

# **TOWN OF FAIRMONT**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

TOWN OF FAIRMONT  
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# MICHAEL W. GREEN

## *Certified Public Accountant*

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### INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Fairmont, Oklahoma

#### **Opinions**

I have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Fairmont, 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.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of June 30, 2023, and the respective changes in cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the cash basis of accounting described in Note 1.B.

#### **Basis for Opinions**

I conducted my 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. 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, 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 audit opinions.

#### **Emphasis of Matter—Basis of Accounting**

I draw attention to Note 1.B. of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1.B. and for determining that the 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.

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**

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 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*, 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'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 my judgment, 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 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.

### **Other Matters**

#### *Other Information*

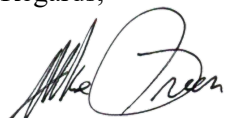
Management is responsible for the other information included in the annual report. The other information is comprised of the Schedule of Federal and State Financial Awards but does not include the basic financial statements and my auditor's report thereon. My opinions on the basic financial statements do not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated February 22, 2024, on my consideration of the Town's internal control over financial reporting and on 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 the Town'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 the Town's internal control over financial reporting and compliance.

Regards,



Michael Green, CPA  
Stilwell, Oklahoma  
February 22, 2024

**TOWN OF FAIRMONT**  
**STATEMENT OF NET POSITION - CASH BASIS**  
**JUNE 30, 2023**

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 66,273	\$ 19,083	\$ 85,356
Total current assets	<u>66,273</u>	<u>19,083</u>	<u>85,356</u>
<b>Net position (Note 1.D.)</b>			
Unrestricted	<u>66,273</u>	<u>19,083</u>	<u>85,356</u>
Total net position	<u><u>\$ 66,273</u></u>	<u><u>\$ 19,083</u></u>	<u><u>\$ 85,356</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT**  
**STATEMENT OF ACTIVITIES -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 Contracts	Capital Grants and Contracts	Primary Government		
					Governmental Activities	Business-type Activities	Totals
Governmental activities							
General Government	\$ 31,948	\$ -	\$ -	\$ -	\$ (31,948)	\$ -	\$ (31,948)
Public Safety	600	-	-	-	(600)	-	(600)
Highways, roads and airport	-	-	-	-	-	-	-
Grants	12,512	-	222,878	-	210,366	-	210,366
Total government activities	45,060	-	222,878	-	177,818	-	177,818
Business-type activities							
Water	77,409	39,812	-	-	-	(37,597)	(37,597)
Sewer	220,588	17,369	-	-	-	(203,219)	(203,219)
Sanitation	16,051	14,139	-	-	-	(1,912)	(1,912)
Total business-type activities	314,048	71,320	-	-	-	(242,728)	(242,728)
Totals	\$ 359,108	\$ 71,320	\$ 222,878	\$ -	177,818	(242,728)	(64,910)
General revenues							
Sales tax					12,901	-	12,901
Use tax					6,428	-	6,428
Tobacco tax					88	-	88
Alcohol beverage tax					869	-	869
Intergovernmental revenue not restricted to specific programs					-	-	-
Intergovernmental revenue restricted for streets & alleys					936	-	936
Franchise fees					3,393	1,453	4,846
Miscellaneous					4,843	-	4,843
Investment earnings					34	-	34
Transfers: In					-	241,141	241,141
Transfers: Out					(241,141)	-	(241,141)
Total general revenues and transfers					(211,649)	242,594	30,945
Change in net position					(33,831)	(134)	(33,965)
Net position, beginning of year					100,104	19,217	119,321
Net position, end of year					\$ 66,273	\$ 19,083	\$ 85,356

The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT  
BALANCE SHEET - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

	General Fund
<b>Assets</b>	
Cash and cash equivalents	\$ 66,273
Total assets	<u>66,273</u>
<b>Fund Balance (Note 4)</b>	
Unassigned	66,273
Total fund balances	<u><u>\$ 66,273</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	General Fund
Revenues:	
Sales tax	\$ 12,901
Use tax	6,428
Gasoline and Motor Vehicle tax	936
Alcohol beverage tax	869
Tobacco tax	88
Franchise fees	3,393
Grants	222,878
Miscellaneous	4,843
Investment income	34
Total revenues	<u>252,370</u>
Expenditures:	
General government:	31,948
Public safety	600
Highways, roads and airport	-
Grant expenses	12,512
Total expenditures paid	<u>45,060</u>
Excess of revenues collected over (under) expenditures	<u>207,310</u>
Other financing sources (uses)	
Operating transfers in	-
Operating transfers out	(241,141)
Total other financing sources (uses)	<u>(241,141)</u>
Change in Fund balance	(33,831)
Fund balances, beginning of year	<u>100,104</u>
Fund balances, end of year	<u><u>\$ 66,273</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.



**TOWN OF FAIRMONT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE, CONTINUED - CASH BASIS  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2023**

Reconciliation of the change in fund balances: total governmental funds to the change in net position of governmental activities:

Net change in fund balances: total governmental funds	\$	207,310
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Transfers		(241,141)
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Change in net position of governmental activities	\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">(33,831)</div>
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The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT**  
**STATEMENT OF NET POSITION - CASH BASIS**  
**PROPRIETARY FUND**  
**JUNE 30, 2023**

	Municipal Authority
	<hr/>
	Enterprise Fund
	<hr/>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 19,083
Total current assets	<hr/> 19,083 <hr/>
 <b>Net position</b>	
Unrestricted	19,083
Total net position	<hr/> \$ 19,083 <hr/> <hr/>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - CASH BASIS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2023**

	Municipal Authority
	Enterprise Fund
<b>Operating revenue</b>	
Charges for services:	
Water	\$ 39,812
Sewer	17,369
Sanitation	14,139
Other Revenue	1,453
Total operating revenue	<u>72,773</u>
 Operating expenses:	
Water	77,409
Sewer	220,588
Sanitation	16,051
	<u>314,048</u>
 Net operating income	 (241,275)
 Other financing sources (uses)	
Operating transfers in	241,141
Operating transfers out	-
Total other financing sources (uses)	<u>241,141</u>
 Change in net position	 <u>(134)</u>
 Net position, Beginning of year	 <u>19,217</u>
 Net position, end of year	 <u><u>\$ 19,083</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**TOWN OF FAIRMONT**  
**STATEMENT OF CASH FLOWS - CASH BASIS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2023**

	Municipal Authority
	<u>Enterprise Fund</u>
<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 72,773
Receipts from other funds	241,141
Payments to suppliers	(303,598)
Payments to employees	<u>(10,450)</u>
Net cash provided (used) by operating activities	<u>(134)</u>
 Net increase (decrease) in cash and cash equivalents	 (134)
Cash balance beginning of year	<u>19,217</u>
Cash balance end of year	<u><u>\$ 19,083</u></u>
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ (241,275)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
Transfer to/from other funds	<u>241,141</u>
Net cash provided by operating activities	<u><u>\$ (134)</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

TOWN OF FAIRMONT  
Fairmont, Oklahoma  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2023

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

As discussed in Note 1.B., these financial statements, for the Town of Fairmont, Oklahoma (the Town), are presented on a 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 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 cash basis of accounting.

**1.A. FINANCIAL REPORTING ENTITY**

The municipality is a corporate body for public purposes created under Title 11 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The general operating authority for the municipality is the Oklahoma Municipal Code contained in Title 11, Oklahoma Statutes. The Town operates under a trustee form of government. The Town provides the following services as authorized by its charter: general government, public safety (fire), streets, public works (water, sewer, and refuse).

In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB), GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61.

Based upon the application of these criteria, the Town's financial reporting entity is composed of the following:

Primary Government:	Town of Fairmont
Blended Component Units:	Fairmont Public Works Authority

The component unit is a public trust established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance Town services through issuance of revenue bonds or other non-general obligation debt and to enable the Town Trustees to delegate certain functions to the governing body (Trustees) of the Authority. The Authority generally retains title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The Town, as beneficiary of the public trusts, receives title to any residual assets when the public trusts are dissolved.

**1.B. BASIS OF PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and activities are reported on the cash basis of accounting. The cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, and expenses resulting from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and 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 accrued expenses and liabilities) are not recorded in these financial statements.

As a result of the Town's use of the cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-

related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

Program revenues within the statement of activities that are derived directly from each activity or 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 and contributions
- Public safety: Operating and capital grants and contributions
- Streets: Gas excise and commercial vehicle taxes

## **GOVERNMENTAL FUNDS**

The Town's governmental funds are comprised of the following:

### **Major Funds**

- General Fund - accounts for all activities not legally or administratively required to be accounted for in other funds.

The governmental funds are reported on a cash basis of accounting. Only current financial assets and liabilities arising from cash transactions are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

## **PROPRIETARY FUNDS**

### **Enterprise Fund**

The Town's proprietary funds are comprised of the following:

- Fairmont Public Works Authority – an enterprise fund that accounts for the operation of the water, sewer and sanitation activities.

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

## **1.C. BUDGETS AND BUDGETARY ACCOUNTING**

The Town adopted a budget, under the New Budget Act, for the year ended June 30, 2023.

## **1.D. ASSETS, LIABILITIES, AND EQUITY**

### **CASH AND CASH EQUIVALENTS**

For the purpose of the statements of net position, balance sheets, and statement of cash flows, "cash and cash equivalents" includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less and money market accounts.

### **CAPITAL ASSETS**

Capital assets arising from cash transactions are accounted for as capital outlay expenditures in the governmental funds and the proprietary fund operations upon acquisition.

### **RESTRICTED ASSETS**

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets of the proprietary fund are related to promissory note trustee accounts and utility meter deposits. The primary restricted assets of the governmental funds are the sales tax amounts of the Fire Fund.

## FUND BALANCES AND NET POSITION

### **Fund Balances**

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- *Non-spendable* – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* – consists of fund balance with constraints placed on the use of resources either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (b) laws through constitutional provisions or enabling legislation.
- *Committed* - includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority. The Town's highest level of decision-making authority is made by ordinance.
- *Assigned* – includes amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Commission action or management decision when the Town Commission has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- *Unassigned* – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the General Fund.

It is the Town's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balances are available. The Town's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### **Net Position**

Net position is displayed in two components:

- *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All remaining net position that does not meet the definition of "restricted".

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

Fund balance on June 30, 2023, for the governmental funds is \$66,273.

## **1.E. REVENUES, EXPENDITURES, AND EXPENSES**

### **SALES TAX**

The Town presently levies a three percent sales tax on taxable sales within the Town. Sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors.

### **PROGRAM REVENUES**

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

Public Safety: Operating and capital grants and donations

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose, except for the commercial vehicle tax and the gasoline excise tax, both of which are restricted for street and alley purposes.

## OPERATING REVENUE AND EXPENSES

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

## **NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

### **2.A. UNINSURED AND UNCOLLATERALIZED DEPOSITS**

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. As reflected in Note 3.A., all deposits were fully insured or collateralized on June 30, 2023.

## **NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS**

### **3.A. CASH AND DEPOSITS**

*Custodial Credit Risk* – Custodial credit risk related to deposits exists when the Town hold deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the town's name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town's name. The Town's policy for custodial credit risk is to secure its uninsured deposits with collateral. As of June 30, 2023 the Town's bank balances of \$66,273 and the FFWA's bank balance of \$19,083 were covered by FDIC insurance.

*Investment Credit Risk* - The Town has no investment policy that limits investments choices other than the limitation of state law.

As of June 30, 2023, the Town did not hold any securities with credit ratings since they are all non-negotiable time deposits.

Public trusts created under O.S. Title 60 are not subject to the above-mentioned investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the Town and the Public Works Authority complied, in all material respects, with these investment restrictions.

*Concentration of Credit Risk* – The Town places no limit on the amount it may invest in any one issuer. The Town had no investments as of June 30, 2023.

### **3.B. RESTRICTED REVENUES**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street & Alley purposes
Grant proceeds	Grant expenditures



## NOTE 4: OTHER NOTES

### 4.A. PENSION PLANS

#### **Oklahoma Firefighter's Pension and Retirement System (OFPRS):**

The volunteer firemen participate only in the Oklahoma State Firefighter's Pension and Retirement System which is a defined contributions plan applying only to the Town's volunteer firefighters. Eligibility to participate includes all full-time or voluntary firefighters or a participating municipality if they are hired before age 45. The State Statute gives the authority to establish contribution obligations and benefits. Vesting occurs after 10 years of service and payments begin at age 50, or after 20 years of service, whichever is later. The eligibility and benefits for distribution for volunteer firemen is 20 years credited service equal to \$5.46 per month per year of service, with a maximum of 30 years considered. 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. The report is also available at [www.ok.gov/fprs](http://www.ok.gov/fprs) under the "GASB" tab labeled "2022-GASB 68 Accounting Supplement".

OFPRS plan members that are volunteer firefighters are not required to contribute to the plan. The Town is required by state law to contribute \$60 per year for each volunteer firefighter. The plan is funded by contributions from participants, employers, insurance premium taxes and state appropriation, as necessary.

Contributions	2023	\$600
	2022	\$480
	2021	\$480

### 4.B. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages these various risks of loss by securing commercial insurance for all risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

### 4.C. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

#### Other Commitments

##### *Federal and State Award Programs:*

The Town participates in various federal and state grant and loan programs from year to year. In 2023, the Town's involvement in federal and state award programs was not significant. The 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. The Town has not been notified of any noncompliance with federal or state award requirements. Any liability or reimbursement which 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.

#### CONTINGENCIES

##### **Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/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.

### **Litigation**

The Town is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include any accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by a Town “Sinking Fund” for the payment of any court assessed judgment rendered against the Town. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.

### **4.D. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through February 22, 2024, which is the date the financial statements were available to be issued.

# MICHAEL W. GREEN

## *Certified Public Accountant*

827 W. Locust Street  
STILWELL, OK. 74960  
(918) 696-6298

### 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 Fairmont, 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 cash basis financial statements of the governmental activities, the business-type activities, and each major fund, of the Town of Fairmont, 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 and have issued my report thereon dated February 22, 2024. The report included an emphasis-of-matter paragraph related to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In planning and performing my audit of the financial statements, I 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town's internal control.

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

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I 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 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*.

**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 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,

A handwritten signature in black ink, appearing to read "Michael Green", written in a cursive style.

Michael Green, CPA  
February 22, 2024

**TOWN OF FAIRMONT**  
**SCHEDULE OF FEDERAL AND STATE FINANCIAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<u>Program Title/Source</u>	<u>Grant/ Contract Amount</u>	<u>Contract Number</u>	<u>CFDA Number</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements or Expenses Recognized</u>
US Dept of HUD: Passed through ODOC CDBG Grant		18207-20	14.228	\$ 196,468	\$ 200,641
CDBG Grant		18346-21	14.228	<u>\$ 10,000</u>	<u>\$ 10,000</u>
Total Federal Awards				<u>206,468</u>	<u>210,641</u>
State Financial Awards					
Department of Agriculture: Fire department				<u>\$ 10,053</u>	<u>\$ 10,053</u>
Total State Awards				<u>\$ 10,053</u>	<u>\$ 10,053</u>

The accompanying notes and auditor's reports are an integral part of these financial statements.