

TOWN OF WYNONA

Wynona, Oklahoma

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2019

TOWN OF WYNONA
June 30, 2019

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INDEPENDENT AUDITORS' REPORT

Town Council
Town of Wynona
Wynona, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business type activities and each major fund and the aggregate remaining fund information of the Town of Wynona as of and for the year ended June 30, 2019 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note C; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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-modified cash basis of the governmental activities, the business type activities and each major fund and the aggregate remaining fund information of Town of Wynona as of June 30, 2019, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note C.

Emphasis of a Matter**Basis of Accounting**

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

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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. I have applied certain limited procedures to the budgetary comparison information on page 18 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance. Management has elected not to present the management discussion and analysis. My opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020 on our consideration of Town of Wynona's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Wynona's internal control over financial reporting and compliance.



John Jech, CPA PLLC
Certified Public Accountant
Pawhuska, Ok
April 30, 2020

TOWN OF WYNONA
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
JUNE 30, 2019

	Primary Government		Total
	Governmental	Business	
	Activities	Type Activities	
ASSETS			
Cash and cash equivalents	203,923	25,286	229,209
Land	56,000		56,000
Capital Assets net of depreciation	-	206,975	206,976
Total Assets	259,923	232,261	492,184
LIABILITIES			
Meter deposits	-	12,754	12,754
Total liabilities	-	12,754	12,754
NET Position			
Invested in capital assets	56,000	206,975	262,975
Unrestricted	203,923	12,532	216,455
Total net Position	259,923	219,507	479,430

See accompanying notes

TOWN OF WYNONA
STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Program Revenues			Net(expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Primary government							
Governmental Activities							
General government	40,050	-	-	-	(40,050)	-	(40,050)
Public safety	32,510	-	-	-	(32,510)	-	(32,510)
Streets and public works	4,196	-	-	-	(4,196)	-	(4,196)
Capital outlay	20,510	-	-	-	(20,510)	-	(20,510)
Total governmental activities	97,266	-	-	-	(97,266)	-	(97,266)
Business type activities:							
Water and sewer	175,165	152,195	-	-	-	(22,970)	(22,970)
Total business type activities	175,165	152,195	-	-	-	(22,970)	(22,970)
Total primary government	272,431	152,195	-	-	(97,266)	(22,970)	(120,236)
General Revenues							
Tax					72,843	-	72,843
Intergovernmental					65,706	-	65,706
Interest Income					940	41	981
Other Revenue					3,535	-	3,535
Transfers					(9,026)	9,026	-
Franchise Tax					8,456	-	8,456
Fines and Forfeitures					4,815	-	4,815
Total General Revenues & Transfers					147,269	9,067	156,336
Change in Net Position					50,003	(13,903)	36,100
Net Position, Beginning					209,920	233,411	443,331
Net Position, Ending					259,923	219,508	479,431

See accompanying notes

**TOWN OF WYNONA
BALANCE SHEET-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

		Capital		Other		Total
	General	Improvement		Governmental		Governmental
	Fund	Fund		Funds		Funds
Assets:						
Cash and equivalents	\$ 7,781	\$ 65,678		\$ 130,464		\$ 203,923
Total assets	<u>\$ 7,781</u>	<u>\$ 65,678</u>		<u>\$ 130,464</u>		<u>\$ 203,923</u>
 Liabilities and Fund Balance						
Fund Balances:						
Unrestricted	\$ 7,781	\$ 65,678		\$ 130,464		\$ 203,923
Total fund balances	<u>\$ 7,781</u>	<u>\$ 65,678</u>		<u>\$ 130,464</u>		<u>\$ 203,923</u>
Total Liabilities and Fund Balances						
	<u>\$ 7,781</u>	<u>\$ 65,678</u>		<u>\$ 130,464</u>		<u>\$ 203,923</u>

Reconciliation of Balance Sheet-Governmental Funds with the Government Wide Statement of Net Position

Total Fund Balance		203,923
Amounts reported 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 governmental funds.		
Land	56,000	
Capital Assets	90,275	
Accumulated Depreciation	(90,275)	<u>56,000</u>
Total Net Position		<u><u>259,923</u></u>

See accompanying notes

TOWN OF WYNONA
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCE-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	46,657	13,093	13,093	72,843
Intergovernmental	-	60,695	5,011	65,706
Interest Income	745	195	-	940
Fines and Court Cost	4,815	-	-	4,815
Franchise Fees	8,456	-	-	8,456
Miscellaneous	3,535	-	-	3,535
TOTAL REVENUES	64,208	73,983	18,104	156,295
EXPENDITURES				
General government	39,469	-	-	39,469
Public Safety	24,668	-	7,842	32,510
Highways and Streets	-	-	4,196	4,196
Capital Outlay	-	20,510	-	20,510
TOTAL EXPENDITURES	64,137	20,510	12,038	96,685
REVENUES OVER (UNDER)				
EXPENDITURES	71	53,473	6,066	59,610
OTHER FINANCING USES				
Operating Transfers In(Out)	(3,793)	-	(5,233)	(9,026)
REVENUES OVER (UNDER)				
EXPENDITURES & TRANSFERS	(3,722)	53,473	833	50,584
FUND BALANCE, beginning of year	11,503	12,205	129,631	153,339
FUND BALANCE, end of year	7,781	65,678	130,464	203,923

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

Net changes in fund balances-total governmental funds 50,584

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the combined statement of net position and allocated over their estimated useful lives as annual depreciation in the statement of activities. This is the amount by which capital outlay exceeds depreciation outlay in the period.

Depreciation expense	(581)	
Capital outlay	-	(581)
		<u>50,003</u>

See accompanying notes

TOWN OF WYNONA
STATEMENT OF NET POSITION-MODIFIED CASH BASIS
PROPRIETARY FUND
FOR YEAR ENDED JUNE 30, 2019

ASSETS	<u>Activities</u>
Current Assets	
Cash and cash equivalents	25,286
Total Current Assets	<u>25,286</u>
 Noncurrent Assets	
Capital assets net of accumulated depreciation	206,975
Total non current assets	<u>206,975</u>
TOTAL ASSETS	<u><u>232,261</u></u>
 LIABILITIES	
 Noncurrent Liabilities	
Meter deposits	12,754
Total Noncurrent Liabilities	<u>12,754</u>
TOTAL LIABILITES	<u>12,754</u>
 NET Position	
Invested in capital assets	206,975
Restricted for:	
debt service	-
Unrestricted	12,532
Total net Position	<u><u>219,507</u></u>

See accompanying notes

TOWN OF WYNONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION-MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Authority Enterprise Fund
Operating Revenue	
Charges for Services:	
Water and Sewer	152,195
Other Income	-
Total Operating Revenues	<u>152,195</u>
Operating Expenses	
Water and Sewer-Personnel	94,210
Water and Sewer-Maintenance and Operations	68,554
Depreciation	12,401
Total Operating Expenses	<u>175,165</u>
Operating Income (loss)	(22,970)
Non-Operating Revenues (expenses)	
Interest Income	41
Grant Revenue	
Interest Expense	-
Total Non-Operating Revenues (Expenses)	<u>41</u>
Net Income (loss) before contributions and transfers	(22,929)
Capital Contributions	-
Transfers in	23,793
Transfers out	<u>(14,768)</u>
Change in Net Position	(13,904)
Total Net Position Beginning of Year	233,411
Total Net Position End of Year	<u><u>219,507</u></u>

See accompanying notes

TOWN OF WYNONA
STATEMENT OF CASH FLOW-MODIFIED CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Authority
Cash flows from operating activities:	
Receipt from customers	152,195
Payment to suppliers	(68,554)
Payment to employees	(94,210)
Receipt of customer utility deposits	1,200
Refund of customer utility deposits	(51)
Net cash provided by (used in) operating activities	<u>(9,420)</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	(14,768)
Transfers from other funds	23,793
Net cash provided by (used in) noncapital financing activities	<u>9,025</u>
Cash flows from capital and related financing activities:	
Purchase Capital Assets	-
Grant Proceeds	-
Interest paid on capital debt	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Purchase of investments	-
Liquidation of investments	-
Interest income	41
Net cash provided by (used in) investing activities	<u>41</u>
Net increase (decrease) in cash and cash equivalents	(354)
Cash and equivalents at beginning of Year	<u>25,640</u>
Cash and equivalents at end of Year	<u><u>25,286</u></u>
Reconciliation of operating income (loss) to net cash provided	
by (used in) operating activities:	
Operating Income	(22,970)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	12,401
Change in Position and liabilities:	
Increase (decrease) in meter deposits	<u>1,149</u>
Net Cash provided by (used in) operating activities	<u><u>(9,420)</u></u>
See accompanying notes	

TOWN OF WYNONA
Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Wynona, Oklahoma (the Town) conform to the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements and (Statements and Interpretations). The more significant accounting policies established in the modified cash basis of accounting and used by the town of Wynona is discussed below.

A. Reporting Entity

The Town of Wynona, Oklahoma was organized under the statues of the State of Oklahoma. The Town provides the following services as authorized by its charter; general government, public safety (fire and police), streets, public works, (utilities, water, sewer, and refuse), judicial, health and social services, culture, parks and recreations, public improvements, and planning and zoning for the geographical area organized as the Town of Wynona, Oklahoma.

These financial statements present the activities of the town and its component units, entities for which the town is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the Town's operations and so data from these units are combined with the data of the primary government.

Blended Component Units

The Wynona Municipal Authority (the Authority) was created pursuant to a Trust Indenture, to finance, operate, construct and administer the water distribution system owned by the Town and have been leased to the Authority. The Authority is a public trust and an agency of the State of Oklahoma under title 60, Oklahoma Statutes, and is governed by the board consisting of nine trustees identical with the Town Council. The Authority is exempt from State and Federal Income taxes and is reported as an enterprise fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information of the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenue, from business-type activities, generally financed in whole or in part with fees charged to external customers. The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the

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Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

acquisition, construction, or rehabilitation of capital assets and include fees to developer. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the Town are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

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

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business like activities are presented using the economic resources measurement, within the limitations of the modified cash basis of accounting, as defined in “basis of accounting” below.

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

- (A) All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- (B) The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenue, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified 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 certain liabilities and their related expenses (such as accounts payable and expenses for goods or services

TOWN OF WYNONA
Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

received but not yet paid, and accrued expense and liabilities) are not recorded in these financial statements.

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

The accounts of the town are organized and operated on the basis of funds. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Fund Types and Major Funds

The town has the following major governmental funds:

General Fund--is the general operating fund of the Town. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Projects Fund—account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

Proprietary Funds—are used to account for those operations that are financed and operated in a manner similar to private business where the intent of the governing body is that the costs(expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that the determination of revenues earned, costs incurred and/or net income is necessary for capital maintenance, public policy or management accountability.

D. Assets, Liabilities and Equity

1. Deposits and Investments

Oklahoma Statutes authorize the Town to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities of the United States unless law expressly prohibits such an investment.

For financial statement presentation and 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 certificates of

TOWN OF WYNONA
Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
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deposit with the maturity date of three months or less. Debt instruments with maturity date of more than three months are considered to be investments. Investments are stated at cost.

Restricted Cash: The restricted cash represents amounts held for customer meter deposits.

2. Fair value of Financial Instruments

The Town's financial instruments include cash and cash equivalents and investments. The Town's estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

3. Inventories

Inventories in both governmental funds and proprietary funds normally consist of minimal amounts of expendable supplies held for consumption. The costs of governmental fund-type and proprietary fund inventories are recorded as expenditures when purchased rather than when consumed.

4. Fixed Assets

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed assets are recorded at fair market values as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives.

1. Buildings	5-50
2. Machinery and Equipment	3-30
3. Vehicles	3-7

TOWN OF WYNONA
Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

The following is a summary of changes in capital assets

	Balance		Balance	
	1-Jul-18	Additions	Retirements	30-Jun-19
Primary Government				
Governmental Activities				
Buildings	46,700	-	-	46,700
Machinery and equipment	34,575	-	-	34,575
Vehicles	9,000	-	-	9,000
Total Capital Assets				
Being Depreciated	90,275	-	-	90,275
Less Accumulated depreciation				
Buildings	46,700	-	-	46,700
Machinery and equipment	33,994	581	-	34,575
Furniture and fixtures	-	-	-	-
Vehicles	9,000	-	-	9,000
Less Accumulated depreciation	89,694	581	-	90,275
Net Capital Assets	581	(581)	-	-
Business Type Activities				
Buildings	140,000	-	-	140,000
Infrastructure other than buildings	386,012	-	-	386,012
Total Capital Assets				
Being Depreciated	526,012	-	-	526,012
Less Accumulated depreciation				
Buildings	34,533	5,600	-	40,133
Infrastructure other than buildings	272,103	6,801	-	278,904
Less Accumulated depreciation	306,636	12,401	-	319,037
Net Capital Assets	219,376	(12,401)	-	206,975
Total Net Capital Assets	219,957	(12,982)	-	206,975
Capital Assets not being depreciated				
Land	56,000	-	-	56,000
Total Capital Assets not being depreciated	56,000	-	-	56,000

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

General Government \$581

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Wynona, Oklahoma
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5. Compensated Absences

Full-time regular employees are granted vacation and sick leave benefits in varying amounts to specified maximums depending on tenure with the Town. The Town has not accrued compensated absences because the amount, if any, would not be material to the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a modified cash basis, which is not consistent with generally accepted accounting principles (GAAP) for all governmental funds. The significant difference is that income is not budgeted until received. The enterprise funds adopt budgets on the non-GAAP basis wherein service fees are recognized as revenue, capital expenditures are recognized as expenses, depreciation expense is not budgeted. Annual appropriated budgets are not adopted for the fiduciary funds. Budgetary data for enterprise funds are not presented in these financial statements. The operating budget, for all budgeted funds, includes proposed expenditures and the means of financing. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: personnel services, maintenance and operations and capital outlay. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level.

Budgetary Accounting and Control

A budget is prepared for the General Fund and approved by the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. Once approved, the Board of Trustees may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The budget is prepared on the modified cash basis.

The budget and all budget revisions at the legal level are subject to final approval by the Town Council. Revisions to the budget were made during the year in accordance with the provisions of the Oklahoma Statutes. All annual appropriations lapse at year-end. The Town does not utilize encumbrance accounting. Encumbrances (accounts payable) are shown as expenditures and liabilities in the current year and are paid in the subsequent year.

3. DETAILED NOTES CONCERNING THE FUNDS

Deposits and Investments

Custodial Credit Risk

Custodial Credit Risk on deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At June 30, 2019 the Town's deposits were covered by federal deposit insurance.

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Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2019.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town Council monitors the investment performance on an ongoing basis to limit the Town's interest rate risk.

The Town's cash deposits, including interest-bearing certificates of deposits, are maintained in financial institutions. Those deposits are classified as to credit risk by the following three categories:

Category A. Insured by Federal Deposit Insurance or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

Category B. Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

Category C. Uncollateralized

	Category			Bank Balance	Carrying Amount
	A	B	C		
Cash	229,209	-	-	229,209	229,209
Investments	-	-	-	-	-
Total	229,209	-	-	229,209	229,209

4. OTHER INFORMATION

RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to cover these and other risks, including general and auto liability, property damage, and public official's liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers; compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract

TOWN OF WYNONA
Wynona, Oklahoma
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for all claims submitted to it during the plan year.

As a member of the plan, the Town is required to pay fees set by the Plan according to an established payment schedule. A Loss Fund has been established from the proceeds of these fees for each participant in the Plan. The State Insurance Fund provides coverage in excess of the Loss Fund so that town's liability for claim loss is limited to the balance in that fund.

In addition to the Loss Fund, the Town maintains two additional funds with the Plan. The Rate Stabilization Reserve (RSR), which can be applied against future premium increases and an Escrow Fund made up of the past refunds left on the deposit with the Plan. Escrow funds earn interest and are readily available for us by the governing board. In accordance with GASB No. 10, the Town reports the required contribution to the pool, net of refunds, as insurance expense.

Contingent Liabilities

The Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Pension Fund

The Town of Wynona does not participate in a pension fund.

Subsequent Events

The Organization has evaluated subsequent events through April 30, 2020 the date which the financial statements were available to be issued.

Other Supplemental Information
Town of Wynona
Statement of Revenue and Expenditures
General Fund Budget to Actual-Modified Cash Basis
Year Ended June 30, 2019

	Original & Final Budget	Actual	Variance
REVENUES			
Sales and Use Tax	48,000	33,245	(14,755)
Alcoholic beverage tax	10,000	13,412	3,412
Franchise tax	7,500	8,456	956
Police Fines and Forfeitures	25,000	4,815	(20,185)
Grants	-	-	-
Other	8,000	4,280	(3,720)
TOTAL REVENUES	98,500	64,208	(34,292)
EXPENDITURES			
Managerial	100	304	(204)
City clerk	11,600	6,891	4,709
City Treasurer	2,000	-	2,000
City Attorney	1,500	1,645	(145)
Municipal Court	2,300	500	1,800
Police Department	66,000	24,668	41,332
Fire Department	4,000	467	3,533
General Government	16,000	22,771	(6,771)
TOTAL EXPENDITURES	103,500	57,246	46,254

see accompanying notes

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Certified Public Accountant

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INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town Council
Town of Wynona

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 each major fund and the aggregate remaining fund information of The Town of Wynona as of June, 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Wynona’s basic financial statements, and have issued our report thereon dated April 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Wynona’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Wynona’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 Town of Wynona'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



John Jech CPA, PLLC
Certified Public Accountant
Pawhuska, OK
April 30, 2020