

**TOWN OF STRATFORD**  
**Stratford, Oklahoma**

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

**FOR THE YEAR ENDED JUNE 30, 2023**

BY



**FURRH**  
**& ASSOCIATES**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Town of Stratford**  
**Stratford, Oklahoma**  
**Year Ended June 30, 2023**

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**Town of Stratford**  
**Stratford, Oklahoma**  
**Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council  
Town of Stratford  
Stratford, Oklahoma

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component unit of the Stratford Industrial Authority, and each major fund of the Town of Stratford, Oklahoma as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Stratford, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the discretely presented component unit of the Stratford Industrial Authority, and each major fund of the Town of Stratford, as of June 30, 2023, 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 1.

#### Basis for Opinion

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. 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 the Town of Stratford, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is 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.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for 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 of and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## **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 generally accepted auditing standards 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 control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout 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 Town of Stratford, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies 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, which raise substantial doubt about Town of Stratford, Oklahoma'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.

## **Other Matters**

### Omission of Supplementary Information

Management of the Town of Stratford, Oklahoma, has elected to omit the budgetary comparison schedule, the combining nonmajor fund financial statements, and the schedule of federal, state, and other awards, which are commonly presented as supplementary information for purposes of additional analysis and are not a required part of the basic financial statements. Our opinion on the basic financial statements is not affected by this missing information.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2025, on our consideration of the Town of Stratford, Oklahoma’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 Town of Stratford, Oklahoma’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 Town of Stratford, Oklahoma’s internal control over financial reporting and compliance.

*Furrh & Associates, PC*

FURRH & ASSOCIATES, PC  
Lawton, Oklahoma  
February 20, 2025

**Town of Stratford, Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**June 30, 2023**

	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Stratford Industrial Authority</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,290,343	\$ 1,583,421	\$ 3,873,764	\$ 2,719
Restricted Cash and Cash Equivalents	0	68,101	68,101	0
Accounts Receivable, Net	0	64,282	64,282	0
Prepaid Expenses	1,816	1,816	3,632	0
Deferred Inflow - Escrow	17,420	0	17,420	0
Stocks	7,637	0	7,637	0
Due From	87,839	1,942	89,781	0
Capital Assets, net of accumulated depreciation	319,529	487,108	806,637	0
<b>Total Assets</b>	<b>\$ 2,724,584</b>	<b>\$ 2,206,670</b>	<b>\$ 4,931,254</b>	<b>\$ 2,719</b>
<b>LIABILITIES AND NET POSITION</b>				
Liabilities:				
Meter Deposits	\$ 0	\$ 56,260	\$ 56,260	\$ 0
Accounts Payable	60,562	40,858	101,420	0
Due to	0	89,782	89,782	0
Payroll Liabilities	8,782	9,442	18,224	0
<b>Total Liabilities</b>	<b>69,344</b>	<b>196,342</b>	<b>265,686</b>	<b>0</b>
Net Position:				
Net Investment in Capital Assets	319,529	487,108	806,637	0
Restricted for:				
Cemetery Fund	19,597	0	19,597	0
Library Fund	9,661	0	9,661	0
Grant Fund	25,715	0	25,715	0
Stratford Industrial Authority	0	0	0	2,719
Public Works Authority	0	1,523,220	1,523,220	0
Unrestricted	2,280,738	0	2,280,738	0
<b>Total Net Position</b>	<b>2,655,240</b>	<b>2,010,328</b>	<b>4,665,568</b>	<b>2,719</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 2,724,584</b>	<b>\$ 2,206,670</b>	<b>\$ 4,931,254</b>	<b>\$ 2,719</b>

Please see accompanying notes to the financial statements.

**Town of Stratford, Oklahoma**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2023**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Stratford Industrial Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
<b>Primary Government</b>								
Governmental Activities:								
General Government	\$ 855,976	\$ 160,897	\$ 10,453	\$ 134,437	\$ (550,189)	\$ 0	\$ (550,189)	
Cemetery	1,132	0	0	0	(1,132)	0	(1,132)	
Library	2,410	0	0	0	(2,410)	0	(2,410)	
Grants	15,966	0	20,850	0	4,884	0	4,884	
Total Governmental Activities	875,484	160,897	31,303	134,437	(548,847)	0	(548,847)	
Business-Type Activities:								
Water	330,624	460,375	0	0	0	129,751	129,751	
Sewer	117,713	197,188	0	0	0	79,475	79,475	
Garbage	141,613	163,909	0	0	0	22,296	22,296	
Miscellaneous	30,364	42,285	0	0	0	11,921	11,921	
Total Business-Type Activities	620,314	863,757	0	0	0	243,443	243,443	
Total Primary Government	\$ 1,495,798	\$ 1,024,654	\$ 31,303	\$ 134,437	(548,847)	243,443	(305,404)	
Component Unit:								
Stratford Industrial Authority	\$ 3	\$ 0	\$ 0	\$ 0				
Total Component Unit	\$ 3	\$ 0	\$ 0	\$ 0				\$ (3)
<b>General Revenues:</b>								
Taxes:								
Sales Tax					582,271	0	582,271	0
Use Tax					109,987	0	109,987	0
Franchise Tax					51,755	0	51,755	0
Alcoholic Beverage Tax					20,035	0	20,035	0
Vehicle Tax					10,126	0	10,126	0
Cigarette Tax					3,958	0	3,958	0
Miscellaneous Income					123,516	0	123,516	0
Interest Revenue (Expense)					4,700	(2,842)	1,858	10
Total General Revenues					906,348	(2,842)	903,506	10
Change in Net Position before Transfers					357,501	240,601	598,102	7
Net Transfers					(145,557)	145,557	0	0
Change in Net Position after Transfers					211,944	386,158	598,102	7
Net Position - beginning at Jul 1, 2022					2,443,296	1,624,170	4,067,466	2,712
Net Position - ending at Jun 30, 2023					\$ 2,655,240	\$ 2,010,328	\$ 4,665,568	\$ 2,719

Please see accompanying notes to the financial statements.



**Town of Stratford, Oklahoma**  
**Balance Sheet - Modified Cash Basis**  
**Governmental Funds**  
**June 30, 2023**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,235,370	\$ 54,973	\$ 2,290,343
Investment	7,637	0	7,637
Due from Public Works	87,839	0	87,839
Deferred Inflow	17,420	0	17,420
Total Assets	<u>\$ 2,348,266</u>	<u>\$ 54,973</u>	<u>\$ 2,403,239</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred Outflow - Payroll Taxes Payable	\$ 519	\$ 0	\$ 519
Total Liabilities	<u>519</u>	<u>0</u>	<u>519</u>
Fund Balances:			
Non-spendable	0	0	0
Restricted	0	54,973	54,973
Committed	0	0	0
Assigned	0	0	0
Unassigned	<u>2,347,747</u>	<u>0</u>	<u>2,347,747</u>
Total Fund Balances	<u>2,347,747</u>	<u>54,973</u>	<u>2,402,720</u>
Total Liabilities and Fund Balances	<u>\$ 2,348,266</u>	<u>\$ 54,973</u>	

**Reconciliation to Statement of Net Position:**

Total Fund Balance	2,402,720
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Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities of \$1,521,445 net of accumulated depreciation of \$1,201,915 are not financial resources and therefore are not reported in the funds.	319,529
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Prepaid Expenses are expensed in the current period in governmental accounting even though they benefit future periods	1,816
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The following liabilities are not due and payable in the current  
period and therefore are not reported in the funds.

Accounts Payable	\$ (60,562)	
Accrued Payroll and Compensated Absences	<u>(8,263)</u>	
		<u>(68,825)</u>

<b><u>Total Net Position of Governmental Activities</u></b>	<b><u>\$ 2,655,240</u></b>
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**Town of Stratford, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Tax Revenue	\$ 778,132	\$ 0	\$ 778,132
Grants	134,437	20,850	155,287
Fines	147,971	0	147,971
Miscellaneous Income	120,243	3,274	123,517
Fire Revenue	13,900	0	13,900
Cemetery	9,079	0	9,079
Interest	4,603	97	4,700
Donations	400	0	400
Ambulance Service	0	0	0
Total Revenues	<u>1,208,765</u>	<u>24,221</u>	<u>1,232,986</u>
<b>EXPENDITURES</b>			
Current:			
General Government	239,460	0	239,460
Public Safety - Police	229,040	0	229,040
Ambulance	190,400	0	190,400
Public Safety - Fire	38,637	0	38,637
Street & Alley	34,937	0	34,937
Grant Expenses	0	15,966	15,966
Library	10,518	2,410	12,928
Senior Citizens	9,656	0	9,656
Municipal Court	6,489	0	6,489
Cemetery	845	1,132	1,977
Capital Outlay	87,658	0	87,658
Total Expenditures	<u>847,640</u>	<u>19,508</u>	<u>867,148</u>
Excess (deficiency) of revenues over (under) expenditures	<u>361,125</u>	<u>4,713</u>	<u>365,838</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	0	1,284	1,284
Transfers Out	<u>(146,841)</u>	<u>0</u>	<u>(146,841)</u>
Total Other Financing Sources (Uses)	<u>(146,841)</u>	<u>1,284</u>	<u>(145,557)</u>
Net Change in Fund Balances	214,284	5,997	220,281
<u>Fund Balances - beginning at Jul 1, 2022</u>	<u>2,133,463</u>	<u>48,976</u>	<u>2,182,439</u>
<u>Fund Balances - ending at Jun 30, 2023</u>	<u>\$ 2,347,747</u>	<u>\$ 54,973</u>	<u>\$ 2,402,720</u>

Please see accompanying notes to financial statements.

**Town of Stratford, Oklahoma**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities - Modified Cash Basis**  
**For the Year Ended June 30, 2023**

Net Change in Fund Balances - Total Governmental Funds	\$	220,281
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Amounts reported for governmental activities in the Statement of  
Activities are different because:

Governmental funds report capital outlay as expenditures. However, in  
the Statement of Activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. This is the amount  
by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$	87,658	
Depreciation		(28,986)	
			58,672

Payroll liabilities not reported of governmental statements.

Compensated Absences & Accrued Payroll		(8,263)	
			(8,263)

Prepaid insurance not reported on governmental statements.

Prepaid Insurance		1,816	
			1,816

Accounts Payable not reported on governmental statements

Accounts Payable		(60,562)	
			(60,562)

Change in Net Position after Transfers of governmental activities	\$	211,944
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**Town of Stratford , Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**June 30, 2023**

	<u>Business-Type Activities - Stratford Public Works</u>	<u>Component Unit Stratford Industrial</u>	<u>Totals</u>
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 1,583,421	\$ 2,719	\$ 1,586,140
Restricted Cash and Cash Equivalents	68,101	0	68,101
Accounts Receivable, Net	64,282	0	64,282
Prepaid Expenses	1,816	0	1,816
Due from	1,942	0	1,942
Total Current Assets	<u>1,719,562</u>	<u>2,719</u>	<u>1,722,281</u>
Noncurrent assets:			
Capital Assets	957,395	0	957,395
Accumulated Depreciation	<u>(470,287)</u>	<u>0</u>	<u>(470,287)</u>
Total Noncurrent Assets	487,108	0	487,108
Total Assets	<u><u>\$ 2,206,670</u></u>	<u><u>\$ 2,719</u></u>	<u><u>\$ 2,209,389</u></u>
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Current Liabilities:			
Customer Deposits	\$ 56,260	\$ 0	\$ 56,260
Accounts Payable	40,858	0	40,858
Due to	89,782	0	89,782
Payroll Liabilities	9,442	0	9,442
Total Current Liabilities	<u>196,342</u>	<u>0</u>	<u>196,342</u>
Total Liabilities	<u><u>196,342</u></u>	<u><u>0</u></u>	<u><u>196,342</u></u>
Net Position:			
Net investment in Capital Assets	487,108	0	487,108
Restricted	0	0	0
Unrestricted	1,523,220	2,719	1,525,939
Total Net Position	<u>2,010,328</u>	<u>2,719</u>	<u>2,013,047</u>
Total Liabilities and Net Position	<u><u>\$ 2,206,670</u></u>	<u><u>\$ 2,719</u></u>	<u><u>\$ 2,209,389</u></u>

Please see accompanying notes to the financial statements.

**Town of Stratford, Oklahoma**  
**Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business-Type Activities - Stratford Public Works Authority</b>	<b>Component Unit Stratford Industrial Authority</b>	<b>Totals</b>
<b>Operating Revenues:</b>			
Water Revenue	\$ 440,535	\$ 0	\$ 440,535
Garbage Revenue	163,909	0	163,909
Sewer Revenue	197,188	0	197,188
Late Charges and Misc. Penalties	19,840	0	19,840
Miscellaneous Income	42,285	0	42,285
Total Operating Revenues	863,757	0	863,757
<b>Operating Expenses:</b>			
Personal Services	244,214	0	244,214
Maintenance & Operations	321,345	3	321,348
Utilities	26,715	0	26,715
Depreciation Expense	28,041	0	28,041
Total Operating Expense	620,315	3	620,318
Operating Income	243,442	(3)	243,439
<b>Nonoperating Revenues (Expenses):</b>			
Interest Income	716	10	726
Interest and Fiscal Charges	(3,558)	0	(3,558)
Net Nonoperating Revenues (Expenses)	(2,842)	10	(2,832)
Income before Transfers	240,600	7	240,607
Net Transfers	145,557	0	145,557
<u>Net Income (Loss)</u>	386,157	7	386,164
<u>Net Position - beginning at Jul 1, 2022</u>	1,624,171	2,712	1,626,883
<u>Net Position - ending at Jun 30, 2023</u>	\$ 2,010,328	\$ 2,719	\$ 2,013,047

Please see accompanying notes to the financial statements.

**Town of Stratford, Oklahoma**  
**Statement of Cash Flows - Modified Cash Basis**  
**Proprietary Funds**  
**Year Ended June 30, 2023**

	<b>Business-Type Activities - Enterprise Fund Stratford Public Works Authority</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 757,190
Miscellaneous Revenue	42,285
Operating Expense	(332,975)
Payments to Employees	(244,214)
Net Cash Provided by Operating Activities	<u>222,286</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Transfers in from other funds	145,557
Interest paid	(3,558)
Net Cash Used by Capital and Related Financing Activities	<u>141,999</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of Capital Assets	(307,819)
Interest Income	716
Net Cash Provided by Investing Activities	<u>(307,103)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	57,182
<u>Cash and Cash Equivalents - beginning</u>	<u>1,594,340</u>
<u>Cash and Cash Equivalents - ending</u>	<u>\$ 1,651,522</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income	\$ 243,442
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:	
Depreciation Expense	28,041
Change in Current Assets and Current Liabilities:	
Increase in Accounts Receivable	(184,422)
Increase in Allowance for Doubtful Accounts	120,140
Increase in Prepaid Expenses	(1,816)
Increase in Due from Other Funds	(1,942)
Decrease in Meter Deposit Payable	(7,603)
Increase in Accounts Payable	40,858
Increase in Accrued Salaries Payable	4,422
Decrease in Payroll Liabilities Payable	(26)
Increase in Accrued Compensated Absences	4,620
Decrease in Due to Other Funds	(23,428)
Net Cash Provided by Operating Activities	<u>\$ 222,286</u>

Please see accompanying notes to the financial statements.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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

The Town of Stratford, Oklahoma (the “Town”) operates the streets and alley, municipal court, fire department, cemetery, library, grants special, ambulance, and administrative activities of the Town. The Town of Stratford is located in Garvin County, Oklahoma and is governed by a five-member board (including the mayor) elected by the citizens of the Town of Stratford, Oklahoma.

The accounting policies and presentation of the basic financial statements of the Town have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

**A. Financial Reporting Entity**

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Town’s financial reporting entity is comprised of the following:

Primary Government:	Town of Stratford
Blended Component Unit:	Stratford Public Works Authority
Discretely Presented Component Unit:	Stratford Industrial Authority

*Blended Component Units:*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town by appropriate activity type to comprise the primary government presentation.

The Stratford Public Works Authority was created to finance, develop and operate the following utility services activities: water, sewer, and garbage. The current Town Council serves as the governing body (Trustees) of the Public Works Authority. The Public Works Authority is reported as proprietary fund.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

*Discretely presented component units:*

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending. The Stratford Industrial Authority focuses on attracting and supporting industrial businesses within the Town of Stratford. The component unit is financially accountable to the Town, the Town's governing body serves as the trustees for the Authority, and they are all managed by the same management team by the Town. The Stratford Industrial Authority does not issue separate financial statements. The component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government. The Stratford Industrial Authority is reported as proprietary fund.

**B. Basis of Presentation and Accounting**

The Town's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements:*

The government-wide focus is on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Town as a whole.

These statements include the financial activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Town's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each town function is self-financing or draws from the general revenues of the Town.

*Fund Financial Statements:*

The financial transactions of the Town are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.



**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Governmental funds**

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds: Library, Capital Improvement, and Cemetery Care Funds.

**Proprietary Funds**

Proprietary funds are enterprise funds used to account for business-like activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating. The entity includes the following enterprise funds: Stratford Public Works Authority and Stratford Industrial Authority.

**Fiduciary Funds**

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements. Currently, the Town does not have any fiduciary funds.

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

*Measurement Focus:*

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the city-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

*Basis of Accounting:*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The Town maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner,

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Fund Types and Major Funds:*

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

The Public Works Authority is used to account for the revenues and expenses associated with providing utility services to the Town.

**D. Cash and Cash Equivalents and Investments**

The Town 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. For purposes of the Statement of Cash Flows, the Town considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Certificates of deposit are reported at cost.

In accordance with GASB *Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments held at June 30, 2023, with original maturities greater than 1 year are stated at fair value.

The Town 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.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**E. Interfund Activities and Balances**

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. It is the Town's policy to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

**F. Inventories**

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

**G. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvements, construction in process (if any), buildings, building improvements, machinery and equipment, as well as infrastructure. Capital assets are reported at actual or estimated historical cost.

Both the Town and PWA did not have any policy regarding classifying a purchase as a capital asset or an expense.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible assets and capital assets are depreciated using the straight-line method over the following estimated useful lives:

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

<u>Capital Assets</u>	<u>Years</u>
Infrastructure	40
Buildings	30 - 40
Building Improvements	15 - 40
Improvements	15
Loan costs	10
Machinery and equipment	5 -10

#### **H. Compensated Absences**

Under the terms of Town personnel policies, Town employees are granted comp time, vacation and sick leave in varying amounts. Under the modified cash basis of accounting, the Town does not record any accrued compensated absences on the governmental fund financial statements. Those benefits utilized in the current year are recorded through payroll. In the event of termination or resignation, an employee is paid for accumulated vacation time. Sick leave is not paid.

#### **I. Long-Term Debt**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

#### **J. Concentration of Credit Risk**

All users of the Town's utility services are located within the same geographic area within Garvin County, Oklahoma.

#### **K. Fund Equity**

##### Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." It is the Town'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.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

Fund Financial Statements:

Fund balance is the difference between assets and liabilities in a governmental fund. The Town reports a governmental fund's fund balance into the following classifications:

- a.      Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. The Town currently reports no nonspendable fund balance.
- b.      Restricted - includes amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.
- c.      Committed - includes amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council. The Town currently reports no committed fund balance.
- d.      Assigned - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town currently reports no assigned fund balance.
- e.      Unassigned - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The City presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**L. Program Revenues**

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the Town. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**M. Related Party Transactions**

There were no material related party transactions with Town officials or employees during the year ended June 30, 2023.

**N. Use of Estimates**

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**O. Budget**

The Town's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The Town'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.

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

In addition to assets, the financial statements will sometimes report a separate section for deferred inflow 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. As of June 30, 2023, the town is showing deferred inflows in the amount of \$17,420 for governmental activities.

In addition to liabilities, 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. As of June 30, 2023, the Town is showing deferred outflows in the amount of \$519 for governmental activities.

**Q. Recent Accounting Pronouncements**

*Governmental Accounting Policies Adopted During Current Year*

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town adopted GASB 87 on July 1, 2022, for the June 30,

**Town of Stratford, Oklahoma**  
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**For the Fiscal Year Ended June 30, 2023**

2023, reporting year. The adoption of GASB 87 did not have a significant impact on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Town adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year. The adoption of GASB 96 did not have a significant impact on the financial statements.

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 Town adopted the sections that were effective immediately on July 1, 2022, for the June 30, 2023, reporting year. The remaining sections were adopted by the Town for the June 30, 2024, reporting year, as required by GASB 99. The City does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Town will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Town does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Town will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Town has not determined the impact that GASB 101 will have on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**Cash Deposits**

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

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

At June 30, 2023, the carrying amount and the bank balance of the governmental funds' cash deposits were \$2,290,343. At June 30, 2023, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$1,651,522. Those cash deposit amounts include cash on hand of \$100 in the Public Works Authority's fund.

**Investments**

The Town invests excess cash into interest-bearing certificates of deposit, which are stated at cost. As of June 30, 2023, the Town did not have any investments in certificates of deposit.

The Town did, however, have an investment in Principal Financial Group stock that was donated to the Town for cemetery care. The value of the stock at June 30, 2023 was \$7,636.61, and at June 30, 2023 the Town had an unrealized gain on the investment of \$891.

At June 30, 2023, the governmental and proprietary funds held the following deposits of unrestricted funds:

**Unrestricted Cash and Cash Equivalents**

Governmental Funds:

Town of Stratford Customer Pickup	\$ 2,110,602
Cash- OHB Money Market	73,144
Police Fund	345
EMS Fund	1,253
Fire Fund	11,394
CDBG Water Project Savings	38,632
Cemetery Care Fund	19,597
Grant Account	25,715
Library	9,661
Total	<u><u>\$ 2,290,343</u></u>

Proprietary Funds:

Stratford Public Works Authority	\$ 1,583,421
Stratford Industrial Authority	2,719
Total	<u><u>\$ 1,586,140</u></u>

At June 30, 2023, the proprietary funds held the following deposits of restricted funds:

**Restricted Cash, Cash Equivalents and Investments**

Proprietary Funds:

Stratford Meter Deposit	\$ 68,101
Total	<u><u>\$ 68,101</u></u>



**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

There were no deposits of restricted funds in the governmental funds at June 30, 2023.

Deposits and Investment Risks:

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

The Town 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 Town 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 Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the Town’s deposits 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
Governmental Funds	\$ 250,000	\$ 2,040,343	\$ 0	\$ 2,290,343
Proprietary Funds	250,000	1,404,141	100	1,654,241
Total	<u>\$ 500,000</u>	<u>\$ 3,444,484</u>	<u>\$ 100</u>	<u>\$ 3,944,584</u>

*Investment Credit Risk* – State law limits the investments available to the Town and is described below.

- 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 of Oklahoma is pledged.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district 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 district.
- 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.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments 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.

If applicable, the Town 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. The Town currently has no investments that require a fair value measurement.

**NOTE 3 – ACCOUNTS RECEIVABLE**

The Stratford Public Works Authority has accounts receivable from utility services in the amount of \$184,422. Management does not consider the entire amount of accounts receivable to be fully collectible, therefore an allowance for doubtful accounts has been estimated.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	Accounts Receivable
Balance, July 1, 2022	\$ 0
Current Year Changes	184,422
Balance, June 30, 2023	<u>\$ 184,422</u>

	Accounts Receivable
Receivables, June 30, 2023	\$ 184,422
Allowance for Doubtful Accounts	(120,140)
Net Receivables, June 30, 2023	<u>\$ 64,282</u>

**NOTE 4 – PREPAID EXPENSES**

Prepaid expenses in the financial statement represent insurance payments made during the fiscal year ending June 30, 2023 to insurers for insurance coverage periods after the fiscal year ends. As of June 30, 2023 the Town's governmental funds had prepaid expenses in the amount of \$1,816 and the proprietary funds had prepaid expenses in the amount of \$1,816.

**NOTE 5 – OTHER ASSETS**

The balance in the amount of \$17,420 in the governmental funds financial statement represents the escrow amount left on deposit with OMAG, which is to be disbursed or applied to outstanding premium balances at a later period.

**NOTE 6 – CHANGES IN CAPITAL ASSETS**

Changes in governmental capital assets during the year ending June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Government Activities:				
Land	\$ 84,571	\$ 0	\$ (25,200)	\$ 59,371
Buildings	803,916	22,684	0	826,600
Equipment	627,087	13,683	(5,297)	635,473
Governmental Net Capital Assets	<u>\$ 1,515,574</u>	<u>\$ 36,367</u>	<u>\$ (30,497)</u>	<u>\$ 1,521,444</u>

Changes in proprietary capital assets during the year ending June 30, 2023, were as follows:

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Business Type Activities:				
Autos, Trucks, and Tractors	\$ 135,944	\$ 19,250	\$ 0	\$ 155,194
Equipment	513,632	288,569	0	802,201
Business Type Net Capital Assets	<u>\$ 649,576</u>	<u>\$ 307,819</u>	<u>\$ 0</u>	<u>\$ 957,395</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Government Activities:	
Buildings	\$ 16,123
Equipment	12,863
Total	<u>\$ 28,986</u>

Depreciation and amortization expense was charged to functions/programs of the proprietary funds as follows:

Business Type Activities:	
Autos, Trucks, and Tractors	\$ 9,500
Equipment	18,540
Total	<u>\$ 28,040</u>

**NOTE 8 – CUSTOMER DEPOSITS**

The Town has an established policy for the reimbursement of customer deposits for their utility services. Changes during the year ending June 30, 2023, were as follows:

	Customer Deposits
Balance, July 1, 2022	\$ 63,863
Current Year Changes	(7,603)
Balance, June 30, 2023	<u>\$ 56,260</u>

**NOTE 9 – ACCOUNTS PAYABLE**

As of June 30, 2023, the Stratford Public Works Authority had Accounts Payable, which consist of obligations to various suppliers and creditors for goods and services received on or before June 30, 2023 that have not been paid for by the end of the fiscal year. Changes during the fiscal year for governmental activities was as follows:

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Accounts Payable</u>
Balance, July 1, 2022	\$ 0
Current Year Changes	<u>60,562</u>
Balance, June 30, 2023	<u><u>\$ 60,562</u></u>

Changes during the fiscal year for proprietary funds was as follows:

	<u>Accounts Payable</u>
Balance, July 1, 2022	\$ 0
Current Year Changes	<u>40,858</u>
Balance, June 30, 2023	<u><u>\$ 40,858</u></u>

**NOTE 10 – ACCRUED PAYROLL AND COMPENSATED ABSENCES LIABILITIES**

The paycheck on July 13, 2023 was for the pay period from June 24 – July 7, 2023. The liability for accrued payroll is recorded in the financial statements of the proprietary fund for the Public Works Authority. Additionally, the Stratford Public Works Authority records an accrued compensated absences liability for accumulated vacation time (for all eligible employees regardless of the period of employment) and for sick leave (only for employees that have been employed for at least 5 years before the end of the employment).

The following represent the changes in accrued payroll and compensated absences liabilities as of June 30, 2023:

	<u>Accrued Payroll</u> <u>Government</u>
Balance, July 1, 2022	\$ 0
Current Year Changes	<u>4,298</u>
Balance, June 30, 2023	<u><u>\$ 4,298</u></u>

	<u>Compensated</u> <u>Absences</u> <u>Government</u>
Balance, July 1, 2022	\$ 0
Current Year Changes	<u>3,965</u>
Balance, June 30, 2023	<u><u>\$ 3,965</u></u>

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	Accrued Payroll Public Works
Balance, July 1, 2022	\$ 0
Current Year Changes	4,422
Balance, June 30, 2023	<u>\$ 4,422</u>

	Compensated Absences Public Works
Balance, July 1, 2022	\$ 0
Current Year Changes	4,620
Balance, June 30, 2023	<u>\$ 4,620</u>

**NOTE 12 – FUND EQUITY**

During the fiscal year ending June 30, 2023, the Town had the following Non-spendable, Restricted, Committed, Assigned, and Unassigned Fund Balances:

**Government Activities:**

a. Non-spendable

The Town had no non-spendable funds as of June 30, 2023.

b. Restricted

Fund	Amount
Non-major Governmental Funds:	
Cemetery	\$ 19,597
Library	9,661
Grants	25,715
Total Non-major Governmental Funds:	<u>54,973</u>
Total Restricted Funds	<u>\$ 54,973</u>

c. Committed

The Town had no committed funds as of June 30, 2023.

d. Assigned

The Town had no assigned funds as of June 30, 2023.

e. Unassigned

Fund	Amount
General Fund	\$ 2,280,738
Total Unassigned Funds	<u>\$ 2,280,738</u>

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 13 – INTERFUND TRANSFERS**

Interfund transfers which occurred during the fiscal year ending June 30, 2023 are as follows:

Fund	Transfers In	Transfers Out
to General Fund:		
from SPWA	\$ 87,839	\$
to Public Works Authority:		
from General Fund	145,806	
to Meter Deposit:		
from General Fund	1,942	
to Cemetery Fund:		
from General Fund	1,284	
from SPWA:		
to General Fund		87,839
from General Fund:		
to SPWA		145,557
to Cemetery		1,284
from Meter Fund		
to General Fund		249
from SPWA:		
to Meter Fund		1,942
from General Fund:		
	<u>\$ 236,871</u>	<u>\$ 236,871</u>

**NOTE 14 – PENSION PLAN**

The Town of Stratford participates in a defined contribution plan through the Oklahoma Municipal Retirement Fund. The employee pays 2% pre-taxed, and the employer pays 1.19%. In the fiscal year ending June 30, 2023, the following contributions were made:

For the Year			
Ending	Employee	Employer	Total
2023	\$ 6,558	\$ 3,277	\$ 9,835

The Town of Stratford also participates in the Oklahoma State Firefighters Pension and Retirement System for their volunteer firefighters. For the year ending June 30, 2023, the Town contributed \$1,750 for 25 volunteer firefighters.

**Town of Stratford, Oklahoma**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**NOTE 15 – COMMITMENTS AND CONTINGENCIES**

**Grant Audit**

The Town receives grant funds from various Federal and State agencies during the normal course of operations. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**Litigation**

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

**NOTE 16 – RISK MANAGEMENT**

The Town 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 for which the Town carries commercial insurance. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

There have been no significant reductions in coverage from the prior year. Claims have not exceeded coverage in the current year or either of the two previous years.

**NOTE 17 – DATE OF MANAGEMENT’S REVIEW**

Management has evaluated subsequent events through February 20, 2025, the date of which the financial statements were available to be issued.





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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***

To the Mayor and Town Council  
Town of Stratford  
Stratford, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit of the Stratford Industrial Authority, and each major fund of the Town of Stratford, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 20, 2025.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. The material weaknesses identified are labeled as Findings 2023-2, 2023-3, and 2023-4.

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. During our audit we identified the following significant deficiencies and labeled them as Findings 2023-1 and 2023-5.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Stratford, Oklahoma'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.

### **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

February 20, 2025

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

### **2023-1     Off-Balance Sheet Accounting**

Condition – The Town of Stratford had a fundraising account called “Stratford Firefighters” that was not listed on the financial statements. There was also stock from Principal Financial Group that was not recorded.

Effect – The Town’s assets were understated by \$11,394 for the Fire Department and \$7,637 for the general government.

Cause – Lack of oversight by the town council and accounting personnel. The town had monies that were not properly tracked or reported on the financial statements.

Recommendation – We recommend that the Town report all bank accounts using the Town’s Employer Identification Number (EIN) be reported on the financial statements.

### **2023-2     Lack of Cut Off and Late Fee Charges**

Condition – Sixteen (16) residents’ accounts were tested, 8 of them were missing the assessment of late fees. One (1) of those should have been shut off, but they were not. One (1) had late fees charged in error.

Effect – Noncompliance with the Town’s policies regarding late fees and shut offs.

Cause – The Town’s policy states that a late fee should be charged if payment is made after the due date.

Recommendation – The Town should enforce its own policies to ensure that all accounts are handled properly and all penalties are assessed.

### **2023-3     Inaccurate Bank Reconciliations**

Condition – The bank reconciliation for the Customer Pickup account had a journal entry for \$22,078 and Cash Operating account had a journal entry for \$635 that were incorrect and should have been reversed.

Effect – The cash balances for these accounts were incorrectly reflected and the error was undetected.

**Town of Stratford, Oklahoma**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2023**

Cause – The firm that prepares the financial statements does not reconcile the accounts themselves, they use the ones provided by the Town. The Town, however, does not review the reconciliations themselves for unusual or transactions.

Recommendation – The Town Clerk, Treasurer, and accountant need to coordinate to ensure that the reconciliations are complete and correct.

**2023-4      Long outstanding checks and deposits**

Condition – There are several long outstanding checks and deposits dating as far back as 2015.

Effect – The assets of the Town do not properly reflect the current condition of the bank accounts.

Cause – Oklahoma Title 735 requires entities to remit unclaimed property to the Oklahoma State Treasurer in a timely manner each year.

Recommendation 1 – Outstanding items should be reviewed regularly for any indication of errors or issues.

Recommendation 2 – The Town Clerk, Treasurer, and accountant should review the reconciliations periodically to identify misstatements due to error or fraud.

**2023-5      Noncompliance with grant funds**

Condition – The fire department spent grant monies incorrectly.

Effect – The fire department owes the general fund \$2,567.89 for leftover grant funds.

Cause – The expenses for the fire department were not properly tracked or managed throughout the year.

Recommendation – The Town is responsible for the oversight of any grant funds. Monitoring of the fire department account and its grant revenues and expenses will assist with compliance.