

**INDEPENDENT ACCOUNTANT'S
AUDIT REPORT**

**CITY OF CACHE
Cache, Oklahoma**

JUNE 30, 2019

BY



City of Cache
Cache, Oklahoma
Year Ended June 30, 2019

Table of Contents

	<u>Page</u>
<u>INDEPENDENT AUDITOR’S REPORT</u>	1 - 3

FINANCIAL STATEMENTS

Government-Wide Financial Statements:

Statement of Net Position – Modified Cash Basis	4
Statement of Activities – Modified Cash Basis	5

Governmental Funds Financial Statements:

Balance Sheet – Governmental Funds – Modified Cash Basis	6
Statement of Revenue, Expenditures, and Changes in Fund Balance Governmental Funds– Modified Cash Basis	7

Proprietary Funds Financial Statements:

Statement of Net Position – Enterprise Fund – Modified Cash Basis	8
Statement of Revenue, Expense, and Changes in Net Position Enterprise Fund – Modified Cash Basis	9
Statement of Cash Flows – Enterprise Fund – Modified Cash Basis	10

Notes to the Financial Statements	11 - 16
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REQUIRED SUPPLEMENTAL INFORMATION

Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Statement of Revenue, Expenditures, and Changes in Fund Balance Budget and Actual – General Fund – Modified Cash Basis	19 - 20
Notes to Required Supplemental Information	21

SUPPLEMENTAL INFORMATION

Balance Sheet – Nonmajor Governmental Funds – Modified Cash Basis22

Schedule of Revenue, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds– Modified Cash Basis23

Statement of Revenue, Expenditures, and Changes in Fund Balance
Budget and Actual – Nonmajor Funds – Modified Cash Basis 24 - 33



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Cache
Cache, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cache, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 3.

Basis of Accounting

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the budgetary comparison information on pages 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

October 9, 2020

City of Cache, OK
Statement of Net Position
(Modified Cash Basis)
June 30, 2019

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 636,468	\$ 1,193,492	\$ 1,829,960
Accounts Receivable	0	2,686	2,686
Capital Assets	1,501,940	1,979,514	3,481,454
Accumulated Depreciation	(967,899)	(1,211,473)	(2,179,372)
Total Assets	\$ 1,170,509	\$ 1,964,219	\$ 3,134,728
<u>Liabilities</u>			
Due to Governmental Funds	\$ 0	\$ 741	\$ 741
Due to PWA	2,395	0	2,395
Payroll Tax Liabilities	2,546	1,775	4,321
Meter Deposits	0	24,035	24,035
Notes Payable	0	608,196	608,196
Total Liabilities	4,941	634,747	639,688
<u>Net assets</u>			
Invested in Capital, Net of Related Debt	534,041	159,845	693,886
Restricted	0	811,047	811,047
Unrestricted	631,527	358,580	990,107
Total Net Assets	1,165,568	1,329,472	2,495,040
Total Liabilities & Net Assets	\$ 1,170,509	\$ 1,964,219	\$ 3,134,728

Please see accompanying notes to the financial statements.

City of Cache, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2019

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Capital Grants and Contributions		Primary Government			
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Primary Government								
Governmental Activities:								
General Government	\$ 395,073	\$ 100,514	\$ 0	\$ 0	\$ (294,559)	\$ 0	\$ (294,559)	
Public Safety - Police	280,031	128,677	0	0	(151,354)	0	(151,354)	
Public Safety - Fire	88,919	70,074	0	0	(18,845)	0	(18,845)	
Street and Public Works - Streets	73,695	0	0	0	(73,695)	0	(73,695)	
Culture and Recreation - Parks	33,495	0	0	0	(33,495)	0	(33,495)	
Total Governmental Activities	871,213	299,265	0	0	(571,948)	0	(571,948)	
Business-Type Activities:								
Water	279,068	379,399	0	0	0	100,331	100,331	
Garbage	296,633	294,408	0	0	0	(2,225)	(2,225)	
Sewer	66,834	90,862	0	0	0	24,028	24,028	
Miscellaneous	139,632	189,834	0	0	0	50,202	50,202	
Total Business-Type Activities	782,167	954,503	0	0	0	172,336	172,336	
Total Primary Government	\$ 1,653,380	\$ 1,253,768	\$ 0	\$ 0	\$ (571,948)	\$ 172,336	\$ (399,612)	
General Revenue								
Taxes:								
Sales Tax					494,428	0	494,428	
Use Tax					83,896	0	83,896	
Franchise Tax					55,000	0	55,000	
Vehicle Tax					17,064	0	17,064	
Alcoholic Beverage Tax					14,658	0	14,658	
Cigarette Tax					3,714	0	3,714	
Gasoline Tax					3,129	0	3,129	
Interest Revenue (Expense)					1,679	(19,894)	(18,215)	
Total General Revenue					673,568	(19,894)	653,674	
Change in Net Assets					101,620	152,442	254,062	
Net Assets, June 30, 2018					1,063,948	1,261,049	2,324,997	
Net Assets, June 30, 2019					\$ 1,165,568	\$ 1,413,491	\$ 2,579,059	

Please see accompanying notes to the financial statements.

City of Cache, OK
Governmental Funds
Balance Sheet
(Modified Cash Basis)
June 30, 2019

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 244,495	\$ 391,973	\$ 636,468
Deferred Inflow	0	0	0
Total Assets	\$ 244,495	\$ 391,973	\$ 636,468
<u>Liabilities and Fund Balances</u>			
Payroll Tax Liabilities	\$ 2,546	\$ 0	\$ 2,546
Due to Other Funds	2,395	0	2,395
Total Liabilities	4,941	0	4,941
Fund Balances			
Unrestricted	239,554	391,973	631,527
Total Liabilities and Fund Balances	\$ 244,495	\$ 391,973	

Reconciliation to Statement of Net Assets

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

Capital Assets used in governmental activities of \$1,501,940 Net of Accumulated Depreciation of \$967,899 are not financial resources and, therefore, are not reported in the funds.

	534,041
<u>Net Assets of Governmental Activities</u>	\$ 1,165,568

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, 2019

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 502,802	\$ 169,087	\$ 671,889
Fines	111,302	0	111,302
Fire Service	0	70,074	70,074
Miscellaneous	32,188	12,004	44,192
Licenses and Permits	21,024	8,000	29,024
Penalty Revenue	0	17,375	17,375
Court Costs	17,340	0	17,340
Donations	4,407	4,407	8,814
Interest	676	1,003	1,679
Pound Income	0	1,144	1,144
Total Revenue	<u>689,739</u>	<u>283,094</u>	<u>972,833</u>
<u>Expenditures</u>			
General Government:			
General Government	297,888	13,885	311,773
Public Safety:			
Police	262,259	17,772	280,031
Fire	16,153	58,649	74,802
Street and Public Works:			
Streets	0	66,601	66,601
Culture and Recreation:			
Parks	0	28,904	28,904
Total Expenditures	<u>576,300</u>	<u>185,811</u>	<u>762,111</u>
Revenue Over (Under) Expenditures	113,439	97,283	210,722
<u>Other Financing Sources (Uses)</u>			
Transfers In/(Out)	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Net Changes in Fund Balance	113,439	97,283	210,722
Fund Balance, June 30, 2018	<u>126,115</u>	<u>294,690</u>	<u>420,805</u>
Fund Balance, June 30, 2019	<u>\$ 239,554</u>	<u>\$ 391,973</u>	<u>\$ 631,527</u>

Please see accompanying notes to financial statements.

City of Cache, OK
Cache Public Works Authority
Enterprise Fund
Statement of Net Position
(Modified Cash Basis)
June 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 1,193,492	
Accounts Receivable	2,686	
Total Current Assets		\$ 1,196,178

Noncurrent Assets:

Capital Assets	1,970,455	
Land	9,059	
Accumulated Depreciation	(1,127,454)	
Total Noncurrent Assets		852,060

Total Assets		\$ 2,048,238
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LIABILITIES

Current Liabilities

Meter Deposits	\$ 24,035	
Notes Payable- Current Portion	15,482	
Payroll Tax Liabilities	1,775	
Due to Other Funds	741	
Total Current Liabilities		42,033

Noncurrent Liabilities

Notes Payable- Long-Term Portion	592,714	
Total Liabilities		634,747

NET ASSETS

Invested in Capital Assets, Net of Related Debt	235,311	
Restricted	811,047	
Unrestricted	367,133	
Total Net Assets		1,413,491

Total Net Assets and Liabilities		\$ 2,048,238
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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 Net Position
(Modified Cash Basis)
Year Ended June 30, 2019

Operating Revenue

Water Revenue	\$ 379,399	
Garbage Revenue	294,408	
OWRB	131,392	
Sewer Revenue	90,862	
Late Charges and Misc. Penalties	39,282	
Miscellaneous Income	19,160	
Total Operating Revenue		\$ 954,503

Operating Expense

Garbage Service Expense	296,633	
Payroll Expense	164,627	
Depreciation	91,336	
Operating Supplies	70,565	
Insurance	67,441	
Telephone and Utilities	63,762	
Automobile Expense	7,013	
Postage	6,934	
Equipment Lease & Rental	4,475	
Legal & Professional	4,260	
Miscellaneous	2,067	
Repairs & Maintenance	1,757	
Office Supplies	1,297	
Total Operating Expense		<u>782,167</u>

Net Operating Income (Loss) 172,336

Nonoperating Revenue (Expense)

Interest Income	3,405
Interest Expense	<u>(23,299)</u>

Net Nonoperating Income (Loss) (19,894)

Net Revenue (Loss) 152,442

Total Net Assets, June 30, 2018 1,261,049

Total Net Assets, June 30, 2019 \$ 1,413,491

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, 2019

Cash Flows from Operating Activities

Receipts from Customers	\$ 935,694
Miscellaneous Revenue	19,160
Payments to Suppliers	(296,633)
Operating Expenses	(229,571)
Payments to Employees	(163,724)
	<hr/>
Net Cash Provided by Operating Activities	264,926

Cash Flows from Capital and Related Financing Activities

Interest Expense	(23,299)
Increase in Due to Other Funds	656
Decrease in Notes Payable	(26,211)
	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,854)

Cash Flows from Investing Activities

Purchase of Capital Assets	(34,499)
Interest Income	3,405
	<hr/>
Net Cash Provided by Investing Activities	(31,094)

Net Increase (Decrease) in Cash and Cash Equivalents 184,978

Cash and Cash Equivalents - June 30, 2018

1,008,514

Cash and Cash Equivalents - June 30, 2019

\$ 1,193,492

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 172,336
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Increase in Accounts Receivable	(609)
Increase in Meter Deposit Liability	960
Increase in Payroll Tax Liabilities	903
Depreciation Expense	91,336
	<hr/>
Net Cash Provided by Operating Activities	<hr/> <hr/> \$ 264,926

Please see accompanying notes to the financial statements.

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

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

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

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

Note 2 - Fund Accounting

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

1. Governmental Fund Types

(a) General Fund

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

(b) Special Revenue Funds

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

The City's current Special Revenue Funds include:

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

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

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

City of Cache
Cache, Oklahoma
Notes to Basic Financial Statements
For The Fiscal Year Ended June 30, 2019

Note 5 – Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 6 - 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 7 - 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, 2019, were as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2018	\$ 1,443,598	\$ 858,797
Additions	<u>58,342</u>	<u>109,102</u>
Total	1,501,940	967,899
Disposals	<u>0</u>	<u>0</u>
Balance, June 30, 2019	<u>\$ 1,501,940</u>	<u>\$ 967,899</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