

# **TOWN OF FLETCHER**

**Fletcher, Oklahoma**

## **ANNUAL FINANCIAL STATEMENTS & INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended June 30, 2023**

# CITY OF FLETCHER, OKLAHOMA

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## Reconciliation Services, PLLC

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### INDEPENDENT AUDITOR'S REPORT

To the Town Trustees  
Town of Fletcher, Oklahoma

#### Report on the Audit of the Financial Statements

##### Qualified and Unmodified Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Fletcher, Oklahoma (the Town), 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 as listed in the table of contents.

##### Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-type Activities	Qualified
General Fund	Unmodified
Government Fund: ARPA Fund	Unmodified
Government Fund: Grant Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Enterprise Fund: Fletcher Public Works Authority	Qualified

##### *Qualified Opinions on Governmental Activities, Business-Type Activities and Enterprise Fund: Fletcher Public Works Authority*

In our opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of our report, the modified cash basis financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information, of the Town, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

##### *Unmodified Opinions on the General Fund, Government Fund: ARPA Fund, Government Fund: Grant Fund, Enterprise Fund: Fletcher Public Works Authority and the aggregate remaining fund information.*

In our opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective financial position of the general fund, government fund: ARPA Fund, government fund: Grant Fund, and the aggregate remaining fund information, of the Town of Fletcher, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting.

##### ***Basis for Qualified and Unmodified 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, and to meet our other ethical responsibilities, in accordance with the relevant ethical

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objective is 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 opinions. 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 the Town'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 that raise substantial doubt about the City'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.

### **Basis of Accounting**

As discussed in Note 1, which describes the basis of accounting, the financial statements are prepared on the modified cash basis. Modified cash basis of accounting is an accounting basis other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Matters**

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

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

**Other Reporting Required by *Government Auditing Standard***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2024, on our consideration of the Town'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 City'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's internal control over financial reporting and compliance.

Regards,

*Reconciliation Services PLLC*

Stroud, Oklahoma  
December 17, 2024

**TOWN OF FLETCHER**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**June 30, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 499,690	\$ 98,307	\$ 597,997
Restricted cash and cash equivalents	77,987	46,471	124,458
Investments	108,300	2,500	110,800
Total Current Assets	685,977	147,278	833,255
Noncurrent Assets:			
Capital assets:			
Land	17,009	-	17,009
Construction in Progress	4,100	155,066	159,166
Other capital assets, net of accumulated depreciation	250,911	224,294	475,205
Total noncurrent assets	272,020	379,360	651,380
<b>Total Assets</b>	957,997	526,638	1,484,635
<b>Liabilities</b>			
Current liabilities:			
Notes payable - current portion	14,760	-	14,760
Total Current Liabilities	14,760	-	14,760
Noncurrent liabilities:			
Refundable deposits	-	40,260	40,260
Bonds and notes payable	62,028	-	62,028
Less: current portion	(14,760)	-	(14,760)
Total noncurrent liabilities	47,268	40,260	87,528
Total Liabilities	62,028	40,260	102,288
<b>Net position</b>			
Net Investment in Capital Assets	209,992	379,360	589,352
Restricted:			-
Streets	21,664	-	21,664
Grant Funds	77,987	-	77,987
Cemetery	17,114	-	17,114
Unrestricted	569,217	107,018	676,235
Total net position	\$ 895,974	\$ 486,378	\$ 1,382,352

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

**TOWN OF FLETCHER**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental Activities:							
General government	\$ 517,063	\$ 6,041	\$ 10,398	\$ 336,802	\$ (163,822)	\$ -	\$ (163,822)
Utility collections	162,693	174,703	-	-	12,010	-	12,010
Public safety	42,157	44,901	19,856	-	22,600	-	22,600
Cemetery / Parks	8,505	19,118	-	-	10,613	-	10,613
Total government activities	<u>730,418</u>	<u>244,763</u>	<u>30,254</u>	<u>336,802</u>	<u>(118,599)</u>	<u>-</u>	<u>(118,599)</u>
Business-type activities							
Water & Sewer	323,719	354,732	-	-	-	31,013	31,013
Total business-type activities	<u>323,719</u>	<u>354,732</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,013</u>	<u>31,013</u>
Totals	<u>\$ 1,054,137</u>	<u>\$ 599,495</u>	<u>\$ 30,254</u>	<u>\$ 336,802</u>	<u>(118,599)</u>	<u>31,013</u>	<u>(87,586)</u>

General Revenues		
Sales Tax	384,039	384,039
Use Tax	161,651	161,651
Intergovernmental revenue	20,109	20,109
Franchise Fees	23,692	23,692
Rent	12,636	12,636
Miscellaneous	2,002	2,002
Interest income	296	296
Interest expense	(4,346)	(11,929)
Transfers: In	110,288	489,412
Transfers: Out	<u>(489,412)</u>	<u>(489,412)</u>
Total general revenues and transfers	<u>220,955</u>	<u>592,496</u>
Change in net position	102,356	504,910
Net position, beginning of year	<u>793,618</u>	<u>877,442</u>
Net position, end of year	<u>\$ 895,974</u>	<u>\$ 1,382,352</u>

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

**TOWN OF FLETCHER**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	General Fund	ARPA Fund	Grant Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 383,770	\$ -	\$ -	\$ 115,920	\$ 499,690
Restricted cash and cash equivalents	-	106	77,881	-	77,987
Investments in CDs	105,000	-	-	3,300	108,300
Total Assets	<u>\$ 488,770</u>	<u>\$ 106</u>	<u>\$ 77,881</u>	<u>\$ 119,220</u>	<u>\$ 685,977</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Note I.D.)</b>					
Restricted	-	106	77,881	38,778	116,765
Committed	-	-	-	80,442	80,442
Assigned	-	-	-	-	-
Unassigned	488,770	-	-	-	488,770
Total fund balances	<u>488,770</u>	<u>106</u>	<u>77,881</u>	<u>119,220</u>	<u>685,977</u>
Total liabilities and fund balances	<u>\$ 488,770</u>	<u>\$ 106</u>	<u>\$ 77,881</u>	<u>\$ 119,220</u>	<u>\$ 685,977</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.

The cost of the assets are \$1,449,131 and the accumulated depreciation is (\$1,198,220), net effect for reconciliation.

272,020

Long-term liabilities, including General Obligation bonds, are not due and payable in the current period and therefore are not reported in the funds.

-  
(62,023)

Net Position of Governmental Activities

\$ 895,974

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



**TOWN OF FLETCHER**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2023**

	General Fund	ARPA Fund	Grant Fund	Nonmajor Funds	Total Government Funds
<b>Revenues:</b>					
Sales tax	\$ 384,039	\$ -	\$ -	\$ -	\$ 384,039
Use tax	161,651	-	-	-	161,651
Intergovernmental	9,222	-	-	10,887	20,109
Franchise fees	23,692	-	-	-	23,692
License, permits and fees	1,723	-	-	-	1,723
Fines and forfeitures	28,719	-	-	-	28,719
Charges for services	174,728	-	-	35,275	210,003
Grant revenue	220,540	128,344	-	-	348,884
Rent revenue	4,161	-	-	8,475	12,636
Miscellaneous	17,489	-	1	5,000	22,490
Interest income	271	-	-	25	296
Total Revenues	<u>1,026,235</u>	<u>128,344</u>	<u>1</u>	<u>59,662</u>	<u>1,214,242</u>
<b>Expenditures:</b>				59,662	
Current:					-
General government	508,922	-	-	7,931	516,853
Utility collections	162,694	-	-	-	162,694
Public safety	-	-	-	3,614	3,614
Capital Outlay					
General government	104,763	-	-	-	104,763
Cemetery / Parks	-	-	-	8,505	8,505
Debt service:					
Debt principal payment	34,606	-	-	3,428	38,034
Debt interest payment	1,744	-	-	2,602	4,346
Total expenditures paid	<u>812,729</u>	<u>-</u>	<u>-</u>	<u>26,080</u>	<u>838,809</u>
Excess of revenues collected over (under) expenditures	213,506	128,344	1	33,582	375,433
<b>Other Financing Sources (Uses)</b>					
Lease financing	24,530	-	-	-	24,530
Operating transfers in	9,902	100	100,286	-	110,288
Operating transfers out	(237,373)	(128,338)	(123,701)	-	(489,412)
Total Other Financing Sources (Uses)	<u>(202,941)</u>	<u>(128,238)</u>	<u>(23,415)</u>	<u>-</u>	<u>(354,594)</u>
Net change in fund balances	10,565	106	(23,414)	33,582	20,839
<b>Fund balances, beginning of year</b>	<u>478,205</u>	<u>-</u>	<u>101,295</u>	<u>85,638</u>	<u>665,138</u>
<b>Fund balances, end of year</b>	<u>\$ 488,770</u>	<u>\$ 106</u>	<u>\$ 77,881</u>	<u>\$ 119,220</u>	<u>\$ 685,977</u>

Cont.

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

**TOWN OF FLETCHER**  
**RECONCILIATION OF THE STATEMENT OF REVIEWS, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

Excess (deficiency) of revenues over expenditures total governmental funds:	\$ 20,839
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital outlay	113,270
Depreciation expense	(45,261)
Proceeds from Leases	(24,529)
Principal repayments	<u>38,034</u>
Change in net position of governmental activities	<u><u>\$ 102,353</u></u>

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

**TOWN OF FLETCHER**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**June 30, 2023**

	Public Works Authority
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 98,307
Restricted cash and cash equivalents	46,471
Investments in CD	2,500
Total current assets	<u>147,278</u>
Noncurrent Assets	
Construction in progress	155,066
Capital assets:	
Equipment & vehicles	336,410
Buildings	40,000
Water system	306,076
Less accumulated depreciation	<u>(458,192)</u>
Total noncurrent assets	<u>379,360</u>
Total Assets	<u>526,638</u>
<b>Liabilities</b>	
Current liabilities	
Refundable deposits - current position	4,056
Total current liabilities	<u>4,056</u>
Noncurrent liabilities	
Refundable deposits	36,204
Total noncurrent liabilities	<u>36,204</u>
Total liabilities	<u>40,260</u>
<b>Net position</b>	
Invested in capital assets	379,360
Unrestricted	107,018
Total net position	<u><u>\$ 486,378</u></u>

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

**TOWN OF FLETCHER**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**YEAR END JUNE 30, 2023**

	<u>Public Works Authority</u>
Revenues:	
Charges for services:	
Utility revenue	\$ 351,998
Miscellaneous	34
Rent	<u>2,700</u>
Total operating revenues	354,732
Operating Expenses:	
Salaries and wages	111,612
Other operating expenses	192,890
Administration and general	-
Depreciation	<u>19,257</u>
Total operating expenses	<u>323,759</u>
Net operating income	<u>30,973</u>
Nonoperating revenue (expense)	
Interest income	40
Interest (expense)	(7,583)
Operating transfers in	379,124
Operating transfers out	<u>-</u>
Total transfers	<u>371,581</u>
Change in Net Position	402,554
Fund balances, beginning	<u>83,824</u>
Fund balances, end of year	<u><u>\$ 486,378</u></u>

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

**TOWN OF FLETCHER**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**For the Year Ended June 30, 2023**

	Public Works Authority
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 354,732
Payments to suppliers	(187,850)
Payments to employees	(111,612)
Net cash provided (used) by operating activities	<u>55,270</u>
<b>Cash flows from noncapital financing activities</b>	
Transfers from other funds	<u>379,124</u>
Net cash provided (used) by noncapital financing activities	379,124
<b>Cash flows from capital and related financing activities</b>	
Purchase of capital assets	(259,086)
Principal paid on capital debt	(130,162)
Interest paid on capital debt	(7,583)
Net cash provided (used) by capital and related financing activities	<u>(396,831)</u>
<b>Cash flows from investing activities</b>	
Interest income	<u>41</u>
Net cash provided (used) by investing activities	<u>41</u>
Net increase (decrease) in cash and cash equivalents	37,604
Cash balance beginning of year	<u>109,674</u>
Cash balance end of year	<u><u>\$ 147,278</u></u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 30,973
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	19,257
Decrease in refundable meter deposits	<u>5,040</u>
Net cash provided by operating activities	<u><u>\$ 55,270</u></u>

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

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

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

The Town of Fletcher, Oklahoma, (the Town) is a town form of government authorized by the charter and Title 11 of the Oklahoma Statutes. The governing body of the town is the Town Council comprised of five elected members.

The accompanying financial statements present the Town of Fletcher and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

**Blended Component Unit**

The Fletcher Public Works Authority (the Authority) serves all the citizens of the government and is governed by a board comprised of the government's elected council. The rates for user charges and bond issuance authorizations are approved by the government's council and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Authority is presented as an enterprise fund.

**B. Government-wide and fund financial statements**

*Government-Wide Financial Statements*

The government-wide financial statements (i.e., the statement of assets, liabilities and net position and the statement of revenues, expenses and changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of revenues, expenses and changes in net position demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide financial statements of the Town are prepared on a modified cash basis of accounting. Under this basis, cash receipts are recognized as revenue at the date of receipt and cash payments are recognized as expenditures at date of payment with the following modifications:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long term debt is recorded when incurred.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

*Fund Financial Statements*

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in each fund-type financial statement.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The modified cash basis of accounting is used. However, the governmental funds focus on current financial resources measurement thus capital assets and debt is not recorded.

The Town reports the following major government funds:

General Fund – is the Government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

ARPA Fund – is a special revenue fund which accounts for American Rescue Plan Act funds received and expended.

Grant Fund – is a special revenue fund which accounts for grant revenues received and expended.

Nonmajor governmental funds are the Auto Tax, New Cemetery, Cemetery Perpetual, Cemetery Care, Fire Equipment, Recreation and the Economic Development funds.

The Town reports the Fletcher Public Works Authority (FPWA) as a major proprietary fund. FPWA accounts for the activities related to the provision of water and sewer services to businesses and residents. It operates the water and sewer treatment plants, water distribution system, sewer collections systems and pump stations.

Proprietary funds are accounted for using the modified cash basis of accounting modified as follows:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long-term debt is recorded when incurred.
- Customer Meter deposits are held and recorded as a liability.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Town’s enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

**C. Assets, Liabilities and net position or equity**

***1. Deposits and investments***

For the purpose of the statement of cash flows, the Town considers short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents

Oklahoma Statutes authorize the Town to invest in direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposits of financial institutions located in the state of Oklahoma or fully-insured certificates of deposits of financial institutions located outside the state; savings accounts, and county, municipal or school district general obligation debt.

# TOWN OF FLETCHER

## NOTES TO THE FINANCIAL STATEMENTS

### FOR YEAR ENDED JUNE 30, 2023

The Town does not have a specific policy limiting the concentration amount that may be invested with one issuer. The Town has no formal policy on managing credit risk.

Public trusts created under Oklahoma Statutes Title 60 are not subject to the above investment limitations and are primarily governed by any restrictions in their trust or note indenture.

#### ***2. Interfund transactions***

Interfund receivables and payables arise from interfund transactions and are recorded in the period transacted. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to move unrestricted revenue collected to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### ***3. Restricted assets***

Certain proceeds of the Authority's notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable loan covenants. The debt service reserve accounts are used to report resources set aside to make up potential futures deficiencies, or to meet unexpected contingencies or to fund asset construction, renewals and replacements. Customer utility deposits are reported as restricted cash.

#### ***4. Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building Improvements	10-20
Infrastructure	50
System Infrastructure	30-50
Vehicles, Office Equip.	5
Machinery & Equipment	10

#### ***5. Fund equity***

Fund Balance Classification: The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the entity is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable resources as of June 30, 2023.



**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town has restricted resources by state law and from grants as of June 30, 2023.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal ordinance or resolution of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the council delegating this responsibility to management through the budgetary process. The Town did not have any assigned resources as of June 30, 2023.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Town would typically use restricted fund balances first, followed by committed resources, and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Grant Fund	ARPA Fund	Other Governmental Funds	Total
Restricted for:					
Cemetery	\$ -	\$ -	\$ -	\$ 17,114	\$ 17,114
Grants	-	77,881	106	-	77,987
Streets	-	-	-	21,664	21,664
Total Restricted	-	77,881	106	38,778	116,765
Committed to:					
Public safety	-	-	-	29,446	29,446
Parks	-	-	-	28,976	28,976
Economic Development	-	-	-	22,020	22,020
Total Committed	-	-	-	80,442	80,442
Unassigned	488,770	-	-	-	488,770
Total Fund Balances	<u>\$ 488,770</u>	<u>\$ 77,881</u>	<u>\$ 106</u>	<u>\$ 119,220</u>	<u>\$ 685,977</u>

The Town would typically use restricted fund balances first, followed by committed resources and the assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

**II. BUDGETARY INFORMATION**

The Town submits an Estimate of Needs to the Comanche County Excise board each year in September for approval. The Estimate of Needs is prepared on the cash basis and serves as the budget for the General Fund.

The budgetary comparison schedules are reported on the same modified cash basis as governmental funds within the basic financial statements. For budgetary comparison purposes, the Town considers all encumbrances to lapse at year end; therefore, encumbrances are not considered expenditures for budgetary comparison purposes. However, the Town will re-appropriate these lapsed encumbrances in the subsequent year budget.

**III. DEPOSITS AND INVESTMENTS**

A summary of cash and investments shown in the statement of net position follows:

Deposits and Investments at June 30, 2023:	Maturity		
Asset Classification:	(Months)	Credit Rating	Carrying Value
Demand deposits	N/A	N/A	\$ 722,455
Time deposits - maturities less than one year		N/A	110,800
Total Deposits and Investments:			<u>\$ 833,255</u>
Reconciliation of Cash to Statement of Net Position			
Governmental Activities			\$ 577,677
Business-Type Activities			<u>144,778</u>
			<u>\$ 722,455</u>

*Deposit Custodial Credit Risk:* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town follows state statutes regarding custodial credit risk which requires collateral for all deposits in excess of Federal Deposit Insurance. At June 30, 2023, the bank balance was insured and collateralized.

*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:* Credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligation to the holder of the investment. 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 – as of the year end.

*Concentration of credit risk:* Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Town does not have a formal policy limiting the amount that may be invested with one issuer.

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

**IV. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	6/30/2022 Balance	Additions	Deletions	6/30/2023 Balance
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ -	\$ 17,009	\$ -	\$ 17,009
Construction in Process	-	4,100	-	4,100
Total capital assets not being depreciated	-	21,109	-	21,109
Other capital assets:				
Buildings & Improvements	861,679	9,600	-	871,279
Equipment	-	14,030	-	14,030
Vehicles	495,293	68,529	-	563,822
Total other capital assets at historical cost	1,356,972	92,159	-	1,449,131
Less accumulated depreciation for:				
Buildings & Improvements	718,280	15,850	-	734,130
Equipment	-	1,403	-	1,403
Vehicles	434,679	28,008	-	462,687
Total accumulated depreciation	1,152,959	45,261	-	1,198,220
Other capital assets, net of depreciation	204,013	46,898	-	250,911
Governmental activities capital assets, net	<u>\$ 204,013</u>	<u>\$ 68,007</u>	<u>\$ -</u>	<u>\$ 272,020</u>
	6/30/2022 Balance	Additions	Deletions	6/30/2023 Balance
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 155,066	\$ -	\$ 155,066
Total capital assets not being depreciated	-	155,066	-	155,066
Other capital assets:				
Buildings & Improvements	40,000	-	-	40,000
Equipment	155,355	76,944	-	232,299
Vehicles	104,111	-	-	104,111
Water System	279,000	27,076	-	306,076
Total other capital assets at historical cost	578,466	104,020	-	682,486
Less accumulated depreciation for:				
Buildings & Improvements	13,333	1,333	-	14,666
Equipment	86,351	12,206	-	98,557
Vehicles	104,111	-	-	104,111
Water System	235,140	5,718	-	240,858
Total accumulated depreciation	438,935	19,257	-	458,192
Other capital assets, net	139,531	84,763	-	224,294
Business-type activities capital assets, net	<u>\$ 139,531</u>	<u>\$ 239,829</u>	<u>\$ -</u>	<u>\$ 379,360</u>

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

IV. CAPITAL ASSETS – (continued)

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

Primary Government:

General government	\$ 210
Fire	6,535
Police	32,008
Parks	6,508
Total depreciation expense for governmental activities	<u>\$ 45,261</u>

Business-Type Activities

Depreciation Expense	<u>\$ 19,257</u>
Total depreciation expense for business-type activities	<u>\$ 19,257</u>

V. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net</u>
Government Funds	110,288	(489,412)	(379,124)
Proprietary Fund	379,124	-	379,124
	<u>\$ 489,412</u>	<u>\$ (489,412)</u>	<u>\$ -</u>

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
PWA	General	\$ 45,000
PWA	General	63,706
PWA	Grant	123,701
Grant	General	100,286
PWA	General	2,389
PWA	General	11,656
PWA	General	14,237
PWA	ARPA	118,435
General	ARPA	9,902
ARPA	General	100
		<u>\$ 489,412</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

VI. LONG-TERM LIABILITIES

*Governmental Activities:*

The Town obtained a financing lease with First National Bank to finance the cost of a police vehicle. The original amount of the lease was \$50,260 and was financed at a 4.5 percent variable rate. The lease matures December 2024. \$ 21,472

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

The Town obtained a financing lease for a fire vehicle. The original amount financed was \$49,388 and was financed at 6.0 percent variable rate. The lease matures in February 2031. 40,556

Total governmental long-term debt of the financial reporting entity: \$ 62,028

A summary of long-term liability activity for the year ended June 30, 2023, is as follows:

Type of Debt	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Governmental Activities:					
Financing lease	\$ 75,533	\$ 24,530	\$ (38,035)	\$ 62,028	\$ 14,760
Business-type Activities:					
Promissory note	130,162	-	(130,162)	-	-
Total	<u>\$ 205,695</u>	<u>\$ -</u>	<u>\$ (168,197)</u>	<u>\$ 62,028</u>	<u>\$ 14,760</u>

Annual debt services payments to maturity for long-term debt as of June 30, 2023 are as follows:

*Governmental activities:*

For the Year End	Prin	Int	Prin	Int
2024	\$ 10,486	\$ 965	\$ 4,274	\$ 2,305
2025	10,986	501	4,538	2,041
2026	-	-	4,818	1,761
2027	-	-	5,115	1,464
2028	-	-	5,430	1,149
2029-2031	-	-	16,381	1,362
	<u>\$ 21,472</u>	<u>\$ 1,466</u>	<u>\$ 40,556</u>	<u>\$ 10,082</u>

Interest charged to governmental activities and business-type activities for year ended June 30, 2023 is as follows:

*Governmental activities:*

Public Safety \$ 4,346

*Business-Type activities:*

Sewer 7,583

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

**VII. RESTRICTED ASSETS**

Restricted cash as of June 30, 2023 is as follows:

Funds restricted for other purposes:

Meter Deposits	\$ 40,260
Grants	77,987
Cemetery Care	17,114
Total Restricted cash	<u>\$ 135,361</u>

**VIII. PENSION PLANS**

*Municipal Retirement Plan*

The Town of Fletcher and its employees participate in the Oklahoma Municipal Retirement Fund as a defined contribution plan. All regular full-time employees, except those covered under another retirement system are eligible. Employees are vested at 7 years.

The OMRF issues a publicly available financial report that includes financial statements and the required supplementary information that can be obtained by requesting a copy at Town Hall.

Funding Policy: The contribution requirements are established and may be amended by the OMRF board. Employees are required to contribute 5 percent of their annual covered salary after tax. The Town's required contribution rate is 3%.

Annual Pension Cost: For 2022-2023, Town of Fletcher and Marlow Municipal Authority's annual pension cost of \$6,173, were equal to the required contributions.

**IX. COMMITMENTS AND CONTINGENCIES**

Federal Programs

The Town participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The final acceptance of the audits of these programs including the year ended June 30, 2023, has not been given. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. However, the Town expects such amounts, if any, to be immaterial.

**X. RISK MANAGEMENT**

The Town is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

**XI. PRIOR PERIOD ADJUSTMENT**

For fiscal year 2023, the Town elected to have an audit of their financial statements rather than continue with the agreed-upon procedures report that is also a statutory option for smaller cities and towns. However, since the Town received additional funding this year was an optimal time to switch to an audit. Since the Town's accountant prepared more formal modified cash basis financial statements, it was necessary to adjust the prior year's schedules for financial reporting and audit purposes.

**TOWN OF FLETCHER**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR YEAR ENDED JUNE 30, 2023**

The following table summarizes the adjustments necessary to add in capital assets and notes payable to the schedules that were presented in the previous' years agreed-upon procedures report.

	<u>As Previously Reported</u>	<u>Restatement</u>	<u>As Restated</u>
<i>Business-Type Activities</i>			
Other Capital Assets, Net of Depreciation	\$ -	\$ 139,531	\$ 139,531
Notes Payable	-	130,162	130,162
Net Position	74,455	9,369	83,824
<i>Proprietary Funds - Public Works Authority</i>			
Other Capital Assets, Net of Depreciation	\$ -	\$ 139,531	\$ 139,531
Notes Payable	-	130,162	130,162
Net Position	74,455	9,369	83,824

**XII. SUBSEQUENT EVENTS**

The Town has evaluated subsequent events through December 17, 2024, which is the date the financial statements were available to be issued.

**Town of Fletcher, Oklahoma**  
**Supplemental Schedule**  
**Statement of Revenues, Expenditures and Changes in Fund Balance – Modified Cash Basis**  
**Budget to Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Budget
<b>REVENUE</b>				
Sales Tax	\$ 350,000	\$ 350,000	384,039	\$ 34,039
Use Tax	130,000	130,000	161,651	31,651
Franchise Tax	5,000	5,000	701	(4,299)
Alcohol Beverage Tax	7,000	7,000	6,548	(452)
Tobacco Tax	2,500	2,500	2,674	174
Garbage Disposal Fees	130,000	130,000	174,703	44,703
Police Fines	20,000	20,000	28,719	8,719
PSO Collection Fees	15,000	15,000	22,991	7,991
Grant Revenue	-	315,854	210,141	(105,713)
	-	-	34,068	34,068
Total Revenue	<u>659,500</u>	<u>975,354</u>	<u>1,026,235</u>	<u>50,881</u>
<b>EXPENDITURES</b>				
Current				
Personnel Services	220,000	280,000	254,277	25,723
Maintenance and Operations	490,000	590,000	417,338	172,662
Capital Outlay	22,500	132,500	104,763	27,737
Other - Contingency	<u>348,313</u>	<u>176,167</u>	<u>11,821</u>	<u>164,346</u>
Total Expenditures	<u>1,080,813</u>	<u>1,178,667</u>	<u>788,199</u>	<u>390,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(421,313)</u>	<u>(203,313)</u>	<u>238,036</u>	<u>441,349</u>
Other Financing Sources (Uses)				
Transfers In	-	-	9,902	9,902
Transfers Out	<u>(30,000)</u>	<u>(248,000)</u>	<u>(237,373)</u>	<u>10,627</u>
Total Other Financing Sources (Uses)	<u>(30,000)</u>	<u>(248,000)</u>	<u>(227,471)</u>	<u>20,529</u>
Net Change in Fund Balances	(451,313)	(451,313)	10,565	461,878
Fund Balance - Beginning	<u>451,313</u>	<u>451,313</u>	<u>478,205</u>	<u>26,892</u>
Fund Balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 488,770</u>	<u>\$ 488,770</u>
Fund Balance, Ending per Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$ 488,770</u>	

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



**TOWN OF FLETCHER**  
**COMBINING BALANCE SHEET - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS**  
**June 30, 2023**

	Auto Tax Fund	New Cemetery Fund	Cemetery Perpetual Fund	Cemetery Care Fund	Fire Department Equipment Fund	Recreation Project Fund	Economic Development Authority	Total Nonmajor Governmental Funds
<b>Assets</b>								
Cash and cash equivalents	\$ 21,664	\$ 3,864	\$ 5,036	\$ 4,914	\$ 29,447	\$ 28,975	\$ 22,020	\$ 115,920
Investments in CDs	-	-	3,300	-	-	-	-	3,300
Total Assets	<u>\$ 21,664</u>	<u>\$ 3,864</u>	<u>\$ 8,336</u>	<u>\$ 4,914</u>	<u>\$ 29,447</u>	<u>\$ 28,975</u>	<u>\$ 22,020</u>	<u>\$ 119,220</u>
<b>Liabilities</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances (Note I.D.)</b>								
Committed	-	-	3,300	-	-	-	-	3,300
Unassigned	<u>21,664</u>	<u>3,864</u>	<u>5,036</u>	<u>4,914</u>	<u>29,447</u>	<u>28,975</u>	<u>22,020</u>	<u>115,920</u>
Total fund balances	<u>21,664</u>	<u>3,864</u>	<u>8,336</u>	<u>4,914</u>	<u>29,447</u>	<u>28,975</u>	<u>22,020</u>	<u>119,220</u>
Total liabilities and fund balances	<u>\$ 21,664</u>	<u>\$ 3,864</u>	<u>\$ 8,336</u>	<u>\$ 4,914</u>	<u>\$ 29,447</u>	<u>\$ 28,975</u>	<u>\$ 22,020</u>	<u>\$ 119,220</u>

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

**TOWN OF FLETCHER**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - MODIFIED CASH BASIS**  
**NONMAJOR GOVERNMENTAL SPECIAL REVENUE FUNDS**  
**For the Year Ended June 30, 2023**

	Auto Tax Fund	New Cemetery Fund	Cemetery Perpetual Fund	Cemetery Care Fund	Fire Department Equipment Fund	Recreation Project Fund	Economic Development Authority	Total Nonmajor Government Funds
<b>Revenues:</b>								
Intergovernmental	\$ 10,887	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,887
Fines and forfeitures	-	-	-	-	-	-	-	-
Charges for services	-	2,944	-	418	16,182	15,731	-	35,275
Donations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	5,000	-	-	5,000
Rent	-	-	-	-	-	-	8,475	8,475
Interest income	3	2	6	1	5	4	4	25
Total Revenues	<u>10,890</u>	<u>2,946</u>	<u>6</u>	<u>419</u>	<u>21,187</u>	<u>15,735</u>	<u>8,479</u>	<u>59,662</u>
<b>Expenditures:</b>								
Current:								
General government	-	-	-	-	-	-	7,931	7,931
Public safety	-	-	-	-	3,614	-	-	3,614
Capital Outlay								
Cemetery / Parks	-	8,505	-	-	-	-	-	8,505
Debt Service								
Debt principal	-	-	-	-	3,428	-	-	3,428
Debt interest	-	-	-	-	2,602	-	-	2,602
Total expenditures paid	<u>-</u>	<u>8,505</u>	<u>-</u>	<u>-</u>	<u>9,644</u>	<u>-</u>	<u>7,931</u>	<u>26,080</u>
Excess of revenues collected over (under) expenditures	10,890	(5,559)	6	419	11,543	15,735	548	33,582
<b>Fund balances, beginning of year</b>	<u>10,774</u>	<u>9,423</u>	<u>8,330</u>	<u>4,495</u>	<u>17,904</u>	<u>13,240</u>	<u>21,472</u>	<u>85,638</u>
<b>Fund balances, end of year</b>	<u>\$ 21,664</u>	<u>\$ 3,864</u>	<u>\$ 8,336</u>	<u>\$ 4,914</u>	<u>\$ 29,447</u>	<u>\$ 28,975</u>	<u>\$ 22,020</u>	<u>\$ 119,220</u>

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

**Town of Fletcher, Oklahoma  
Supplemental Schedule  
Schedule of Grant Activity  
Modified Cash Basis  
For the Year Ended June 30, 2023**

	<b>Grant Receipts</b>
<b>Federal Emergency Management</b>	
FEMA	\$ 9,803
Total Federal Awards	<u>\$ 9,803</u>
 <b>ASCOG</b>	
REAP	\$ 40,965
REAP	42,000
REAP	4,035
 <b>Oklahoma Municipal Assurance Group</b>	 10,398
 <b>Oklahoma Department of Agriculture</b>	
Fire Grant	<u>10,053</u>
Total State Awards	<u>\$ 107,451</u>
 ARPA Funding	 \$ 100,286
ARPA Funding - Comanche County	<u>131,344</u>
Total ARPA Awards	<u>\$ 231,630</u>
 Total Grants	 <u><u>\$ 348,884</u></u>



## Reconciliation Services, PLLC

350812 E 870 Rd  
Stroud, Oklahoma 74049  
(405) 570-7920

### 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*

#### Independent Auditor's Report

To the Board of Trustees  
Town of Fletcher, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Fletcher, Oklahoma (the Town) 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 modified cash basis financial statements, and have issued our report thereon dated December 17, 2024.

#### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 the 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 Town's financials statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2023-002 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2023-001 to be a significant deficiency.

#### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The Town's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

*Reconciliation Services PLLC*

Stroud, Oklahoma  
December 17, 2024

**TOWN OF FLETCHER**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For Year Ended June 30, 2023**

**Finding 2023-001**

**Criteria:** Effective internal controls require an accounting system that tracks revenues and expenditures of funds as well as grant revenues and expenditures by grant.

**Condition:** During audit fieldwork, we noted that the Town does not have a comprehensive system of accounting for the town. All deposits and expenditure transactions are recorded manually in spreadsheets and computer files.

**Cause and Effect:** The Town does not have a computerized accounting system, which could result in the financial statements being misstated.

**Recommendation:** We recommend that the Town investigate accounting systems that could be implemented by the Town to track its revenues, expenditures, and individual funds. This system should also produce trial balances and other financial reports which assist Town management and Town Council make decisions when it comes to budgeted items like capital outlay.

**Management Response:** As of December 03, 2024 our network was setup and QuickBooks Enterprise software was installed. We are currently setting up all modules for real time use within 14 days. QBE has integrated modules for General Ledger, AP, Inventory, Payroll and Purchase Orders. We are continuing with GF Data Systems Utility Program, which does not integrate with QBE. We will enter closing Utility Reports with General journal entries into QBE. All necessary reports for board approval, will be produced monthly, including Profit and Loss Reports, with budget comparisons balance sheets, purchase order list and requisition, payroll register and check register. All requested reports, as required, will be available upon auditor request. The Town Treasurer, Town Clerk, and Consultant will enter fiscal year data starting with July 01, 2024 to present.

**Finding 2023-002**

**Criteria:** While the Town has elected the modified cash basis for financial reporting, if capital assets are included on the financial statements, the Town should take periodic inventory of fixed assets at least annually and should track fixed assets in separate categories including infrastructure which may include estimates of historical cost for older assets such as sewer pipes and roads.

**Condition:** During audit fieldwork, we noted that the Town has not taken a physical inventory count and compared it to its records in the current or prior year. We further noted that estimates for infrastructure were not made, and not recorded in their fixed assets listing/depreciation schedule.

**Cause and Effect:** The Town has not been able to take a physical inventory in the current year and has not developed a method to account for existing infrastructure. As a result, the Town could have assets listed that are no longer part of the Town's inventory and the amounts presented on the financial statements for fixed assets may be inaccurate.

**Recommendation:** We recommend that the Town perform a physical inventory as soon as reasonably practicable and develop a method that will record historical items such as infrastructure.

**Management Response:** In 2023 we worked with ODEQ to develop a Management Asset Plan. We will update this plan with additional capital purchases made in this fiscal year. We will transfer the total to the FPWA company on file for QBE and allocate an amount from the depreciation schedule for accumulated depreciation. Each year we will update our Company Wide Depreciation Schedule and post depreciation expense for our enterprise business, FPWA. We presently maintain a physical inventory of all non-capital assets in our PWA. Our Police Department is presently working on its physical inventory.