

**MULTIPLE COMMUNITY SERVICES AUTHORITY  
FLETCHER, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED JUNE 30, 2022**

BY



**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Year Ended June 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Multiple Community Services Authority  
Fletcher, Oklahoma

### **Adverse Opinion**

We have audited the accompanying financial statements of the business-type activities of Multiple Community Services Authority, Fletcher, Oklahoma (the Authority), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred above do not present fairly the financial position of Multiple Community Services Authority as of June 30, 2022, or the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Adverse Opinion on the Financial Statements as a Whole**

Management does not have adequate records to be able to confirm revenue or the accounts receivable value. They also do not adequately maintain records for the value of their inventory.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Multiple Community Services Authority, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and

fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Multiple Community Services Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism through the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Multiple Community Services Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Multiple Community Services Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Management has omitted the management, discussion, and analysis report that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the budgetary comparison schedule in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multiple Community Service Authority's basic financial statements. The supplemental section as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 supplemental section is 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 March 7, 2024, on our consideration of the Multiple Community Service Authority'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 solely 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 effectiveness of the Multiple Community Service Authority's 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 Multiple Community Service Authority's internal control over financial reporting and compliance.

*Furrh & Associates, PC*

Furrh & Associates, PC  
Lawton, Oklahoma  
March 7, 2024

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Net Position**  
**As of the Year Ending June 30, 2022**

**ASSETS**

**Current Assets**

Cash	\$	394,425	
Accounts Receivable		131,845	
Inventory		2,952	
Prepaid Insurance		13,145	
		<u>          </u>	
Total Current Assets			\$ 542,367

**Fixed Assets**

Equipment		1,813,106	
Building		500,137	
Land		32,500	
Accumulated Depreciation		<u>(1,699,501)</u>	
Net Fixed Assets			<u>646,242</u>

Total Assets			<u><u>\$ 1,188,609</u></u>
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Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Net Position**  
**As of the Year Ending June 30, 2022**

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts Payable	\$ 99,844	
Accrued Payroll	23,939	
Compensated Absences	16,163	
Current Portion of Note Payable	11,989	
Payroll Liabilities	<u>2,593</u>	
Total Current Liabilities		\$ 154,528

**Non-Current Liabilities**

Non-Current Portion of Note Payable	<u>38,977</u>	
Total Non-Current Liabilities		38,977

Total Liabilities		<u>193,505</u>
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**Net Position**

Invested in Capital Assets, Net of Related Debt	595,276	
Restricted Net Assets	50,966	
Unrestricted Net Assets	<u>348,862</u>	

Total Net Position		<u>995,104</u>
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Total Liabilities and Net Position		<u><u>\$ 1,188,609</u></u>
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Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Revenue, Expense, and Changes in Net Position**  
**Year Ended June 30, 2022**

**Operating Revenue**

Services Provided	\$ 1,722,875	
Miscellaneous Income	57,180	
Auction Income	26,957	
Tower Payment	10,520	
Lease Income	2,000	
	<hr/>	
Total Revenue		\$ 1,819,532

**Cost of Sales**

Landfill Services	234,252	
Fuel	125,819	
Dumpster Expense	45,539	
Returns and Allowances	1,993	
	<hr/>	
Total Cost of Sales		<hr/> 407,603

Gross Operating Revenue	1,411,929
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**Operating Expense**

Salaries and Related Payroll Taxes	794,051	
Insurance	163,161	
Repairs and Maintenance	153,402	
Supplies	70,484	
Depreciation Expense	60,541	
Vehicle Expense	22,527	
Utilities	10,758	
Advertising	8,267	
Towing Expense	6,500	
Legal and Professional	5,499	
Postage	5,287	
Bank Fees	5,106	
Pikepass	4,650	
Miscellaneous	2,520	
Per Diem	1,830	
Contract Labor	1,385	
Security	1,298	
Meals & Entertainment	704	
Bad Debt Expense	221	
Taxes & Licenses	18	
	<hr/>	
Total Operating Expense		<hr/> 1,318,209

Net Operating Revenue/(Loss)	\$ 93,720
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Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Revenue, Expense, and Changes in Net Position**  
**Year Ended June 30, 2022**

**Nonoperating Revenue (Expense)**

Interest Income	\$ 78	
Interest Expense	<u>(5,143)</u>	
Total Nonoperating Revenue (Expense)		\$ (5,065)
Net Revenue/(Loss)		88,655
Net Position, June 30, 2021		945,405
Prior Period Adjustment		<u>(38,956)</u>
Net Position, June 30, 2022		<u><u>\$ 995,104</u></u>

Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

**Cash Flow from Operating Activities**

Cash Received from Customers	\$ 1,719,904	
Cash Received from Others	96,657	
Cash Paid for Landfill Services	(234,252)	
Cash Paid for Salaries and Related Costs	(781,026)	
Cash Paid to Suppliers	(595,313)	
Net Cash Provided by Operating Activities	<u>                    </u>	\$ 205,970

**Cash Flow from Financing Activities**

Interest Expense	(5,143)	
Loan Proceeds	174,323	
Payments on Long-Term Debt	(123,357)	
Net Cash Used by Financing Activities	<u>                    </u>	45,823

**Cash Flow from Investing Activities**

Purchase of Capital Assets	(449,526)	
Proceeds from Maturity of Certificate of Deposit	59,737	
Interest Income	78	
Net Cash Used by Investing Activities	<u>                    </u>	<u>(389,711)</u>

Net Decrease in Cash and Cash Equivalents (137,918)

Cash and Cash Equivalents, June 30, 2021 571,299

Prior Period Adjustment (38,956)

Cash and Cash Equivalents, June 30, 2022 \$ 394,425

Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

**Reconciliation of Operating Income to Net Cash**

**Provided by Operating Activities:**

Operating Income	\$ 93,720
Adjustments to Reconcile Operating Income to Cash	
Provided by Operating Activities:	
Depreciation Expense	60,541
Change in Current Assets and Current Liabilities:	
Prepaid Insurance	(8,385)
Accounts Receivable	(2,971)
Accrued Payroll	19,824
Accounts Payable	50,040
Compensated Absences	(2,937)
Payroll Liabilities	(3,862)
	<hr/>
Net Cash Provided by Operating Activities	<u><u>\$ 205,970</u></u>

Please see accompanying notes to financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Multiple Community Services Authority (the “Authority”) is a public trust created under authority of and pursuant to the provision of Title 60, Oklahoma Statutes 1961, Section 176 to 180 for the use and benefit of the trust beneficiary municipalities: Apache, Cement, Cyril, Elgin, Fletcher, Medicine Park and Sterling.

Effective April 1, 1993, the authority ceased to operate as a landfill. The Authority provides trash services and delivers the garbage to a separate location for dumping. The Authority has a transfer station on location. The trash hauling vehicles dispense their pickups at the transfer station so that larger vehicles can transport the garbage to the landfill location.

The Authority’s basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority solely operates as a special-purpose government, which means it is only engaged in business-type activities. Accordingly, activities are reported in the Authority’s proprietary fund.

**A. Financial Reporting Entity**

The Authority complies with GASB Statement No. 14, as amended by GASB Statement No. 61, “The Financial Reporting Entity.” This statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The Authority considered all potential component units in determining what organizations should be included in the financial statements. Based on these criteria, there are no component units to include in the Authority’s financial statements.

**B. Basis of Presentation**

The Authority reports its activities as an enterprise fund. Enterprise funds are proprietary funds used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Authority is that the costs of providing a waste removal service system to its customers on a continuing basis be financed or recovered primarily through user charges (waste removal) and similar funding.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or the economic asset is used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the Authority’s enterprise fund is waste removal revenue. Operating expenses for enterprise funds include the cost of landfills, salaries and related payroll taxes, administrative expenses, and others. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Recent Accounting Pronouncements**

*Governmental Accounting Policies Adopted During Current Year*

In April 2022, GASB issued Statement No. 99, Omnibus 2022 (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The City will adopt the sections that were effective immediately on July 1, 2022, for the June 30, 2023, reporting year.

**E. Cash and Cash Equivalents**

The Authority considers all bank deposits and highly liquid investments with a maturity date of 90 days or less at the time of purchase to be cash equivalents.

Bank deposits are held at several financial institutions and are carried at cost.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**F. Investment and Investment Policy**

The Authority has not adopted a formal investment policy. Oklahoma Statutes authorize the Authority to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the Authority can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**G. Fair Value Measurements**

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on valuation inputs used to measure the fair value of the asset, as follows:

- Level 1: Valuation is based on quoted prices in active markets for identical assets.
- Level 2: Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3: Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity and other assumptions that are internally generated and cannot be observed in the market.

**H. Accounts Receivable**

Billings for accounts receivable at June 30, 2022 were \$131,845. An allowance for doubtful accounts was not computed on this balance because management considers the entire amount to be fully collectible. Bad debt expenses, if applicable, are recorded by the specific charge-off method.

**I. Inventory**

The inventory of replacement parts and consumable supplies are recorded at cost. Inventory items are charged to expenses at the time the individual items are withdrawn from inventory or consumed.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**J. Prepaid Expenses**

Certain payments to insurance providers and other vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**K. Capital Assets**

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon retirement or other disposition of capital assets the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building	40 years
Furniture and Fixtures	5 years
Machinery and Equipment	5-8 years
Transportation Equipment	3-5 years

**L. Compensated Absences**

The Authority's policy is to permit employees to accumulate earned vacation. Accumulated vacation time is accrued at year-end to account for the Authority's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized within the next fiscal year. As of the end of the current year June 30, 2022, the entity held a value of \$16,163 in compensated absences.

**M. Concentration of Credit Risk**

All users of the Authority's waste removal services are located within the same geographic area within Caddo and Comanche Counties, Oklahoma.

**N. Related Party Transactions**

There were no material related party transactions with Authority officials or employees during the year ended June 30, 2022.

**O. Use of Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

**P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The Authority had deferred outflows consisting of prepaid insurance in the amount of \$13,145.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The Authority currently has no items that qualify for reporting as deferred inflows of resources.

**Q. Net Position**

The financial statements utilize a net position presentation. Net position is categorized as follows:

- a) Net Investment in Capital Assets Component of Net Position: This component of net position consists of capital assets, net of accumulated depreciation, and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position.
- b) Restricted Component of Net Position: This component of net position consists of assets that have restrictions placed upon their use by external constraints imposed either by creditors (debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through enabling legislation.
- c) Unrestricted Component of Net Position: This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

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

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**R. Federal Income Tax**

As a political subdivision of the State of Oklahoma, the Authority is exempt from federal and state income taxes.

**S. Statement of Cash Flows**

For the purposes of the statement of cash flows, the Authority considers all highly liquid investments, such as certificates of deposits and savings accounts, as cash equivalents. Certificates of deposit and other time deposits with an original maturity date of 90 days or less are considered cash equivalents.

**T. Management Evaluation of Subsequent Events**

Management has evaluated subsequent events through March 7, 2024 the date which financial statements were available to be issued.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The Authority's cash deposits consist of checking accounts, savings accounts, and certificates of deposits. These deposits are stated at cost. The Authority is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2022, the carrying amount of the Authority's cash and cash equivalents and temporary investments and the bank balances were \$394,425. Due to limited documentation, we could not verify a difference in the balances.

The Authority's cash accounts at June 30, 2022 are detailed as follows:

Checking/Savings Accts:	
First National Bank of Fletcher #029	\$ 350,176
First National Bank of Fletcher #231	43,644
First National Bank of Fletcher - Debit Card	605
Total	<u>\$ 394,425</u>

**Deposit, Investment, and Interest Risks:**

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

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Authority's name.

The Authority does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Authority must have a written collateral agreement approved by the board of directors or loan committee.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk for their proprietary fund.

The Authority's cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash	\$ 250,000	\$ 0	\$ 144,425	\$ 394,425

*Investment Credit Risk* – The Authority has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitations, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal, or school Authority tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school Authority.
- e. Notes or bonds secured by mortgage or trust deed insured by the federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

- f. Money market funds regulated by the SEC in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Authority has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations rating agencies. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs.

*Interest Rate Risk* – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**NOTE 3 – ACCOUNTS RECEIVABLE**

The Authority issues billings for waste removal services at the end of the calendar month. The balance includes the amount billed for waste removal services not yet paid as of June 30, 2022. As of June 30, 2022, the balance was \$131,845. This balance could not be substantiated due to a lack of documentation.

The changes to the accounts receivable during the fiscal year ending June 30, 2022 were as follows:

	Accounts Receivable
Balance, July 1, 2021	\$ 128,872
Additions	2,973
Balance, June 30, 2022	\$ 131,845

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 4 – CAPITAL ASSETS AND DEPRECIATION**

Current year changes to fixed assets were as follows:

	Balance 06/30/2021	Additions	Disposals	Balance 06/30/2022
<u>Assets</u>				
Building	\$ 493,427	\$ 6,710	\$ 0	\$ 500,137
Equipment	1,370,290	442,816	0	1,813,106
Land	32,500	0	0	32,500
Total	<u>\$ 1,896,217</u>	<u>\$ 449,526</u>	<u>\$ 0</u>	<u>\$ 2,345,743</u>
 Accumulated Depreciation	 1,638,961	 60,540	 0	 1,699,501
Total	<u>\$ 1,638,961</u>	<u>\$ 60,540</u>	<u>\$ 0</u>	<u>\$ 1,699,501</u>
 Net Fixed Assets	 <u>\$ 257,256</u>			 <u>\$ 646,242</u>

**NOTE 5 – INVENTORY**

Inventories of replacement parts and consumable supplies are recorded at cost.

**NOTE 6 – PREPAID EXPENSES**

The prepaid expense is made of insurances for employees and their facilities. The balance of their total prepaid insurance amount as of June 30, 2022 as \$13,145.

**NOTE 7 – ACCOUNTS PAYABLE**

Accounts Payable are those amounts for goods or services received in June but not yet paid for as of June 30, 2022. The balance of their payables is \$99,844.

**NOTE 8 – PAYROLL LIABILITIES**

The entity retains payroll liability payments due in June but paid in July. The June 30, 2022 balance of payroll liabilities was \$2,952.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 9 – ACCRUED PAYROLL AND COMPENSATED ABSENCES**

The entity pays out the balance of accrued vacation time at the time of firing or voluntary resignation. The balance of accrued compensated absences was \$16,163 as of June 30, 2022. They also accrue payroll for hours worked in the last month of the fiscal year but not paid until the subsequent year. The balance of the accrued payroll was \$23,939 as of June 30, 2022.

**NOTE 10 – NOTE PAYABLE**

The Authority received a loan in the amount of \$174,323 on July 14, 2021, with a fixed interest rate of 4% for the purchase of a new truck.

The following is a summary of the long-term debt for the year ended June 30, 2022:

	<u>Total</u>	<u>Current</u>	<u>Long Term</u>
Truck Loan	\$ 50,966	\$ 11,989	\$ 38,977
Total	<u>\$ 50,966</u>	<u>\$ 11,989</u>	<u>\$ 38,977</u>

Interest expense on long-term debt as of June 30, 2022 was \$5,143.

The amounts due for each of the next four years and the period following is shown below:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,989	\$ 1,820	\$ 13,809
2024	12,477	1,332	13,809
2025	12,985	824	13,809
2026	13,515	295	13,810
Total	<u>\$ 50,966</u>	<u>\$ 4,271</u>	<u>\$ 55,237</u>

**NOTE 11 – LEGAL PROCEEDINGS**

From time to time, the Authority is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the Authority's financial statements.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2022**

**NOTE 12 – RISK MANAGEMENT**

The Authority 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.

The Authority carries the following insurance coverage as protection against possible loss contingencies:

Oklahoma Municipal Assurance Group  
Workers Compensation  
Property Insurance  
General Liability Insurance

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Revenues and Expenses Compared with Budget**  
**Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
<b><u>Revenue</u></b>			
Services Provided	\$ 0	\$ 1,722,875	\$ 1,722,875
Miscellaneous Income	0	57,180	57,180
Auction Income	0	26,957	26,957
Tower Payment	0	10,520	10,520
Lease Income	0	2,000	2,000
Total Revenue	<u>0</u>	<u>1,819,532</u>	<u>1,819,532</u>
<b><u>Cost of Sales</u></b>			
Landfill Services	0	234,252	234,252
Fuel	0	125,819	125,819
Dumpster Expense	0	45,539	45,539
Returns and Allowances	0	1,993	1,993
Total Cost of Sales	<u>0</u>	<u>407,603</u>	<u>407,603</u>
<b>Gross Revenue</b>	0	1,411,929	1,411,929
<b><u>Operating Expense</u></b>			
Salaries and Related Payroll Taxes	0	794,051	794,051
Insurance	0	163,161	163,161
Repairs and Maintenance	0	153,402	153,402
Supplies	0	70,484	70,484
Depreciation Expense	0	60,541	60,541
Vehicle Expense	0	22,527	22,527
Utilities	0	10,758	10,758
Advertising	0	8,267	8,267
Towing Expense	0	6,500	6,500
Legal and Professional	0	5,499	5,499
Postage	0	5,287	5,287
Bank Fees	0	5,106	5,106
Pikepass	0	4,650	4,650
Miscellaneous	0	2,520	2,520
Per Diem	0	1,830	1,830
Contract Labor	0	1,385	1,385
Security	0	1,298	1,298
Meals & Entertainment	0	704	704
Bad Debt Expense	0	221	221
Taxes & Licenses	0	18	18
Total Operating Expense	<u>0</u>	<u>1,318,209</u>	<u>1,318,209</u>
Interest Income	0	78	78
Interest Expense	0	(5,143)	(5,143)
<b>Net Revenue (Loss)</b>	<u>\$ 0</u>	<u>\$ 88,655</u>	<u>\$ 88,655</u>

Please see accompanying notes to the financial statements.

**Multiple Community Services Authority**  
**Notes to Required Supplementary Information**  
**Year Ended June 30, 2022**

**Note 1 – Budgets and Budgetary Accounting**

The Authority's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Authority 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 Authority's policy that all appropriations lapse at the end of the fiscal year.

The District prepares its annual operating budget on the accrual basis of accounting, the same basis used to account for actual revenues and expenditures.

For the fiscal year ending June 30, 2022, the Authority did not have an approved budget or could not locate an approved budget to substantiate their budgeted figures.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Comparative Statement of Net Position**  
**Years Ended June 30, 2022**

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>Increase (Decrease)</u>
<b><u>Current Assets</u></b>			
Cash	\$ 394,425	\$ 571,299	\$ (176,874)
Accounts Receivable	131,845	128,872	2,973
Inventory	2,952	2,952	0
Prepaid Insurance	13,145	4,761	8,384
<b><u>Fixed Assets</u></b>			
Equipment	1,813,106	1,370,290	442,816
Building	500,137	493,426	6,711
Land	32,500	32,500	0
Accumulated Depreciation	(1,699,501)	(1,638,960)	(60,541)
<b><u>Other Assets</u></b>			
Cash & CDs - Reserve Accounts	0	59,738	59,738
Total Assets	<u>\$ 1,188,609</u>	<u>\$ 1,024,878</u>	<u>\$ 283,207</u>
<b><u>Current Liabilities</u></b>			
Accounts Payable	\$ 99,844	\$ 49,804	\$ 50,040
Accrued Payroll	23,939	4,115	19,824
Compensated Absences	16,163	19,100	(2,937)
Current Portion of Note Payable	11,989	0	11,989
Payroll Liabilities	2,593	6,454	(3,861)
Total Current Liabilities	<u>154,528</u>	<u>79,473</u>	<u>75,055</u>
<b><u>Non-Current Liabilities</u></b>			
Non-Current Portion of Note Payable	\$ 38,977	\$ 0	\$ 38,977
Total Non-Current Liabilities	<u>38,977</u>	<u>0</u>	<u>38,977</u>
Total Liabilities	193,505	79,473	114,032
<b><u>Net Position</u></b>			
Invested in Capital Assets (Net)	595,276	588,050	7,226
Restricted Net Assets	50,965	0	50,965
Unrestricted	348,863	357,355	(8,492)
Total Net Position	<u>995,104</u>	<u>945,405</u>	<u>49,699</u>
Total Liabilities and Net Position	<u>\$ 1,188,609</u>	<u>\$ 1,024,878</u>	<u>\$ 163,731</u>

Please see accompanying notes to the financial statements.

# Multiple Community Services Authority

Fletcher, Oklahoma

## Comparative Statement of Revenue and Expense

Year Ended June 30, 2022

	<b>Year Ended 06/30/2022</b>	<b>Year Ended 06/30/2021</b>	<b>(Increase) Decrease</b>
<b><u>Revenue</u></b>			
Services Provided	\$ 1,722,875	\$ 1,529,951	\$ 192,924
Auction Income	26,957	0	26,957
Miscellaneous Income	57,180	4,581	52,599
Tower Payment	10,520	10,520	0
Lease Income	2,000	0	2,000
Total Revenue	1,819,532	1,545,052	274,480
<b><u>Cost of Sales</u></b>			
Landfill Services	234,252	209,977	24,275
Fuel	125,819	71,724	54,095
Dumpster Expense	45,539	7,950	37,589
Returns and Allowances	1,993	0	1,993
Total Cost of Sales	407,603	289,651	117,952
Gross Operating Revenue	1,411,929	1,255,401	156,528
<b><u>Operating Expense</u></b>			
Salaries and Related Payroll Taxes	794,051	693,141	100,910
Insurance	163,161	225,472	(62,311)
Repairs and Maintenance	153,402	111,208	42,194
Supplies	70,484	21,209	49,275
Depreciation Expense	60,541	21,362	39,179
Vehicle Expense	22,527	16,919	5,608
Utilities	10,758	9,598	1,160
Advertising	8,267	830	7,437
Towing Expense	6,500	3,540	2,960
Legal and Professional	5,499	1,260	4,239
Postage	5,287	4,955	332
Bank Fees	5,106	0	5,106
Pikepass	4,650	4,800	(150)
Miscellaneous	2,520	2,768	(248)
Per Diem	1,830	2,497	(667)
Contract Labor	1,385	5,215	(3,830)
Security	1,298	304	994
Meals & Entertainment	704	0	704
Bad Debts Expense	221	1,880	(1,659)
Taxes & License	18	7,314	(7,296)
Office Expense	0	8,775	(8,775)
Reimbursements	0	5,728	(5,728)
Petty Cash	0	1,000	(1,000)
Total Operating Expense	1,318,209	1,149,775	168,434
Net Operating Revenue/(Loss)	93,720	105,626	(11,906)

Please see accompanying notes to the financial statements.

# Multiple Community Services Authority

Fletcher, Oklahoma

## Comparative Statement of Revenue and Expense

Year Ended June 30, 2022

	<u>Year Ended</u> <u>06/30/2022</u>	<u>Year Ended</u> <u>06/30/2021</u>	<u>(Increase)</u> <u>Decrease</u>
<b><u>Nonoperating Revenue / (Expense)</u></b>			
Interest Income	\$ 78	\$ 242	\$ (164)
Interest Expense	<u>(5,143)</u>	<u>0</u>	<u>(5,143)</u>
Total Nonoperating Revenue / (Expense)	(5,065)	242	(5,307)
Net Revenue/(Loss)	88,655	105,868	(17,213)
Net Position, Beg of year	945,405	811,575	133,830
Prior Period Adjustment	<u>(38,956)</u>	<u>27,962</u>	<u>(66,918)</u>
Net Position, End of Year	<u>\$ 995,104</u>	<u>\$ 945,405</u>	<u>\$ 49,699</u>

Please see accompanying notes to the financial statements.



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

Board of Trustees  
Multiple Community Services Authority  
Comanche County  
Fletcher, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Multiple Community Services Authority, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon March 7, 2024.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we identified deficiencies in internal control that we consider to be material weaknesses. They are listed on the following page as 2022-1, 2022-2, 2022-3, 2022-4, 2022-5, 2022-6, and 2022-7.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Multiple Community Services Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Furrh & Associates, PC*

**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma

March 7, 2024

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2022**

**Reportable Conditions of Internal Control, Compliance and Other Matters**

**2022-1     Segregation of Duties, (Repeat Finding)**

Condition – Due to only one person being responsible for maintaining the financial records, the records were not kept in an orderly manner.

Effect – The financial records are inaccurate and cannot be relied on.

Cause – Limited personnel and lack of oversight by management.

Criteria – Strong internal controls require appropriate segregation of duties.

Recommendation – We recommend that policy and procedures be implemented to ensure proper oversight.

Management Response – Management will implement policies in order to segregate the financial responsibilities of management.

**2022-2     Lack of Documentation, (Repeat Finding)**

Condition – The Authority could not produce documentation to substantiate inventory or records for the balance of accounts receivable.

Effect – Sufficient audit evidence could not be obtained which resulted in an adverse audit opinion.

Cause – Lack of documentation retention.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five – ten years.

Recommendation – We recommend that the Authority adopt a policy concerning documentation retention that is in compliance with Oklahoma State Statutes.

Management Response – Management will implement policies for the proper retention of documentation.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2022**

**2022-3     Improper Payment of Payroll Taxes**

Condition – The Multiple Community Services Authority paid penalties to the Internal Revenue Service, Oklahoma Tax Commission and the Oklahoma Employment Security Commission.

Effect – The entity is required to pay additional penalties to various federal and state taxing agencies.

Cause – The entity did not adequately produce required tax forms in a timely manner.

Criteria – Tax authorities have specific deadlines for payroll tax payments.

Recommendation – We recommend that the entity review payroll taxing requirements on a regular basis.

Management Response – Management will review applicable deadlines for timely payment of payroll taxes.

**2022-4     Lack of Collateral Pledged**

Condition – The Multiple Community Services Authority does not have adequate collateral past the FDIC insured amount.

Effect – The money of the entity are not adequately protected.

Cause – Lack of oversight for cash balances.

Criteria – Prudent fiduciary responsibility requires safeguarding of MCSA's assets.

Recommendation – We recommend that MCSA obtain sufficient collateral pledge to cover amounts in excess of the FDIC insured amount of \$250,000 per financial institution.

Management Response – Management will open a new bank account at a different financial institution in order to reduce financial risk and maintain appropriate fund balances.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2022**

**2022-5     Lack of Board Oversight**

Condition – The board of Multiple Community Services Authority does not adequately monitor the financial activities of the entity.

Effect – Inappropriate transactions could occur without the knowledge of the board.

Cause – Lack of board oversight over financial activities of the entity.

Criteria – Prudent fiduciary responsibilities require regular oversight by the board.

Recommendation – We recommend that the board implement policies and procedures to provide additional oversight of financial activities of the entity.

Management Response – Management will implement policies and procedures for the proper review of financial activities by those charged with governance.

**2022-6     Lack of Policy Concerning Billing Adjustments/Write Offs**

Condition – The Multiple Community Services Authority does not have a policy in place for the authorization of billing adjustments or write offs of past due accounts.

Effect – Outstanding bills could be adjusted without proper approval.

Cause – Lack of formal policy in place.

Criteria – Prudent fiduciary responsibilities require authorization of adjustments or write offs.

Recommendation – We recommend that a policy be put in place for the authorization and approval of billing adjustments and the writing off of customer accounts.

Management Response – A policy will be created that will allow the Office Manager to adjust certain bills without prior approval. All other adjustments or write offs will be taken before the board for approval.

**Multiple Community Services Authority**  
**Fletcher, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2022**

**2022-7     Lack of Controls for Revenue**

Condition – The Multiple Community Services Authority does not have in place a series of controls for the proper verification of town revenues.

Effect – Monies received from town customers could be fabricated.

Cause – Lack of substantive documentation for town customers.

Criteria – Prudent fiduciary responsibilities require verification of revenue from all sources.

Recommendation – We recommend that a policy be put in place for the creation of controls for the substantiation of town revenues.

Management Response – Management will implement a new system of quality control for their revenue and will begin to spot check towns in order to verify revenue sources.