

AUDIT REPORT
OF
TOWN OF FLETCHER, OKLAHOMA

AS OF
JUNE 30, 2015

BY
JOHNSON, BADERTSCHER & MOORE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF FLETCHER, OKLAHOMA

TABLE OF CONTENTS

JUNE 30, 2015

Independent Auditor's Report	Report 1
Management Discussion and Analysis (Required Supplementary Information) Basis Financial Statements	
Statement of Net Position	Statement 1
Statement of Activities	Statement 2
Balance Sheet – Governmental Funds	Statement 3
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	Statement 4
Statement of Net Position – Proprietary Fund	Statement 5
Statement of Revenue over Expenditures and Changes in Net Position – Proprietary Fund	Statement 6
Statement of Cash Flows – Proprietary Fund	Statement 7
Notes to the Basic Financial Statements	
Schedule of Financial Assistance	Schedule 1
Required Supplementary Information – Budget Comparison Schedule	Schedule 2
Combining Statements for Non-Major Funds	Schedule 3 & 3-1
Report on Internal Control over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards	Report 2

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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Fletcher, Oklahoma

We have audited the accompanying 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, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management Responsibility for the Financial Statements

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

Auditor Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Fletcher, Oklahoma, as of June 30, 2015,

and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-5 and 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Fletcher, Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.


JOHNSON, BADERTSCHER & MOORE, P.C.
Certified Public Accountants

Chickasha, Oklahoma
December 23, 2015

TOWN OF FLETCHER, OKLAHOMA

Management Discussion and Analysis

Our discussion and analysis of the Town of Fletcher's financial performance provided an overview of the Town's financial activities for the year ended June 30, 2015.

Using the Audited Financial Statements

The financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operation in more detail than the government-wide statements by providing information about the Town's most significant funds.

Reporting on the Town as a Whole

The Statement of Net Position and the Statement of Activities report information about the town as a whole and about its activities in a way that helps answer the question, did the Town's financial condition improve or deteriorate during the period in question. These statements include all assets and liabilities of the Town and are prepared using the accrual basis of accounting. Revenues and expenses are recorded when earned and incurred not when received. The government wide statements are broken up into two categories, governmental activities and business activities. Governmental activities include police, fire, streets, general government, cemetery, and garbage services. Business activities is primarily water and sewer services.

Fund Financial Statements

The fund financial statements consist of the individual funds that are maintained by the Town. The general fund accounts for most Town services including fire, town and street maintenance and garbage. The street and alley fund accounts for street maintenance. Cemetery care is tracking the expenses and revenues generated by the Town's cemetery. The general fund and special revenue funds are classified as governmental funds. The Fletcher PWA accounts for the sale of water and sewer services. The Fletcher PWA is classified as an enterprise fund. What is not presented with the fund financial statements is any long-term debt associated with the governmental funds nor are the fixed assets associated with the governmental funds presented in the fund financial statements.

Presented at the bottom of the government wide financial statements is a reconciliation of the government wide financial statements net assets to the fund financial statements net assets and changes in fund net position.

Unaudited

TOWN OF FLETCHER, OKLAHOMA

FINANCIAL DATA

Selected financial data from the Town's government wide financial statements as follows:

	<u>2015</u>	<u>2014</u>
Total non-capital assets	\$ 374,165	\$ 375,433
Total capital assets	\$ 1,713,164	\$ 1,720,652
Total current liabilities	\$ 118,169	\$ 114,245
Total noncurrent liabilities	\$ 282,375	\$ 293,446
Net Position unrestricted	\$ 308,808	\$ 314,628
Investment in capital position net of related debt	\$ 1,363,707	\$ 1,362,879
 Revenues		
Charges for services	\$ 171,773	\$ 179,578
Grants and contributions	\$ 0	\$ 9,375
Water and sewer	\$ 256,351	\$ 273,074
Sales taxes	\$ 201,841	\$ 202,547
Other taxes	\$ 102,429	\$ 66,774
Interest and other	\$ 20,404	\$ 81,633
Total revenues	\$ 752,798	\$ 812,981
 Expenses		
General government	\$ 173,011	\$ 169,074
Street maintenance	\$ 80,288	\$ 79,340
Fire department	\$ 54,653	\$ 54,204
Garbage	\$ 63,386	\$ 62,637
Police department	\$ 84,327	\$ 82,096
Cemetery	\$ 4,226	\$ 4,175
Water and sewer	\$ 294,216	\$ 357,545
Total expenses	\$ 754,107	\$ 809,071
 Change in net position	 (\$ 1,309)	 \$ 3,910
 Ending net position	 \$ 1,687,085	 \$ 1,688,394

Analysis of Financial Position and Results of Operations

The overall financial condition of the Town of Fletcher is good. The governmental funds continue to maintain a high rate of liquidity with cash representing 7.4% of total assets. The business type funds have unrestricted cash representing 3.4% of total assets. An inventory of fixed assets has been compiled and will continue to be maintained in the future. Overall, the Town had a net loss of (\$1,309). The Town decreased its long term debt by \$8,016. Total unrestricted cash increased by \$16,796.

Unaudited

TOWN OF FLETCHER, OKLAHOMA

Statement of Net Position

June 30, 2015

	<u>Government Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash - unrestricted	\$ 108,949	\$ 30,227	\$ 139,176
Cash - restricted		14,570	14,570
Accounts receivable	53,876	23,175	77,051
Investments	<u>66,546</u>	<u>76,822</u>	<u>143,368</u>
Total current assets	<u>229,371</u>	<u>144,794</u>	<u>374,165</u>
Non-current assets			
Net capital assets	<u>531,947</u>	<u>1,181,517</u>	<u>1,713,464</u>
Total non-current assets	<u>531,947</u>	<u>1,181,517</u>	<u>1,713,464</u>
Total assets	<u>\$ 761,318</u>	<u>\$ 1,326,311</u>	<u>\$ 2,087,629</u>
Deferred outflows of resources	0	0	0
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 22,190	\$ 6,695	\$ 28,885
Compensated absences	4,530	2,802	7,332
Trust liability		14,570	14,570
Current portion of long-term debt	<u> </u>	<u>67,382</u>	<u>67,382</u>
Total current liabilities	<u>26,720</u>	<u>91,449</u>	<u>118,169</u>
Non-current liabilities			
Non-current portion of long-term debt		<u>282,375</u>	<u>282,375</u>
Total non-current liabilities	<u> </u>	<u>282,375</u>	<u>282,375</u>
Total liabilities	<u>26,720</u>	<u>373,824</u>	<u>400,544</u>
Deferred inflows of resources	0	0	0
<u>NET POSITION</u>			
Net investment in Capital Assets	531,947	831,760	1,363,707
Restricted for customer deposits		14,570	14,570
Unrestricted	<u>202,651</u>	<u>106,157</u>	<u>308,808</u>
Net Position	<u>\$ 734,598</u>	<u>\$ 952,487</u>	<u>\$ 1,687,085</u>

TOWN OF FLETCHER, OKLAHOMA

Statement of Activities

For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Resources		Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Primary Government Business type Activities	
Primary Government						
Government activities:						
General government	\$ 173,011	\$ 80,399		(\$ 92,612)		(\$ 92,612)
Street maintenance	80,288			(80,288)		(80,288)
Fire department	54,653			(54,653)		(54,653)
Garbage	63,386	90,474		27,088		27,088
Police department	84,327			(84,327)		(84,327)
Cemetery	4,226	900		(3,326)		(3,326)
Total governmental activities	459,891	171,773	0	(288,118)	0	(288,118)
Business type activities:						
Water and sewer	294,216	256,351			(\$ 37,865)	(\$ 37,865)
Total business type activities	294,216	256,351			(\$ 37,865)	(\$ 37,865)
Total primary govt	<u>\$ 754,107</u>	<u>\$ 428,124</u>		<u>(\$ 288,118)</u>	<u>(\$ 37,865)</u>	<u>(\$ 325,983)</u>

General Revenues:

Taxes:

Sales taxes	\$ 141,882	\$ 59,959	\$ 201,841
Other taxes & fines	102,429		102,429
Interest and lease	13,096	7,308	20,404
Total general revenues	257,407	67,267	324,674
Change in net position	(30,711)	29,402	(1,309)
Net position beginning	765,309	923,085	1,688,394
Net position ending	<u>\$ 734,598</u>	<u>\$ 952,487</u>	<u>\$ 1,687,085</u>

TOWN OF FLETCHER, OKLAHOMA

**Balance Sheet
Governmental Funds
June 30, 2015**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 47,348	\$ 61,601	\$ 108,949
Accounts receivable	53,876		53,876
Investments		66,546	66,546
Total assets	<u>\$ 101,224</u>	<u>\$ 128,147</u>	<u>\$ 229,371</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 22,190		\$ 22,190
Compensated absences	4,530		4,530
Total liabilities	<u>26,720</u>		<u>26,720</u>
Fund balances	<u>74,504</u>	<u>128,147</u>	<u>202,651</u>
Total liabilities and fund balances	<u>\$ 101,224</u>	<u>\$ 128,147</u>	<u>\$ 229,371</u>

Reconciliation of Total Governmental Fund
Balance to Net Assets of Governmental
Activities June 30, 2015

Total Governmental Fund Balances	\$ 202,651
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 in the funds	<u>531,947</u>
Net position of Governmental Activities	<u>\$ 734,598</u>

TOWN OF FLETCHER, OKLAHOMA

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015**

	General Fund	Other Governmental Funds	Total
Revenues:			
Taxes	\$ 192,284	\$ 10,381	\$ 202,665
Charges for services	101,164	19,583	120,747
Interest and other	59,205	34,837	94,042
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>
Total revenues	<u>352,653</u>	<u>64,801</u>	<u>417,454</u>
Expenditures:			
Current operations:			
General government	107,822	47,876	155,698
Street maintenance	57,551	22,737	80,288
Fire department	38,031	0	38,031
Garbage	63,386	0	63,386
Police department	59,217	16,846	76,063
Cemetery	<u>3,668</u>	<u>558</u>	<u>4,226</u>
Total expenditures	<u>329,675</u>	<u>88,017</u>	<u>417,692</u>
Excess revenues and other resources over (under) expenditures and other uses	22,978	(23,216)	(238)
Fund balances at beginning of year	51,526	151,363	202,889
Fund balances at end of year	<u>\$ 74,504</u>	<u>\$ 128,147</u>	<u>\$ 202,651</u>

**Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2015**

Net change in fund balances – total governmental funds	(\$ 238)
Governmental funds report capital outlays as expenditures.	6,847
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	<u>(37,320)</u>
Change in net position of governmental activities	<u>(\$ 30,711)</u>

TOWN OF FLETCHER, OKLAHOMA

**Statement of Net Position
Proprietary Fund
June 30, 2015**

ASSETS

Current assets:	
Cash – unrestricted	\$ 30,227
Cash – restricted	14,570
Accounts receivable	23,175
Investments	<u>76,822</u>
Total current assets	144,794
Non-current assets	
Net capital assets	<u>1,181,517</u>
Total assets	<u>\$ 1,326,311</u>

LIABILITIES AND NET POSITION

Current liabilities:	
Accounts payable	\$ 6,695
Compensated absences	2,802
Trust liability	14,570
Current portion of long-term debt	<u>67,382</u>
Total current liabilities	91,449
Non-current liabilities	
Non-current portion of long-term debt	<u>282,375</u>
Total liabilities	<u>373,824</u>

NET ASSETS:

Invested in capital assets, net of related debt	831,760
Restricted for meter fund deposits	14,570
Unrestricted	<u>106,157</u>
Total net position	952,487
Total liabilities and net position	<u>\$ 1,326,311</u>

TOWN OF FLETCHER, OKLAHOMA

**Statement of Revenue Over Expenditures and Changes in Net Position
Proprietary Fund Type
For the Year Ended June 30, 2015**

Operating Revenues:	
Water and sewer	\$ <u>256,351</u>
Operating expenses:	
Personal services	106,160
Maintenance and operations	108,730
Depreciation	59,683
Interest	<u>19,643</u>
Total operating expenses	<u>294,216</u>
Operating income (loss)	(37,865)
Non-operating revenues	
Allocated sales tax	59,959
Interest and other	<u>7,308</u>
Net non-operating revenues	<u>67,267</u>
Change in net position	29,402
Net position beginning of year	923,085
Net position end of year	\$ <u>952,487</u>

TOWN OF FLETCHER, OKLAHOMA

**Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015**

<u>Cash flows from operating activities:</u>	
Cash received from customers	\$ 242,170
Cash paid to employees	(107,749)
Cash paid to suppliers	(124,158)
Net cash used by operating activities	<u>10,263</u>
<u>Cash flows from non-capital financing activities:</u>	
Sales tax allocated	59,959
Transfer from other funds	<u>24,862</u>
Net cash provided by non-capital financing activities	<u>84,821</u>
<u>Cash flows from capital and related financial activities:</u>	
Acquisition of capital assets	(82,968)
Loan proceeds	66,498
Grants received	0
Principal paid on notes	(67,510)
Interest paid on notes	(19,643)
Net cash used by capital and related financing activities	<u>(103,623)</u>
Cash flows from investing activities	
Interest income and lease	<u>907</u>
Net cash provided by investing activities	<u>907</u>
Net decrease in cash	(7,632)
Cash beginning of year	<u>52,429</u>
Cash end of year	<u>\$ 44,797</u>
<u>Reconciliation of operating income to net cash</u>	
Used by operating activities:	
Operating profit	\$ 29,402
Increase restricted cash	(3,683)
Increase accounts receivable	1,820
Decrease accounts payable	(4,678)
Increase compensated absences	(1,589)
Other accruals	(11,009)
Net cash used in operating activities	<u>\$ 10,263</u>

Town of Fletcher, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Fletcher, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, utilities and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the town, the town's duty to cover any deficits that may occur, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 20, 2015, the Town had only one component unit, the Fletcher Public Works Authority.

Basis of Presentation – Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives on accordance with special regulations, restrictions or limitations.

Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the

goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

Fund financial statements reporting detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

If applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations for the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursement due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous income are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The Measurement focus of governmental fund accounting is on the decrease in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the government funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocation of costs, such as depreciation, are recorded in proprietary funds. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable, then Government Accounting Standards Board pronouncements are used.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of meter deposits.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2015.

Budget

In accordance with Oklahoma Statutes, Title 68, Section 2483, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code.

Risk Management

Significant losses are covered by commercial insurance for all Town operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 23, 2015, which is the date the audit report was available to be released.

Note 2 – Deposits with Financial Institutions

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Fletcher is considered a separate entity from Fletcher Public Works Authority for FDIC deposit insurance.

In accordance with GABS No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name. (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (referred to as category 2)

3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

Note 3 – Capital Asset Activity

	Balance 6-30-14	Additions	Retirements	Balance 6-30-15
Governmental				
Fire department	\$ 399,694			\$ 399,694
Police department	179,222	\$ 5,332		184,554
General government	<u>689,100</u>			<u>689,100</u>
Total governmental	1,268,016	5,332		1,273,348
Less: accumulated depreciation	(704,081)	(37,320)		(741,401)
Net governmental	<u>563,935</u>	<u>(31,988)</u>		<u>531,947</u>
Proprietary				
Proprietary	1,826,983	82,968		1,909,951
Less: accumulated depreciation	(668,751)	(59,683)		(728,434)
Net proprietary	<u>1,158,232</u>	<u>23,285</u>		<u>1,181,517</u>
Total government wide	<u>\$ 1,720,652</u>	<u>(\$ 8,703)</u>		<u>\$ 1,713,464</u>

Current depreciation expense:	Governmental	\$ 37,320
	Proprietary	59,683
	Total	<u>\$ 97,003</u>

Note 4

In April, 2005, the Fletcher Public Works Authority issued \$550,000 of Revenue Bonds to enhance the water system. Part of the proceeds were used to pay off existing debt on the water system and the balance remains in the Sinking Fund, Reserve Account and Construction Account. At June 30, 2015, the balances in such accounts were \$76,822. There are 3 separate uses of the bonds. The issues and maturity schedule are as follows:

Bond issues:		
	\$125,000	4%
	175,000	5%
	<u>250,000</u>	5.6%
Total	<u>\$550,000</u>	

Maturity Schedule:

6-30-16	\$ 40,000
6-30-17	40,000
6-30-18	40,000
6-30-19	40,000
6-30-20	40,000
Thereafter	<u>50,000</u>
Total	<u>\$ 250,000</u>

Note 5 - Notes Payable

The Proprietary Fund (Business Type Activity) has three notes with First National Bank of Fletcher at current market rates with balances as follows:

<u>Note #</u>	<u>Amount</u>
22112	\$ 8,138
22939	9,515
24659	41,643
24703	<u>40,461</u>
Total	<u>\$99,757</u>

Maturity Schedule:

06-30-16	\$27,382
06-30-17	23,491
06-30-18	18,730
06-30-19	16,370
06-30-20	<u>13,784</u>
Total	<u>\$99,757</u>

The notes are secured by various equipment and water plant.

Note 6 – Investments

Governmental Activities	
Certificate of Deposit	<u>\$ 3,300</u>
Business-Type Activities	
Certificate of Deposit	2,500
Sinking Fund Accounts: Sinking Fund	<u>76,822</u>
	<u>79,322</u>
Total	<u>\$82,622</u>

Note 7

FAS No. 157 was issued on September 15, 2006, and, as issued, is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Statement 157 establishes a single definition of fair value and a framework for measuring fair value in generally accepted accounting principles (GAAP) that should result in increased consistency and comparability in fair value measurements. Statement 157 also expands disclosures about fair value measurements, improving the quality of information provided to users of financial statements. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels: Level 1 (highest priority), Level 2, and Level 3 (lowest priority).

1. Quoted Market Prices in Active Markets (Level 1): a. Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. b. An active market for the assets or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. c. A quoted market price in an active market provides the most reliable evidence of fair value and should be used whenever available.

2. Other Than Quoted Market Inputs (Level 2): a. Level 2 inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. b. Level 2 inputs include the following; (1) Quoted market prices of similar assets or liabilities in active markets, (2) Quoted market prices for identical or similar assets or liabilities in markets that are not active, (3) Inputs other than quoted prices that are observable for the asset or liabilities (e.g. interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates), and (4) Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

3. Unobservable Inputs (Level 3): a. Level 3 inputs are unobservable and shall be used to measure fair value to the extent that observable inputs are not available. b. Unobservable inputs are allowed in situations where there is little, if any, market activity for the asset or liability at the measurement date. c. Unobservable Inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the assets or liability. d. Unobservable inputs shall be developed based on the best information available under the circumstances. The entity is not required to consider all possible efforts to obtain information about market participant assumptions, but the entity shall not ignore information about market participant assumptions that is reasonable available without undue cost and effort.

FASB STAFF POSITION 157-2 was subsequently issued amending FAS 157. This statement defers the effective date of Statement 157 to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years for nonfinancial assets and nonfinancial liabilities.

The following table sets forth by level, within the fair value hierarchy, the entity's investments at fair value as of June 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	\$ 5,800			\$ 5,800
Sinking fund accounts	<u>76,822</u>			<u>76,822</u>
Totals	<u>\$ 82,622</u>			<u>\$ 82,622</u>

TOWN OF FLETCHER, OKLAHOMA

Schedule of Financial Assistance

For the Fiscal Year Ended June 30, 2015

The Town of Fletcher received no Federal financial assistance for the year ended June 30, 2015.

TOWN OF FLETCHER, OKLAHOMA**Budgetary Comparison Schedule****As of and For the Fiscal Year Ended June 30, 2015****General Fund**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative) <u>(Negative)</u>
Revenues			
Garbage	\$ 91,489	\$ 90,156	(\$ 1,333)
Franchises	21,809	27,139	5,330
Fines	25,790	30,238	4,448
Sales tax	145,251	134,231	(11,020)
Other tax	26,697	30,914	4,217
Interest	49	81	32
Miscellaneous	<u>3,336</u>	<u>29,995</u>	<u>26,659</u>
Total Revenues	<u>\$ 314,421</u>	<u>\$ 342,754</u>	<u>\$ 28,333</u>
Expenditures			
Personal services	140,000	117,768	22,232
Maintenance and operations	200,000	213,333	(13,333)
Capital outlay	<u>5,547</u>	<u>5,332</u>	<u>215</u>
Total Expenditures	<u>345,547</u>	<u>336,433</u>	<u>9,114</u>
Excess of expenditures over revenues	<u>(\$ 31,126)</u>	<u>\$ 6,321</u>	<u>\$ 37,447</u>

Unaudited

TOWN OF FLETCHER, OKLAHOMA**Combining Balance Sheet****Non-Major Governmental Funds****June 30, 2015**

	<u>Street & Alley</u>	<u>Cemetery Maint</u>	<u>Cemetery Care</u>	<u>Police & Fire</u>	<u>Recreation</u>	<u>Economic Develop</u>	<u>Total</u>
<u>ASSETS</u>							
Cash	\$ 7,986	\$ 14,013	\$ 14,627	\$ 7,914	\$ 7,387	\$ 9,674	\$ 61,601
Accts receivable							
Investments			3,300			63,246	66,546
Notes receivable							
Total Assets	<u>\$ 7,986</u>	<u>\$ 14,013</u>	<u>\$ 17,927</u>	<u>\$ 7,914</u>	<u>\$ 7,387</u>	<u>\$72,920</u>	<u>\$128,147</u>
<u>LIABILITIES</u>							
Accts payable							
Comp absences							
Total Liabilities	0	0	0	0	0	0	0
Fund balances	<u>\$ 7,986</u>	<u>\$ 14,013</u>	<u>\$ 17,927</u>	<u>\$ 7,914</u>	<u>\$ 7,387</u>	<u>\$72,920</u>	<u>\$128,147</u>
Total liabilities and Fund balances	<u>\$ 7,986</u>	<u>\$ 14,013</u>	<u>\$ 17,927</u>	<u>\$ 7,914</u>	<u>\$ 7,387</u>	<u>\$72,920</u>	<u>\$128,147</u>

TOWN OF FLETCHER, OKLAHOMA**Combining Statement of Revenues, Expenditures and Changes in Fund Balances****Non-Major Governmental Funds****For the Year Ended June 30, 2015**

	<u>Street & Alley</u>	<u>Cemetery Maint</u>	<u>Cemetery Care</u>	<u>Police & Fire</u>	<u>Recreation</u>	<u>Economic Develop</u>	<u>Total</u>
<u>Revenues</u>							
Taxes	\$10,381						\$ 10,381
Charges for services		\$ 675	\$ 225	\$ 18,683			19,583
Interest & other	6,803		2		\$ 14,835	\$ 13,197	34,837
Intergovernmental							0
Total revenues	<u>\$17,184</u>	<u>\$ 675</u>	<u>\$ 227</u>	<u>\$ 18,683</u>	<u>\$ 14,835</u>	<u>\$ 13,197</u>	<u>\$ 64,801</u>
<u>Expenditures</u>							
General government					13,350	34,526	47,876
Street maintenance	22,737						22,737
Fire department							0
Garbage							0
Police department				16,846			16,846
Cemetery		558					558
Total expenditures	<u>22,737</u>	<u>558</u>	<u>0</u>	<u>16,846</u>	<u>13,350</u>	<u>34,526</u>	<u>88,017</u>
Excess of revenues Over (under) expenditures	<u>(5,553)</u>	<u>117</u>	<u>227</u>	<u>1,837</u>	<u>1,485</u>	<u>(21,329)</u>	<u>(23,216)</u>
Fund balance beginning	<u>15,539</u>	<u>13,896</u>	<u>17,700</u>	<u>6,077</u>	<u>5,902</u>	<u>94,249</u>	<u>151,363</u>
Fund balance ending	<u>\$ 7,986</u>	<u>\$ 14,013</u>	<u>\$ 17,927</u>	<u>\$ 7,914</u>	<u>\$ 7,387</u>	<u>\$ 72,920</u>	<u>\$ 128,147</u>

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Report 2

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 Town Council
Fletcher, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Fletcher, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Fletcher, Oklahoma's basic financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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


JOHNSON, BADERTSCHER & MOORE, P.C.
Certified Public Accountants

Chickasha, Oklahoma
December 23, 2015