,000	159,746	40,254
Maintenance and Operations	30,000	30,000	29,036	964
Capital Outlay	15,000	15,000	10,500	4,500
Total Police Department	245,000	245,000	199,282	45,718
Fire Department				
Personal Services	20,000	20,000	16,340	3,660
Maintenance and Operations	50,000	50,000	41,421	8,579
Capital Outlay	50,000	50,000	47,909	2,091
Total Fire Department	$ 120,000	$ 120,000	$ 105,670	$ 14,330
Total Expenditures	632,619	632,619	542,739	89,880
Revenue Over (Under) Expenditures	(146,619)	(146,619)	(1,354)	(145,265)

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, 2012

	Original Budget	Final Budget	Actual	(Over) Under Budget
Other Financing Sources (Uses)				
Transfer In	0	0	3,500	(3,500)
Transfer Out	0	0	(11,067)	11,067
Total Other Financing Sources (Uses)	0	0	(7,567)	7,567
Revenue and Other Financing Sources Over (Under) Expenditures & Other Uses	(146,619)	(146,619)	(8,921)	(137,698)
Fund Balance, June 30, 2011	146,619	146,619	146,619	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 137,698	$ (137,698)

Please see accompanying notes to the financial statements.

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, 2012

	Court Bond Fund	Community Center	K-9	Penalty	Park & Recreation	Street & Alley	Crime Prevention	OWRB Fund	Total Nonmajor Governmental Funds
Assets									
Cash in Bank	$ 4,136	$ 332	$ 5,475	$ 2,966	$ 2,716	$ 77,246	$ 1,800	$ 128,601	$ 223,272
Due from Other Funds	0	0	0	0	0	0	0	1,019	1,019
Total Assets	$ 4,136	$ 332	$ 5,475	$ 2,966	$ 2,716	$ 77,246	$ 1,800	$ 129,620	$ 224,291
Liabilities	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Fund Equity									
Fund Balance:									
Unrestricted	4,136	332	5,475	2,966	2,716	77,246	1,800	129,620	224,291
Total Liabilities and Fund Equity	$ 4,136	$ 332	$ 5,475	$ 2,966	$ 2,716	$ 77,246	$ 1,800	$ 129,620	$ 224,291

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, 2012

	Court Bond Fund	Community Center	K-9	Penalty	Park & Recreation	Street & Alley	Crime Prevention	OWRB Fund	Total Nonmajor Governmental Funds
Revenue									
Use Tax	$ 0	$ 0	$ 0	$ 0	$ 0	$ 22,739	$ 0	$ 195,331	$ 218,070
Vehicle Tax	0	0	0	0	0	28,452	0	0	28,452
Interest	2	0	0	1	0	46	0	0	49
Miscellaneous	0	0	5,183	0	2,225	0	0	0	7,408
Penalty Revenue	0	0	0	2,565	0	0	0	0	2,565
Total Revenue	2	0	5,183	2,566	2,225	51,237	0	195,331	256,544
Expenditures									
Maintenance & Operations	0	30	345	2,082	0	36,807	0	123	39,387
Other Expenses	0	0	0	0	0	0	0	76,034	76,034
Capital Outlay	0	0	2,000	0	0	11,025	0	35,483	48,508
Total Expenditures	0	30	2,345	2,082	0	47,832	0	111,640	163,929
Revenue Over (Under) Expenditures	2	(30)	2,838	484	2,225	3,405	0	83,691	92,615
Transfers to/(from) Other funds	0	0	0	0	0	(19,126)	0	0	(19,126)
Fund Balance, June 30, 2011	4,134	362	2,637	2,482	491	92,967	1,800	45,929	150,802
Fund Balance, June 30, 2012	$ 4,136	$ 332	$ 5,475	$ 2,966	$ 2,716	$ 77,246	$ 1,800	$ 129,620	$ 224,291

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, 2012

	Court Bond Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Contributions	$ 0	$ 0	$ 0	$ 0
Interest	10	10	2	8
Total Revenue	10	10	2	8
Expenditures				
Other Services and Charges	4,144	4,144	0	4,144
Revenue Over (Under) Expenditures	(4,134)	(4,134)	2	(4,136)
Fund Balance, June 30, 2011	4,134	4,134	4,134	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 4,136	$ (4,136)

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, 2012

	Community Center Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Interest	$ 0	$ 0	$ 0	$ 0
Miscellaneous	0	0	0	0
Total Revenue	0	0	0	0
Expenditures				
Maintenance & Operations	362	362	30	332
Revenue Over (Under) Expenditures	(362)	(362)	(30)	(332)
Fund Balance, June 30, 2011	362	362	362	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 332	$ (332)

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, 2012

	K-9 Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Contributions	$ 0	$ 0	$ 5,183	$ (5,183)
Expenditures				
Maintenance & Operations	2,637	2,637	345	
Capital Outlay	0	0	2,000	(2,000)
Total Expenditures	2,637	2,637	2,345	(2,000)
Revenue Over (Under) Expenditures	(2,637)	(2,637)	2,838	(5,475)
Fund Balance, June 30, 2011	2,637	2,637	2,637	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 5,475	$ (5,475)

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, 2012

	Penalty Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Penalty Revenue	$ 3,000	$ 3,000	$ 2,565	$ 435
Miscellaneous	0	0	1	(1)
Total Revenue	3,000	3,000	2,566	434
Expenditures				
Maintenance & Operations	5,482	5,482	2,082	3,400
Total Expenditures	5,482	5,482	2,082	3,400
Revenue Over (Under) Expenditures	(2,482)	(2,482)	484	(2,966)
Fund Balance, June 30, 2011	2,482	2,482	2,482	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 2,966	$ (2,966)

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, 2012

	Park & Recreation Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Contributions	$ 0	$ 0	$ 2,225	$ (2,225)
Miscellaneous	0	0	0	0
Total Revenue	0	0	2,225	(2,225)
Expenditures				
Other Expenses	491	491	0	491
Revenue Over (Under) Expenditures	(491)	(491)	2,225	(2,716)
Transfers to/(from) other funds	0	0	0	0
Fund Balance, June 30, 2011	491	491	491	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 2,716	$ (2,716)

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, 2012

	Street & Alley Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Motor Vehicle Tax	$ 17,000	$ 17,000	$ 22,739	$ (5,739)
Use Tax	31,000	31,000	28,452	2,548
Miscellaneous Revenue	200	200	46	154
Total Revenue	48,200	48,200	51,237	(3,037)
Expenditures				
Capital Outlay	100,000	100,000	11,025	88,975
Personnel Services	2,500	2,500	0	2,500
Maintenance & Operations	38,667	38,667	36,807	1,860
Total Expenditures	141,167	141,167	47,832	93,335
Revenue Over (Under) Expenditures	(92,967)	(92,967)	3,405	(96,372)
Transfers to/(from) other funds	0	0	(19,126)	19,126
Fund Balance, June 30, 2011	92,967	92,967	92,967	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 77,246	$ (77,246)

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, 2012

	Crime Prevention Fund			
	Original Budget	Final Budget	Actual	(Over) Under Budget
Revenue				
Contributions	$ 0	$ 0	$ 0	$ 0
Expenditures				
Maintenance & Operations	1,800	1,800	0	1,800
Revenue Over (Under) Expenditures	(1,800)	(1,800)	0	(1,800)
Fund Balance, June 30, 2011	1,800	1,800	1,800	0
Fund Balance, June 30, 2012	$ 0	$ 0	$ 1,800	$ (1,800)

Please see accompanying notes to the financial statements.

City of Cache, OK
14693 CENA 12 Grant
Revenue and Expenditures Compared with Budget
(Modified Cash Basis)
Year Ended June 30, 2012

	Budget	Current Year	(Over) Under Budget
Revenue			
Grant Funds	$ 8,015	$ 0	$ 8,015
Total Revenues	8,015	0	8,015
Expenditures			
Utilities for Center	2,850	0	2,850
Repairs	5,165	0	5,165
Total Expenditures	8,015	0	8,015
Revenue Over (Under) Expenditures	$ 0	$ 0	$ 0

Please see accompanying notes to the financial statements.

Reportable Conditions of Internal Control, Compliance and Other Matters

11-1. Criteria – A good system of internal control provides for a proper segregation of the accounting functions.

Condition – The City has a small number of employees that perform the duties that would normally be divided among a large number of employees.

Cause and Effect – A lack of internal control surrounding the accounting functions could result in more than a low risk that errors or irregularities may occur and not be detected within a timely period.

Recommendation – It may not be cost effective to hire the additional administrative staff that would be necessary in order to adequately segregate the responsibilities.

Management response – Management agrees.

11-2. Criteria – Procedures to track additions and deletions of capital assets should be maintained.

Condition – The City does not have a system to track additions and deletions of capital assets.

Cause and Effect – A lack of policy and procedures to identify, track, and depreciate capital assets could potentially over/understate the assets and expenses of the City.

Recommendation – Implement procedures to identify and track the capital assets according to their capitalization policy.

Management response – Management agrees

12-1. Criteria – A good system of tracking fire protection contracts provides for opportunities to increase fire department revenue.

Condition – The City has a no database of citizens that paid for fire protection services.

Cause and Effect – Due to the lack of a proper database of paid fire protection contracts, staff does not bill customers for fire protection services. This results in missed opportunities to increase fire department revenue.

Recommendation – Maintain a database of paid fire protection contracts that is easily referenced and updated.

Management response – Management agrees