

**ACCOUNTANT'S AUDIT REPORT**

**CITY OF CACHE**

**JUNE 30, 2011**

BY



**City of Cache**  
**Cache, Oklahoma**  
**Year Ended June 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
City of Cache  
Cache, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position – modified cash basis, and where

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 November 13, 2012 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 inquiries 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

Certified Public Accountants

November 13, 2012

**City of Cache**  
**Cache, Oklahoma**  
**Statement of Net Assets**  
**(Modified Cash Basis)**  
**June 30, 2011**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 281,708	\$ 344,346	\$ 626,054
Prepaid Insurance	666	193	859
Capital Assets	684,176	1,709,407	2,393,583
Accumulated Depreciation	(272,783)	(469,466)	(742,249)
<b>Total Assets</b>	<b>\$ 693,767</b>	<b>\$ 1,584,480</b>	<b>\$ 2,278,247</b>
<b><u>Liabilities</u></b>			
Accounts Payable	\$ 1,364	\$ 530	\$ 1,894
Notes Payable	0	1,207,831	1,207,831
<b>Total Liabilities</b>	<b>1,364</b>	<b>1,208,361</b>	<b>1,209,725</b>
<b><u>Net assets</u></b>			
Invested in Capital, Net of Related Debt	411,393	32,110	443,503
Restricted	0	86,010	86,010
Unrestricted	281,010	257,999	539,009
<b>Total Net Assets</b>	<b>692,403</b>	<b>376,119</b>	<b>1,068,522</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 693,767</b>	<b>\$ 1,584,480</b>	<b>\$ 2,278,247</b>

Please see accompanying notes to the financial statements.



**City of Cache**  
**Cache, Oklahoma**  
**Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2011**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 176,657	\$ 105,051	\$ 281,708
Prepaid Insurance	666	0	666
Total Assets	\$ 177,323	\$ 105,051	\$ 282,374
<b><u>Liabilities and Fund Balances</u></b>			
Accounts Payable	\$ 1,364	\$ 0	\$ 1,364
Total Liabilities	1,364	0	1,364
Fund Balances			
Unrestricted	175,959	105,051	281,010
Total Liabilities and Fund Balances	\$ 177,323	\$ 105,051	

**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 \$684,176 Net of Accumulated Depreciation of \$272,783, are not financial resources and, therefore, are not reported in the funds.

	411,393
<b><u>Net Assets of Governmental Activities</u></b>	<b>\$ 692,403</b>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Revenue</u></b>			
Taxes	\$ 389,055	\$ 48,123	\$ 437,178
Miscellaneous	6,822	114	6,936
Fire Service	68,267	0	68,267
Police Revenue	28,916	0	28,916
Grants	3,779	0	3,779
Pound Revenue	2,645	0	2,645
Building Permits	14,175	0	14,175
Donations	7,250	328	7,578
Penalty Revenue	0	4,224	4,224
Total Revenue	520,909	52,789	573,698
<b><u>Expenditures</u></b>			
General Government:			
General Government	271,268	4,567	275,835
Public Safety:			
Police	199,087	0	199,087
Fire	98,049	0	98,049
Street and Public Works:			
Streets	0	13,335	13,335
Culture and Recreation:			
Parks	0	0	0
Total Expenditures	568,404	17,902	586,306
Revenue Over (Under) Expenditures	(47,495)	34,887	(12,608)
<b><u>Other Financing Sources (Uses)</u></b>			
Transfers In/(Out)	(7,567)	(15,836)	(23,403)
Total Other Financing Sources (Uses)	(7,567)	(15,836)	(23,403)
<b><u>Net Changes in Fund Balance</u></b>	(55,062)	19,051	(36,011)
<b><u>Fund Balance, June 30, 2010</u></b>	231,021	86,000	317,021
<b><u>Fund Balance, June 30, 2011</u></b>	<u>\$ 175,959</u>	<u>\$ 105,051</u>	<u>\$ 281,010</u>

Please see accompanying notes to financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Cache Public Works Authority**  
**Enterprise Fund**  
**Statement of Net Assets**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 344,346
Prepaid Insurance	193

Total Current Assets	\$ 344,539
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Noncurrent Assets:

Capital Assets	1,700,348
Land	9,059
Accumulated Depreciation	(469,466)

Total Noncurrent Assets	<u>1,239,941</u>
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Total Assets	<u><u>\$ 1,584,480</u></u>
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**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 530
Notes Payable- Current Portion	25,448

Total Current Liabilities	25,978
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Noncurrent Liabilities

Notes Payable- Long-Term Portion	1,182,383	<u>1,182,383</u>
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Total Liabilities	1,208,361
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**Net Assets**

Invested in Capital Assets, Net of Related Debt	32,110
Restricted	86,010
Unrestricted	257,999

Total Net Assets	<u>376,119</u>
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Total Net Assets and Liabilities	<u><u>\$ 1,584,480</u></u>
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Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Cache Public Works Authority**  
**Enterprise Fund**

**Statement of Revenue, Expense, and Changes in Fund Net Assets**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

**Operating Revenue**

Water Revenue	\$ 554,064	
Garbage Revenue	266,825	
Sewer Revenue	82,922	
Miscellaneous Income	40,015	
Late Charges and Misc Penalties	32,218	
Total Operating Revenue	\$ 976,044	

**Operating Expense**

Garbage Service Expense	225,500	
Payroll Expense	139,079	
Repairs & Maintenance	109,066	
Depreciation	106,203	
Utilities	70,784	
Insurance	57,206	
Interest Expense	49,749	
Operating Supplies	31,763	
Automobile Expense	27,365	
Office Supplies and Expense	21,360	
Legal & Auditing	9,414	
Total Operating Expense	847,489	

Net Operating Income (Loss) 128,555

**Nonoperating Revenue (Expense)**

Increase/(Decrease) in Meter Deposits	11,322	
Transfers Out	(12,558)	
Net Nonoperating Revenue (Expense)	(1,236)	

Net Revenue (Loss) 127,319

Total Net Assets, June 30, 2010 248,800

Total Net Assets, June 30, 2011 \$ 376,119

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Cache Public Works Authority**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

**Cash Flows from Operating Activities**

Receipts from Customers	\$ 936,029
Miscellaneous Revenue	40,015
Payments to Suppliers	(603,443)
Payments to Employees	(139,079)
	233,522
Net Cash Provided by Operating Activities	233,522

**Cash Flows from Noncapital Financing Activities**

Net Transfers	(12,558)
	(12,558)
Net Cash Provided (Used) by Noncapital Financing Activities	(12,558)

**Cash Flows from Capital and Related Financing Activities**

Decrease in Notes Payable	(88,442)
	(88,442)
Net Cash Provided (Used) by Capital and Related Financing Activities	(88,442)

**Cash Flows from Investing Activities**

Increase in Meter Deposits	11,322
	11,322
Net Cash Provided by Investing Activities	11,322

Net Increase (Decrease) in Cash and Cash Equivalents 143,844

Cash and Cash Equivalents - June 30, 2010 200,502

Cash and Cash Equivalents - June 30, 2011 \$ 344,346

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income	\$ 127,319
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	106,203
	233,522
Net Cash Provided by Operating Activities	\$ 233,522

Please see accompanying notes to the financial statements.

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

**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, 2011.

**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:

Street & Alley Fund  
K-9  
Penalty  
Park & Recreation

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

Crime Prevention  
Community Center  
Court Bond Fund

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.

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

**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, 2011, were as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2010	\$ 637,155	\$ 233,285
Additions	47,021	39,498
Total	<u>684,176</u>	<u>272,783</u>
Disposals	<u>0</u>	<u>0</u>
Balance, June 30, 2011	<u>\$ 684,176</u>	<u>\$ 272,783</u>

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, 2011, were as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2010	\$ 1,709,406	\$ 363,263
Additions	<u>0</u>	<u>106,203</u>
Total	1,709,406	469,466
Disposals	<u>0</u>	<u>0</u>
Balance, June 30, 2011	<u>\$ 1,709,406</u>	<u>\$ 469,466</u>

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

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 the following contributions were made:

For Year Ending June	Employee	Employer	Total
2011	\$ 14,144	\$ 11,921	\$ 26,065

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, 2011, 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.

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

**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, 2011.

Balance as of 06/30/2010	\$ 1,292,269
Principal Payments	(84,438)
New Loans	
Balance as of 06/30/2011	\$ 1,207,831

A brief description of the outstanding general long-term debt at June 30, 2011, is set forth below:

	Date	Original Amount	Interest Rate	Balance as of 6/30/2011
Oklahoma Water Resource Board	03-15-2010	\$2,000,000	4.00%	\$ 1,207,831
Total				\$ 1,207,831

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

For Year Ending June 30th	Note #2	Total
2012	\$ 25,448	\$ 25,448
2013	26,347	26,347
2014	27,277	27,277
2015	28,240	28,240
2016	29,237	29,237
2017+	1,071,282	1,071,282
	\$ 1,207,831	\$ 1,207,831

**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.

**City of Cache, Oklahoma**  
**Notes to Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2011**

The lease terms call for 36 monthly payments of \$1,310.34. As of June 30, 2011, the amount remaining on the lease contract is \$31,332.

**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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**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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 13, 2012. 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: 10-1, 10-2, and 10-3. 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: 10-4, 10-5 and 10-6. 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, PC

Certified Public Accountants

November 13, 2012

**City of Cache**  
**Cache, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
Sales Tax	\$ 300,000	\$ 300,000	\$ 313,949	\$ (13,949)
Grants	150,000	150,000	3,779	146,221
Franchise Tax	26,000	26,000	64,304	(38,304)
Fire Service	55,000	55,000	68,267	(13,267)
Building Permits	20,000	20,000	14,175	5,825
Police Revenue	18,000	18,000	28,916	(10,916)
Miscellaneous Revenue	5,000	5,000	6,822	(1,822)
Alcohol Beverage Tax	6,000	6,000	6,345	(345)
Donations	5,000	5,000	7,250	(2,250)
Cigarette Tax	4,000	4,000	4,457	(457)
Pound Revenue	3,000	3,000	2,645	355
<b>Total Revenue</b>	<b>592,000</b>	<b>592,000</b>	<b>520,909</b>	<b>71,091</b>
<b><u>Expenditures</u></b>				
<b><u>General Government</u></b>				
Personal Services	200,000	200,000	148,913	51,087
Maintenance and Operations	155,278	155,278	122,355	32,923
Capital Outlay	50,000	50,000	0	50,000
<b>Total General Government</b>	<b>405,278</b>	<b>405,278</b>	<b>271,268</b>	<b>134,010</b>
<b><u>Police Department</u></b>				
Personal Services	200,000	200,000	132,975	67,025
Maintenance and Operations	20,000	20,000	22,985	(2,985)
Capital Outlay	30,000	30,000	43,127	(13,127)
<b>Total Police Department</b>	<b>250,000</b>	<b>250,000</b>	<b>199,087</b>	<b>50,913</b>
<b><u>Fire Department</u></b>				
Personal Services	20,000	20,000	18,364	1,636
Maintenance and Operations	50,000	50,000	75,791	(25,791)
Capital Outlay	50,000	50,000	3,894	46,106
<b>Total Fire Department</b>	<b>\$ 120,000</b>	<b>\$ 120,000</b>	<b>\$ 98,049</b>	<b>\$ 21,951</b>
<b>Total Expenditures</b>	<b>775,278</b>	<b>775,278</b>	<b>568,404</b>	<b>206,874</b>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>(183,278)</b>	<b>(183,278)</b>	<b>(47,495)</b>	<b>(135,783)</b>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Other Financing Sources (Uses)</u></b>				
Transfer In	0	0	7,433	(7,433)
Transfer Out	0	0	(15,000)	15,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>(7,567)</u>	<u>7,567</u>
<b><u>Revenue and Other Financing Sources</u></b>				
<u>Over (Under) Expenditures &amp; Other Uses</u>	(183,278)	(183,278)	(55,062)	(128,216)
<u>Fund Balance, June 30, 2010</u>	<u>183,278</u>	<u>183,278</u>	<u>231,021</u>	<u>(47,743)</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 175,959</u>	<u>\$ (175,959)</u>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2011**

**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**

**Cache, Oklahoma**

**Nonmajor Governmental Funds**

**Balance Sheet**

**(Modified Cash Basis)**

**June 30, 2011**

	<b>Court Bond Fund</b>	<b>Community Center</b>	<b>K-9</b>	<b>Penalty</b>	<b>Park &amp; Recreation</b>	<b>Street &amp; Alley</b>	<b>Crime Prevention</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>								
Cash in Bank	\$ 4,134	\$ 362	\$ 2,643	\$ 2,482	\$ 491	\$ 93,139	\$ 1,800	\$ 105,051
Due from Other Funds	0	0	0	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 4,134</b>	<b>\$ 362</b>	<b>\$ 2,643</b>	<b>\$ 2,482</b>	<b>\$ 491</b>	<b>\$ 93,139</b>	<b>\$ 1,800</b>	<b>\$ 105,051</b>
<b>Liabilities</b>								
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Fund Equity</b>								
Fund Balance:								
Unrestricted	4,134	362	2,643	2,482	491	93,139	1,800	105,051
<b>Total Liabilities and Fund Equity</b>	<b>\$ 4,134</b>	<b>\$ 362</b>	<b>\$ 2,643</b>	<b>\$ 2,482</b>	<b>\$ 491</b>	<b>\$ 93,139</b>	<b>\$ 1,800</b>	<b>\$ 105,051</b>

Please see accompanying notes to the financial statements.

# City of Cache

## Cache, Oklahoma

### Nonmajor Governmental Funds

#### Schedule of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Year Ended June 30, 2011

	Court Bond Fund	Community Center	K-9	Penalty	Park & Recreation	Street & Alley	Crime Prevention	Total Nonmajor Governmental Funds
<u>Revenue</u>								
Use Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,999	\$ 0	\$ 30,999
Vehicle Tax	0	0	0	0	0	17,124	0	17,124
Interest	9	105	0	0	0	0	0	114
Miscellaneous	0	0	0	5	150	173	0	328
Penalty Revenue	0	0	0	4,224	0	0	0	4,224
Total Revenue	9	105	0	4,229	150	48,296	0	52,789
<u>Expenditures</u>								
Maintenance & Operations	0	75	411	4,081	0	10,760	0	15,327
Other Expenses	0	0	0	0	0	2,575	0	2,575
Capital Outlay	0	0	0	0	0	0	0	0
Total Expenditures	0	75	411	4,081	0	13,335	0	17,902
Revenue Over (Under) Expenditures	9	30	(411)	148	150	34,961	0	34,887
Transfers to/(from) Other funds	0	0	0	0	(160)	(15,676)	0	(15,836)
Fund Balance, June 30, 2010	4,125	332	3,054	2,334	501	73,854	1,800	86,000
Fund Balance, June 30, 2011	\$ 4,134	\$ 362	\$ 2,643	\$ 2,482	\$ 491	\$ 93,139	\$ 1,800	\$ 105,051

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>Court Bond Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions	\$ 0	\$ 0	\$ 0	\$ 0
Interest	10	10	9	1
Total Revenue	10	10	9	1
<b><u>Expenditures</u></b>				
Other Services and Charges	4,135	4,135	0	4,135
<u>Revenue Over (Under) Expenditures</u>	(4,125)	(4,125)	9	(4,134)
<u>Fund Balance, June 30, 2010</u>	4,125	4,125	4,125	0
<u>Fund Balance, June 30, 2011</u>	\$ 0	\$ 0	\$ 4,134	\$ (4,134)

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>Community Center Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Interest	\$ 0	\$ 0	\$ 105	\$ (105)
Miscellaneous	0	0	0	0
Total Revenue	0	0	105	(105)
<b><u>Expenditures</u></b>				
Maintenance & Operations	332	332	75	257
<u>Revenue Over (Under) Expenditures</u>	(332)	(332)	30	(362)
<u>Fund Balance, June 30, 2010</u>	332	332	332	0
<u>Fund Balance, June 30, 2011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 362</u>	<u>\$ (362)</u>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>K-9 Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions	\$ 0	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>				
Maintenance & Operations	3,054	3,054	411	2,643
<b><u>Revenue Over (Under) Expenditures</u></b>	(3,054)	(3,054)	(411)	(2,643)
<b><u>Fund Balance, June 30, 2010</u></b>	3,054	3,054	3,054	0
<b><u>Fund Balance, June 30, 2011</u></b>	\$ 0	\$ 0	\$ 2,643	\$ (2,643)

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>Penalty Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Penalty Revenue	\$ 3,000	\$ 3,000	\$ 4,224	\$ (1,224)
Miscellaneous	0	0	5	(5)
	3,000	3,000	4,229	(1,229)
<b><u>Expenditures</u></b>				
Maintenance & Operations	5,334	5,334	4,081	1,253
	5,334	5,334	4,081	1,253
<b><u>Revenue Over (Under) Expenditures</u></b>	(2,334)	(2,334)	148	(2,482)
<b><u>Fund Balance, June 30, 2010</u></b>	2,334	2,334	2,334	0
<b><u>Fund Balance, June 30, 2011</u></b>	\$ 0	\$ 0	\$ 2,482	\$ (2,482)

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>Park &amp; Recreation Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions	\$ 0	\$ 0	\$ 150	\$ (150)
Miscellaneous	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>(150)</b>
<b><u>Expenditures</u></b>				
Other Expenses	501	501	0	501
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>(501)</b>	<b>(501)</b>	<b>150</b>	<b>(651)</b>
Transfers to/(from) other funds	0	0	(160)	160
<b><u>Fund Balance, June 30, 2010</u></b>	<b>501</b>	<b>501</b>	<b>501</b>	<b>0</b>
<b><u>Fund Balance, June 30, 2011</u></b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 491</b>	<b>\$ (491)</b>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<u>Street &amp; Alley Fund</u>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>				
Motor Vehicle Tax	\$ 17,000	\$ 17,000	\$ 17,124	\$ (124)
Use Tax	31,000	31,000	30,999	1
Miscellaneous Revenue	200	200	173	27
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	48,200	48,200	48,296	(96)
<b><u>Expenditures</u></b>				
Capital Outlay	90,000	90,000	0	90,000
Personnel Services	2,500	2,500	2,575	(75)
Maintenance & Operations	29,554	29,554	10,760	18,794
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	122,054	122,054	13,335	108,719
<u>Revenue Over (Under) Expenditures</u>	(73,854)	(73,854)	34,961	(108,815)
Transfers to/(from) other funds	0	0	(15,676)	15,676
<u>Fund Balance, June 30, 2010</u>	<hr/>	<hr/>	<hr/>	<hr/>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 93,139</u>	<u>\$ (93,139)</u>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2011**

	<b>Crime Prevention Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>(Over) Under Budget</b>
<b><u>Revenue</u></b>				
Contributions	\$ 0	\$ 0	\$ 0	\$ 0
<b><u>Expenditures</u></b>				
Maintenance & Operations	1,800	1,800	0	1,800
<b><u>Revenue Over (Under) Expenditures</u></b>	(1,800)	(1,800)	0	(1,800)
<b><u>Fund Balance, June 30, 2010</u></b>	1,800	1,800	1,800	0
<b><u>Fund Balance, June 30, 2011</u></b>	\$ 0	\$ 0	\$ 1,800	\$ (1,800)

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**13685 CENA 10 Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

<u>Revenue</u>	<u>Budget</u>	<u>Cumulative 06/30/10</u>	<u>Current Year</u>	<u>Total</u>	<u>(Over) Under Budget</u>
Local Funds	6,960	0	3,779	3,779	3,181
Total Revenues	6,960	0	3,779	3,779	3,181
<u>Expenditures</u>					
Utilities for Senior Center	3,960	1,379	2,400	3,779	181
Payment of Driveway	3,000	0	0	0	3,000
Total Expenditures	6,960	1,379	2,400	3,779	3,181
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ (1,379)</u>	<u>\$ 1,379</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**REAP # 102255 Grant 2010**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Grant Funds	\$ 45,000	\$ 35,000	\$ 10,000
Local Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	45,000	35,000	10,000
<b><u>Expenditures</u></b>			
Engineering	45,000	35,000	10,000
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>45,000</u>	<u>35,000</u>	<u>10,000</u>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>

Please see accompanying notes to the financial statements.

**City of Cache**  
**Cache, Oklahoma**  
**14347 CENA 11 Grant**  
**Revenue and Expenditures Compared with Budget**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2011**

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<b><u>Revenue</u></b>			
Grant Funds	\$ 4,800	\$ 4,800	\$ 0
Total Revenues	4,800	4,800	0
<b><u>Expenditures</u></b>			
Utilities for Center	3,300	5,403	(2,103)
Repairs	1,500	1,100	400
Total Expenditures	4,800	6,503	(1,703)
<b><u>Revenue Over (Under) Expenditures</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ (1,703)</u></b>	<b><u>\$ 1,703</u></b>

Please see accompanying notes to the financial statements.

**CITY OF CACHE, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2011**

**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 – Utility billing reports should be printed monthly and on a timely basis. These reports should be reviewed for any material or unusual variances. The reports and all documentation should be retained.

Condition – The monthly billing reports were not retained. We were able to verify the utility income using hand written reports submitted to OWRB.

Cause and Effect – A lack of proper procedures and controls creates the potential for understatement of revenues.

Recommendation – The City should implement procedures for staff to run monthly utility billing reports, review these reports and investigate any material discrepancies.

Management response – Management agrees.

- 11-3. Criteria – Utility accounts receivable should be reconciled on a monthly basis.

Condition – Our testing noted that utility accounts receivables are not being reconciled on a monthly basis to ensure all billings, collections and adjustments are properly accounted for within the utility billing accounting system.

Cause and Effect – A lack of proper procedures and controls does not allow for a means to ensure all billings, collections and adjustments are properly accounted for within the utility billing accounting system.

**CITY OF CACHE, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2011**

Recommendation – The City should implement procedures for staff to reconcile beginning and ending utility accounts receivable on a monthly basis by using monthly billing reports, daily deposit records, penalties applied and adjustment authorization forms.

Management response – Management agrees.

- 11-4. Criteria – Procedures to track additions and deletions of capital assets should be maintained.

Condition – The City does not have 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 – The staff needs to implement procedures to identify and track the capital assets according to their capitalization policy.

Management response – Management agrees.

- 11-5. Criteria – The City provides for its employees vacation and compensatory time.

Condition – The City is not maintaining a comprehensive schedule of vacation or comp time available for employees.

Cause and Effect – A lack of procedures and control for tracking employee vacation and compensatory time allows for potential overpayment or underpayment of employees.

Recommendation – The City should implement procedures to track vacation and compensatory time accrued and paid for all employees.

Management response – Management agrees.

- 11-6. Criteria – Employee files should contain required documentation, including properly approved pay rates and pay raises. Appropriate records of employees' time worked and subsequent payments should also be documented. In addition, payroll reports should be appropriately submitted with state and federal agencies and filed for the City's records.

Condition – Few time cards or other evidence of approval for time worked by employees, amounts paid to employees and their rates of pay were available. Payroll reports were incorrectly calculated or missing all together.

**CITY OF CACHE, OKLAHOMA**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**Year Ended June 30, 2011**

Cause and Effect – A lack of proper procedures and controls for payroll processing allows for a potential overpayment or underpayment of employees. Further, penalties and interest could be charged for late or incomplete payroll reports.

Recommendation – The City should implement procedures that require in each employee's personnel files an appropriately approved authorization of their pay rates and pay raises. There should also be maintained properly approved records of time worked and amounts paid to each employee. Payroll reports should be filed in a timely manner and filed accordingly.

Management response – Management agrees.