

AUDIT REPORT

TOWN OF MENO, OKLAHOMA

JUNE 30, 2023



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TOWN OF MENO, OKLAHOMA
JUNE 30, 2023

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TOWN OF MENO, OKLAHOMA
LIST OF COUNCIL MEMBERS
JUNE 30, 2023

TOWN COUNCIL

<u>NAME</u>	<u>POSITION</u>
Rick Goodman	Mayor
Elroy Unruh	Trustee
Monica Greb	Trustee
Lacey Navarro	Trustee
Lukas Buller	Trustee
Janel M. Powell	Clerk/Treasurer

Unaudited

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Meno, Oklahoma

Qualified and Unmodified Opinions

I have audited the modified cash-basis financial statements of the governmental activities, the business-type activities and each major fund of the Town of Meno, 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 Meno's basic financial statements as listed in the table of contents.

Summary of Opinions

<i>Opinion Unit</i>	<i>Type of Opinion</i>
Governmental Activities	Qualified
Business-Type Activities	Unmodified
Governmental Fund - General Fund	Unmodified
Governmental Fund - Street & Alley Fund	Unmodified
Governmental Fund - Fire Department Fund	Qualified
Governmental Fund - ARPA Fund	Unmodified
Governmental Fund - Grant Fund	Unmodified
Enterprise Fund - Meno PWA Fund	Unmodified

Qualified Opinions on Governmental Activities, Fire Department Fund

In my opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section my report, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities and Fire Department Fund of the Town of Meno as of June 30, 2023, and the respective changes in modified cash-basis financial position thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Unmodified Opinions on Business-Type Activities, General Fund, Street & Alley Fund, ARPA Fund, Grant Fund, PWA Fund

In my opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the business-type activities, General Fund, Street & Alley Fund, ARPA Fund, Grant Fund and PWA Fund of the Town of Meno as of June 30, 2023, and the respective changes in modified cash-basis financial

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position and, where applicable, cash flows thereof for the year then ended in accordance with modified cash basis of accounting described in Note 1.

Basis for Qualified and Unmodified Opinions

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Meno, Oklahoma and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified and unmodified audit opinions.

Matters Giving Rise to Qualified Opinions on Governmental Activities and Other Governmental Funds

As discussed in Note 1 to the financial statements, the Town's Governmental Funds have not maintained accurate capital asset records to support the historical cost of past capital asset purchases. The modified cash basis of accounting requires that items, having substantial support in U.S. generally accepted accounting principles, such as capitalizing assets at historical cost and recording depreciation, be recorded in the financial statements. The Town has not maintained accurate capital assets records to support the historical cost of past capital asset purchases and the related depreciation. Documentation supporting historical cost was not readily available for my review. The amount by which this departure would affect the assets, net position, and expenditures/expenses of the Governmental Activities is not readily determinable.

As described in the Notes, the combined financial statements referred to above do not include all of the financial activities of the Fire Department Fund which should be included as a Governmental Fund, in order to conform with the modified cash basis of accounting. The effect of this omission on these modified cash basis financial statements is not reasonably determinable, but is considered sufficiently material.

Emphasis of Matter - Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than

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accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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

My 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 my 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 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 GAAS, I

- 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 the Town of Meno'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,

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as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Meno's ability to continue as a going concern for a reasonable period of time.

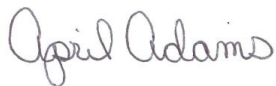
I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary and Other Information

The introductory section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated April 19, 2024, on my consideration of the Town of Meno's internal control over financial reporting and my 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 my 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 Town of Meno'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 Town of Meno's internal control over financial reporting and compliance.



April Adams CPA PLLC

Ponca City, Oklahoma

April 19, 2024

TOWN OF MENO, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2023 Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and cash equivalents	\$ 424,417	\$ 143,595	\$ 568,013
Investments	6,356	20,753	27,109
Total Current Assets	<u>430,774</u>	<u>164,348</u>	<u>595,121</u>
<u>Capital Assets:</u>			
Land	-	-	-
Other Capital Assets, Net of Accum. Depr.	87,980	548,497	636,477
Total Capital Assets	<u>87,980</u>	<u>548,497</u>	<u>636,477</u>
TOTAL ASSETS	<u>518,754</u>	<u>712,844</u>	<u>1,231,598</u>
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Customer Deposits	-	7,355	7,355
Total Current Liabilities	<u>-</u>	<u>7,355</u>	<u>7,355</u>
<u>Long-Term Liabilities:</u>			
Notes Payable	-	-	-
Less: Current Portion of Long-Term Debt	-	-	-
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>7,355</u>	<u>7,355</u>
<u>NET POSITION</u>			
Net investment in capital assets	87,980	548,497	636,477
Restricted for:			
Debt Service	-	-	-
Other Purposes	-	-	-
Unrestricted	430,774	156,994	587,767
TOTAL NET POSITION	<u>\$ 518,754</u>	<u>\$ 705,490</u>	<u>\$ 1,224,244</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MENO, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General Government	\$ 34,909	\$ -	\$ 20,893	\$ 92,567	\$ 78,551
Public Safety	23,718	-	10,053	-	(13,665)
Highways & Streets	9,581	-	-	-	(9,581)
Total Governmental Activities	68,207	-	30,946	92,567	55,305
Business-type activities:					
Water	16,594	32,420	-	-	15,826
Sewer	7,906	23,409	-	-	15,503
Sanitation	23,274	31,590	-	-	8,316
Administrative & Depreciation	77,019	1,195	-	-	(75,824)
Total Business-type Activities	124,793	88,614	-	-	(36,178)
Total	\$ 193,000	\$ 88,614	\$ 30,946	\$ 92,567	\$ 19,127

Changes in Net Position:

	Governmental Activities	Business-Type Activities	Total
Net (expense)/revenue	\$ 55,305	\$ (36,178)	\$ 19,127
General revenues:			
Taxes:			
Franchise Tax	8,116	-	8,116
Sales & Use Tax	77,679	-	77,679
Cigar Tax	558	-	558
Intergovernmental:			
Alcoholic Beverage Tax	9,699	-	9,699
Gasoline Excise Tax	345	-	345
Motor Vehicle Tax	1,406	-	1,406
Cemetery Receipts	-	-	-
Contributions	-	-	-
Miscellaneous Income	6,265	-	6,265
Interest Income	445	273	718
Transfers - Internal Activity	(123,441)	123,441	-
Total general revenues & transfers	(18,928)	123,714	104,786
Changes in net position	36,377	87,536	123,913
Net position - beginning	482,256	617,954	1,100,211
Net position - prior year adjustment	120	-	120
Net position - ending	\$ 518,754	\$ 705,490	\$ 1,224,244

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MENO, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General Fund	Street & Alley Fund	Fire Dept. Fund	ARPA Fund	Grant Fund	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 136,704	\$ 98,366	\$ 147,757	\$ 41,590	\$ -	\$ 424,417
Investments	-	-	6,356	-	-	6,356
TOTAL ASSETS	\$ 136,704	\$ 98,366	\$ 154,113	\$ 41,590	\$ -	\$ 430,774
<u>LIABILITIES & FUND EQUITY</u>						
<u>LIABILITIES:</u>						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-	-	-
<u>FUND BALANCES:</u>						
Nonspendable	-	-	-	-	-	-
Restricted	-	98,366	-	41,590	-	139,956
Committed	-	-	-	-	-	-
Assigned	-	-	154,113	-	-	154,113
Unassigned	136,704	-	-	-	-	136,704
TOTAL FUND BALANCES	136,704	98,366	154,113	41,590	-	430,774
TOTAL LIABILITIES AND FUND BALANCES	\$ 136,704	\$ 98,366	\$ 154,113	\$ 41,590	\$ -	\$ 430,774

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities of \$87,980, net of accumulated depreciation of \$0, are not financial resources and, therefore, are not reported in the funds.	87,980
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and therefore are not reported in the funds.	-
Net Position of Governmental Activities	\$ 518,754

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MENO, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General Fund	Street & Alley Fund	Fire Department Fund	ARPA Fund	Grant Fund	Total Governmental Funds
REVENUES:						
Taxes:						
Franchise Tax	\$ 8,116	\$ -	\$ -	\$ -	\$ -	\$ 8,116
Sales & Use Tax	34,524	17,262	25,893	-	-	77,679
Cigar Tax	558	-	-	-	-	558
Intergovernmental:						
Alcoholic Beverage Tax	9,699	-	-	-	-	9,699
Gasoline Excise Tax	-	345	-	-	-	345
Motor Vehicle Tax	-	1,406	-	-	-	1,406
Grants	-	-	10,053	20,893	92,567	123,512
Cemetery Receipts	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Miscellaneous Income	6,265	-	-	-	-	6,265
Interest Income	402	-	42	-	-	445
TOTAL REVENUES	59,564	19,014	35,988	20,893	92,567	228,025
EXPENDITURES:						
Current:						
General Government	34,909	-	-	-	-	34,909
Public Safety	-	-	23,718	-	-	23,718
Highways & Streets	-	9,581	-	-	-	9,581
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	34,909	9,581	23,718	-	-	68,207
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	24,655	9,433	12,270	20,893	92,567	159,818
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	-	-
Transfers Out	(30,874)	-	-	-	(92,567)	(123,441)
Capital Debt Proceeds	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(30,874)	-	-	-	(92,567)	(123,441)
NET CHANGES IN FUND BALANCES	(6,219)	9,433	12,270	20,893	-	36,377
FUND BALANCE - BEGINNING OF YEAR	142,803	88,933	141,843	20,697	-	394,276
FUND BALANCE - PRIOR YEAR ADJUSTMENT	120	-	-	-	-	120
FUND BALANCE - END OF YEAR	\$ 136,704	\$ 98,366	\$ 154,113	\$ 41,590	\$ -	430,774

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MENO, OKLAHOMA
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Reconciliation to Statement of Activities:

Net change in fund balances - total governmental funds	\$ 36,377
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital debt obligation principal payments	-
Issuance of new capital debt obligations is recorded as capital debt proceeds in the governmental funds, but the proceeds create long-term liabilities in the Statement of Net Position:	
Capital Debt Proceeds	-
	-
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	-
Depreciation expense	-
	<hr/>
Change in Net Position of Governmental Activities	<u><u>\$ 36,377</u></u>

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MENO, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2023**

	Meno Public Works Authority Enterprise Fund June 30, 2023
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ 143,595
Investments	20,753
	<hr/>
Total Current Assets	164,348
	<hr/>
Noncurrent Assets:	
Other capital assets, net of accumulated depreciation	548,497
	<hr/>
Total Noncurrent Assets	548,497
	<hr/>
TOTAL ASSETS	712,844
	<hr/>
<u>LIABILITIES & FUND EQUITY</u>	
Current Liabilities:	
Customer Deposits	7,355
Current Portion of Long-Term Debt	-
	<hr/>
Total Current Liabilities	7,355
	<hr/>
Noncurrent Liabilities:	
Notes Payable	-
Less: Current Portion of Long-Term Debt	-
	<hr/>
Total Noncurrent Liabilities	-
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TOTAL LIABILITIES	7,355
	<hr/>
NET POSITION:	
Net investment in capital assets	548,497
Restricted for debt service	-
Unrestricted	156,994
	<hr/>
TOTAL NET POSITION	\$ 705,490
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF MENO, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Meno Public Works Authority Enterprise Fund June 30, 2023
<u>OPERATING REVENUES:</u>	
Charges for Services:	
Water	\$ 32,420
Sewer	23,409
Sanitation	31,590
Miscellaneous Income	1,195
TOTAL OPERATING REVENUES	88,614
<u>OPERATING EXPENSES:</u>	
Administrative	28,346
Water	16,594
Sewer	7,906
Sanitation	23,274
Depreciation	48,673
TOTAL OPERATING EXPENSES	124,793
NET OPERATING INCOME (LOSS)	(36,178)
NON-OPERATING REVENUES (EXPENSES)	
Interest Income	273
Interest Expense	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	273
NET INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(35,905)
Capital Contributions	-
Transfers in	123,441
Transfers out	-
CHANGE IN NET POSITION	87,536
TOTAL NET POSITION - BEGINNING	617,954
TOTAL NET POSITION - PRIOR YEAR ADJUSTMENT	-
TOTAL NET POSITION - ENDING	\$ 705,490

The accompanying notes are an integral part of the basic financial statements.

**TOWN OF MENO, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>June 30, 2023</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 88,614
Other Cash Receipts	-
Payments to Suppliers for Goods & Services	(76,120)
Customer Deposits Received, Net of Refunded	647
Net Cash Provided (Used) by Operating Activities	<u>13,141</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>	
Transfers to other funds	-
Transfers from other funds	123,441
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>123,441</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Capital grant received for construction/purchase of capital assets	-
Purchases of Capital Assets	(123,441)
Proceeds from sale of Capital Assets	-
Loan Proceeds received	-
Principal paid on Notes Payable	-
Interest paid	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(123,441)</u>
Cash Flows from Investing Activities:	
(Increase)Decrease in Investments	(138)
Interest Income	273
Net Cash Provided (Used) by Investing Activities	<u>136</u>
Net Increase (Decrease) in Cash and Cash Equivalents	13,277
Cash & Cash Equivalents, Beginning of Year	130,318
Cash & Cash Equivalents, Prior Year Adjustment	-
Cash & Cash Equivalents, End of Year	<u><u>\$ 143,595</u></u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ (36,178)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	48,673
Increase(Decrease) in Customer Deposits	647
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 13,141</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

A. FINANCIAL REPORTING ENTITY

The Town of Meno, Oklahoma was incorporated under the provisions of the State of Oklahoma. The Town operates under the statutory town form of government and provides the following services: water, sewer, sanitation, fire protection and general administrative services. The more significant of the government's accounting policies are described below.

B. BASIS OF PRESENTATION

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charges to external parties for goods or services.

Fund Financial Statements

The accounts of the Town are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, cash receipts, cash disbursements, and certain accruals. The Town maintains a separate bank account for each fund. All bank accounts are at institutions, which are FDIC insured.

Governmental Fund Types

The General Fund is the general 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

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

fund. The Street and Alley Fund administers revenues from state vehicle taxes, gasoline excise taxes and grant income. The Fire Department is a component unit of the Town and receives funds from grants, local contributions, and other miscellaneous sources. The CDBG Grant Fund account was established to account for grant monies received from the Oklahoma Department of Commerce for Community Development Block Grant money.

Proprietary Fund Types

The PWA Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The costs (expenses, including depreciation) of providing services, such as sewer, on a continuing basis, are financed through user charges, paid by the general public. Proprietary fund types utilize the modified cash basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary fund fixed assets are valued at estimated historical cost, or if contributed property, at its estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses: renewals and betterments are capitalized.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

Measurement Focus

In the government-wide State of Net Position and Statement of Activities, both governmental and business-like activities are presented used the economic resources measurement focus, within the limitations of the modified cash basis of accounting, subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determinations of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

D. FINANCIAL POSITION

Cash and cash equivalents

The statement of cash flows for proprietary fund types explains the change in cash and cash equivalents during the fiscal period. For

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Capital Assets

The Town does not maintain adequate records for property and equipment of the governmental or proprietary fund types; therefore Capital Assets are not reported as required by the modified cash basis of accounting. The capital assets that are included in the financial statements are account for as follows:

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. The range of estimated useful lives by type of assets is as follows:

Buildings	25-50 years
Improvements	10-50 years
Machinery and Equipment	3-20 years
Utility System	25-50 years
Infrastructure	25-50 years

Capitalization Policy

Purchases of capital items in excess of \$1,000.00 that increase the capacity or operation efficiency or extend the useful life of any asset are capitalized. Repairs and maintenance are expensed as incurred.

Long-Term Debt

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

Net Position/Fund Balance Classifications

Net Position is classified and displayed in three components:

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. *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 and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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

Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town classifies governmental fund balances as follows:

- Non-spendable - Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board.
- Unassigned - Includes positive fund balance within the General Fund which has not been classified within the

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

above mentioned categories and negative fund balances in other governmental funds.

The Town uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Government would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

The purposes of each major special revenue fund and revenue source is listed below:

<u>Major Special Revenue Fund</u>	<u>Revenue Source</u>
Street & Alley Fund	Commercial Vehicle Tax Gasoline Excise Tax Grant Income
Fire Department Fund	Charges for Services Grant Income
ARPA Fund	ARPA Grant Income
Grant Fund	Grant Income

E. REVENUES, EXPENDITURES AND EXPENSES

Program Revenues

In the Statement of Activities, modified cash basis revenues that are derived directly from each activity of from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

General Government	Operating and capital grants
Public Safety	Operating and capital grants

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

Operating Revenue and Expenses

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

and related financing, noncapital financing, or investing activities.

F. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

G. COMPENSATED ABSENCES

Compensated absences have not been determined because the Town prepares its financial statements on the modified cash basis of accounting. According to generally accepted accounting principles the liability for compensated absences should be accrued.

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk

At June 30, 2023, the Town held deposits of approximately \$595,121 at financial institutions. The Town's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name. As of June 30, 2023, \$45,209.30 was uninsured & uncollateralized.

Investment Interest Rate Risk

The Town 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.

Investment Credit Risk

The Town has no policy that limits its investment choices other than the limitation 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.

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

- 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.-d.).

Concentration of Investment Credit Risk

The Town places no limit on the amount it may invest in any one issuer. The Town has the following of credit risk: 100% in CDs (\$27,109).

NOTE 3 - CAPITAL ASSETS

The governmental and proprietary fund type operations do not keep detailed capital assets records. These assets would include public domain infrastructure such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. Capital assets include furniture, fixtures and equipment. No depreciation expense has been provided on such assets for the governmental funds. However, the PWA has provided the following detail for capital assets:

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

	Balance at June 30, 2022	Additions	Deductions	Balance at June 30, 2023
<i>Business-Type Activities:</i>				
Non-depreciable assets:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in Progress	2,500	123,441	(125,941)	-
Total non-depreciable assets	2,500	123,441	(125,941)	-
Depreciable assets:				
Buildings	10,248	-	-	10,248
Infrastructure & Improvements				
Other Than Buildings	1,162,383	125,941	-	1,288,324
Furniture, Machinery & Equipment	8,378	-	-	8,378
Total depreciable assets	1,181,009	125,941	-	1,306,950
Less: Accum. Depreciation for:				
Buildings	10,248	-	-	10,248
Infrastructure & Improvements				
Other Than Buildings	691,154	48,673	-	739,827
Furniture, Machinery & Equipment	8,378	-	-	8,378
Total accumulated depreciation	709,781	48,673	-	758,454
Total depreciable assets, net	471,229	77,268	-	548,497
Total Business-Type Activities				
Capital Assets, Net	\$ 473,729	\$ 200,709	\$ (125,941)	\$ 548,497

NOTE 4 - LONG-TERM DEBT

The Town and PWA currently have no long-term debt obligations.

NOTE 5 - EMPLOYEE RETIREMENT PLAN

Description of the Plan

Only the Town's volunteer firemen are covered by a pension plan. This noncontributory plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). The Oklahoma Firefighters Pension and Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. That report may be obtained by writing to Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105-3414, or by calling 1-800-525-7461.

Funding Policy

The Town is required to make annual contributions of \$60.00 per active volunteer fireman to OFPRS. This contribution covers a portion of the

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

cost of benefits that will be paid to vested volunteer firemen. Additional funding comes from a percentage on all taxes collected on premiums collected by insurance companies and appropriation by the State of Oklahoma.

NOTE 6 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to reduce their risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 7 - COMMITMENTS & CONTINGENCIES

Litigation

The Town currently has no pending litigation.

Grant Involvement

In the normal course of operations, the Town participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

TOWN OF MENO, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - INTERFUND TRANSACTIONS

Interfund operating transfers for the year ended June 30, 2023, were as follows:

OPERATING TRANSFERS:	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
GENERAL:		
Street & Alley Fund	\$ -	\$ -
Fire Department Fund	-	-
Grant Fund	-	-
Meno Public Works Authority	-	30,874.33
Total General Fund	<u>\$ -</u>	<u>\$ 30,874.33</u>
SPECIAL REVENUE FUNDS:		
Street & Alley Fund:		
General Fund	\$ -	\$ -
Meno Public Works Authority	-	-
Fire Department Fund:		
General Fund	-	-
Grant Fund:		
Meno Public Works Authority	-	92,566.67
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 92,566.67</u>
ENTERPRISE FUNDS		
Meno Public Works Authority:		
General Fund	\$ 30,874.33	\$ -
Street & Alley Fund	-	-
Grant Fund	92,566.67	-
Total Enterprise Funds	<u>\$ 123,441.00</u>	<u>\$ -</u>
	<u>\$ 123,441.00</u>	<u>\$ 123,441.00</u>

NOTE 9 - FIRE DEPARTMENT

Some of the financial records for the Fire Department Fund were unavailable.

NOTE 10 - SUBSEQUENT EVENTS

The Town did not have any subsequent events through April 19, 2024, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending June 30, 2023.

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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 Board of Trustees
Town of Meno, Oklahoma

I 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 modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Meno, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles, which collectively comprise the Town of Meno, Oklahoma's basic financial statements, and have issued my report thereon dated April 19, 2024, which was qualified for the improper capital asset recordkeeping and exclusion of financial activities of the Fire Department Fund.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Meno's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Meno's internal control. Accordingly, I do not express an opinion on the effectiveness of Town of Meno'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 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.

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My 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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as Item 2023-01 that I consider to be significant deficiencies.

Compliance and Other Matters

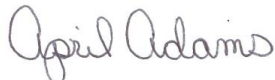
As part of obtaining reasonable assurance about whether the Town of Meno's financial statements are free of material misstatement, I performed tests of compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Town of Meno's Response to Findings

Town of Meno's response to the findings identified in my audit is described in the accompanying Schedule of Findings. Town of Meno's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.



April Adams CPA PLLC
Ponca City, Oklahoma

April 19, 2024

TOWN OF MENO, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2023

INTERNAL CONTROL FINDINGS:

Item 2023-01: Segregation of Duties

Criteria: A good system of internal control requires a proper segregation of duties to prevent one person from being in a position to authorize, execute, and record the same transaction.

Condition: Due to the size of the Town's major areas of internal control, that would be prevalent in a larger Town, such segregation of duties is not available for this size operation. Duties are concentrated in the hands of a few individuals, who are responsible for all phases of the accounting functions. Because of this lack of division of responsibility, internal control is determined to be weak.

Cause/Effect: Due to the limited number of personnel, a breach of internal controls could occur and not be detected in the normal course of operations.

Recommendation: The Board should continue to be actively involved in the operations of the organization.

Response: The Board continues to be actively involved in the operations of the organization.

COMPLIANCE FINDINGS:

None