

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**TOWN OF WISTER, OKLAHOMA**

**JUNE 30, 2016**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**TOWN OF WISTER, OKLAHOMA  
JUNE 30, 2016**

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**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

The Honorable Board of Trustees  
Town of Wister  
Wister, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Wister, Oklahoma, (Town) as of and for the year ended June 30, 2016, 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 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's 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 opinions.

**Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles**

As discussed in Note 1, the financial statements are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the modified cash basis described in Note 1 and accounting principles generally accepted in the United States of America, although reasonably determined, are presumed to be material. Also, As discussed in Note 1 to the financial statements, the Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

**Adverse Opinions on U.S. Generally Accepted Accounting Principles**

In our opinions, because the significance of the matters discussed in the previous paragraph, the basic financial statements referred to in the first paragraph, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the Town of Wister, Wister, Oklahoma as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended.

**Unqualified Opinions on Modified Cash Basis of Accounting**

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the Town of Wister, Oklahoma as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 27 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 the 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.

The Town has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), 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. Our 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 a report dated December 22, 2016, on our consideration of the Town'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

*Jenkins & Kemper, LPAs P.C.*  
Jenkins & Kemper  
Certified Public Accountants, P.C.

December 22, 2016



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Trustees  
Town of Wister  
Wister, 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, each major fund, and the aggregate remaining fund information of the Town of Wister, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town of Wister, Oklahoma's basic financial statements, and have issued our report thereon dated December 22, 2016. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed a modified cash basis and also because the financials did not include fixed asset records. Additionally, the Town did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, we considered the Town'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's internal control. Accordingly, we 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 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 over financial reporting 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's financial statements are free of 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.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

December 22, 2016

**TOWN OF WISTER, OKLAHOMA  
SCHEDULE OF FINDINGS  
JUNE 30, 2016**

There were no findings.

**TOWN OF WISTER, OKLAHOMA  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
JUNE 30, 2016**

There were no prior year findings.



**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**TOWN OF WISTER, OKLAHOMA**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**JUNE 30, 2016**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash, and cash equivalents	\$ 45,463	23,809	69,272
Noncurrent Assets:			
Restricted cash, and cash equivalents		50,429	50,429
Total noncurrent assets		50,429	50,429
Total Assets	45,463	74,238	119,701
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll taxes payable	3,292	2,016	5,308
Capital lease, due in one year	62,836	22,290	85,126
Total current liabilities	66,128	24,306	90,434
Noncurrent Liabilities:			
Refundable deposits		51,000	51,000
Capital lease, less current portion	68,357	163,754	232,111
Total noncurrent liabilities	68,357	214,754	283,111
Total Liabilities	134,485	239,060	373,545
<u>NET ASSETS</u>			
Unrestricted	(89,022)	(164,822)	(253,844)
Total Net Assets	\$ (89,022)	(164,822)	(253,844)

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

**TOWN OF WISTER, OKLAHOMA**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR YEAR ENDED JUNE 30, 2016**

Functions/Programs	Program Revenues			Net (Expense)/Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	TOTALS
<b>Primary Government:</b>							
Governmental Activities -							
Clerk	\$ 600				(600)		(600)
General Government	144,372	2,200	17,314		(124,858)		(124,858)
Total general government	144,972	2,200	17,314	-	(125,458)		(125,458)
Public Safety:							
Police	170,121	65,479			(104,642)		(104,642)
Animal Control	18,281				(18,281)		(18,281)
Fire	101,574	10,090			(91,484)		(91,484)
Total public safety	289,976	75,569	-	-	(214,407)		(214,407)
Transportation:							
Streets	11,343				(11,343)		(11,343)
Total governmental activities	446,291	77,769	17,314	-	(351,208)		(351,208)
Business-Type Activities -							
Water, Sewer & Sanitation	364,878	349,602	-	-	(15,276)		(15,276)
Total business-type activities	364,878	349,602	-	-	(15,276)		(15,276)
Total primary government	\$ 811,169	427,371	17,314	-	(351,208)		(366,484)
General revenues-							
Taxes-							
Sales tax					\$ 228,476		228,476
Franchise taxes					21,586		21,586
Use tax					29,044		29,044
Motor vehicle tax					7,955		7,955
Gas tax					2,026		2,026
Payments in lieu of tax					4,657		4,657
Cigar tax					2,751		2,751
Alcohol beverage tax					9,010		9,010
Miscellaneous					37,923	6,325	44,848
Investment earnings					77	173	250
Total general revenues and special items					343,505	7,098	350,603
Change in net assets					(7,703)	(8,178)	(15,881)
Net assets, beginning of period					(81,319)	(156,644)	(237,963)
Net assets, end of period					\$ (89,022)	(164,822)	(253,844)

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

**TOWN OF WISTER, OKLAHOMA  
BALANCE SHEET - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash, and cash equivalents	\$ 45,463	45,463
Investments	-	-
Total assets	<u>45,463</u>	<u>45,463</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Payroll taxes payable	3,292	3,292
Total Liabilities	<u>3,292</u>	<u>3,292</u>
Fund Balances:		
Unreserved	<u>42,171</u>	<u>42,171</u>
Total Liabilities and Fund Balances	<u>\$ 45,463</u>	

**Reconciliation to Statement of Net Assets:**

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

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore are not reported in the funds.	<u>(131,193)</u>
Net assets of governmental activities	<u>(89,022)</u>

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

**TOWN OF WISTER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND  
AND CHANGES IN FUND BALANCES  
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS  
FOR YEAR ENDED JUNE 30, 2016**

	General Fund	Total Governmental Funds
<b>Revenues:</b>		
Taxes	\$ 268,506	268,506
Charges for services	12,290	12,290
Intergovernmental	36,999	36,999
State grants	4,290	4,290
Fines and forfeitures	65,479	65,479
Interest income	77	77
State health insurance reimbursements	13,024	13,024
Miscellaneous	37,923	37,923
Total Revenues	438,588	438,588
<b>Expenditures:</b>		
General Government:		
Clerk	600	600
General Government	144,372	144,372
Public Safety:		
Police	179,792	179,792
Animal Control	18,281	18,281
Fire	81,732	81,732
Street and Public Works:		
Streets	11,343	11,343
Total Expenditures	436,120	436,120
Excess (deficiency) of revenues over expenditures	2,468	2,468
Fund balances - beginning	39,703	39,703
Fund balances - ending	\$ 42,171	42,171
Reconciliation to the Statement of Activities:		
Net change in fund balances - total governmental funds		\$ 2,468
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are considered expenditures in the governmental activities report		(45,378)
Principal payments are not considered expenditures in the governmental activities report		35,207
Change in Net Assets of Governmental Activities		\$ (7,703)

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

**TOWN OF WISTER, OKLAHOMA**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**JUNE 30, 2016**

	Wister Public Works Enterprise Fund
<u>ASSETS</u>	
Current assets:	
Cash, and cash equivalents	\$ 23,809
Total current assets	23,809
Noncurrent assets:	
Restricted cash and cash equivalents	50,429
Total noncurrent assets	50,429
Total Assets	74,238
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll taxes payable	2,016
Current maturities of long-term debt	22,290
Total current liabilities	24,306
Noncurrent Liabilities:	
Refundable deposits	51,000
Long-term debt	163,754
Total noncurrent liabilities	214,754
Total Liabilities	239,060
<u>NET ASSETS</u>	
Unrestricted	(164,822)
Total Net Assets	\$ (164,822)

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

**TOWN OF WISTER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND  
AND CHANGES IN FUND NET ASSETS  
MODIFIED CASH BASIS - PROPRIETARY FUNDS  
FOR YEAR ENDED JUNE 30, 2016**

	Wister Public Works Enterprise Fund
	Fund
<b>Operating Revenues:</b>	
Charges for services:	
Water, sewer, & sanitation	\$ 340,183
Water taps	9,419
Miscellaneous	6,925
Total Operating Revenues	356,527
<b>Operating Expenses:</b>	
Salaries and wages	134,039
Water purchases	71,761
Contracted services	48,232
Operating supplies	15,414
Office expenses	11,189
Sanitation operations	22,535
Utilities	3,036
Insurance expenses	1,761
Repair expenses	3,593
Legal and accounting	6,100
Miscellaneous	679
Total Operating Expenses	318,339
Net Operating Income (Loss)	38,188
<b>Non-Operating Revenues (Expenses):</b>	
Capital expense	(35,742)
Interest expense	(10,797)
Interest income	173
Total Non-Operating Revenues (Expenses)	(46,366)
Changes in net assets	(8,178)
Total Net Assets - Beginning	(156,644)
Total Net Assets - Ending	\$ (164,822)

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

**TOWN OF WISTER, OKLAHOMA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR YEAR ENDED JUNE 30, 2016**

	<u>Wister Public Works Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 356,527
Payments to employees	(133,447)
Payments to suppliers	(184,300)
Net Cash Provided by Operating Activities	<u>38,780</u>
Cash Flows from Noncapital Financing Activities:	
Increase (decrease) in refundable deposits	<u>2,861</u>
Net Cash Provided (Used) by Operating Activities	<u>2,861</u>
Cash Flows from Capital and Related Financing Activities:	
Capital improvements	(35,742)
Proceeds from debt	35,742
Principal paid on debt	(21,146)
Interest paid on debt	(10,797)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(31,943)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>173</u>
Net Cash Provided by Investing Activities	<u>173</u>
Net Increase (Decrease) in Cash and Cash Equivalents	9,871
Balance - beginning of the year	<u>64,367</u>
Balance - end of the year	<u>\$ 74,238</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 38,188
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in payroll taxes payable	<u>592</u>
Net cash provided by operating activities	<u>\$ 38,780</u>

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**1. Summary of Significant Accounting Policies**

The financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following represent the more significant accounting and reporting policies and practices of the Town.

Reporting Entity - The financial statements include all activities, which should be included as determined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. In accordance with Statement No. 14, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and, 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has 1) a separately elected governing board, 2) a governing board appointed by a higher level of government, or 3) a jointly appointed board.

The reporting entity's financial statements should present the fund types and account groups of the primary government, including its blended component units, which are, in substance, part of the primary government, and provide an overview of the discretely

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies – contd.**  
presented component units.

A component unit should be included in the reporting entity's financial statements using the blending method in either of these circumstances:

- a) The component unit's governing body is substantively the same as the governing body of the primary government.
- b) The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

Discrete presentation of component units entails reporting component unit financial data in a column separate from the financial data of the primary government.

The primary government in the financial reporting entity of the Town of Wister, is the Town of Wister. The component unit, which has been included in the reporting entity using the blending method, is the Wister Public Works Authority. This component unit was blended into the primary government since it met both of the criteria above to be included using the blending method.

No other entities or organizations were determined to be financially accountable to the primary government, nor was the nature or significance of their relationship with the primary government such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the foregoing criteria the Wister Public Works Authority is included in the Town's annual financial report as a blended component unit. Separate financial statements for the blended component unit have not been prepared.

A. BASIS OF PRESENTATION

Government-Wide Financial Statements

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

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies – contd.**

A. **BASIS OF PRESENTATION** – contd.

**Fund Financial Statements**

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

**General Fund**

The general fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Proprietary Funds**

**Enterprise Funds**

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies – contd.**

A. BASIS OF PRESENTATION

Enterprise Funds –contd.

Wister Public Works Authority – The Wister Public Works Authority (WPWA) was created February 8, 1972 to finance, develop, and operate the water, wastewater, and sanitation activities of the Town. Current Town Council serves as the entire governing Body (Trustees). Debt issued by the WPWA requires two-thirds (2/3) approval of the Town Council.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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 Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b 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 expendable financial resources during a given period. These funds use fund balance as their measure of available expendable 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 assets (or cost recovery), 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 assets.

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies – contd.**

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – contd.

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component units activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit 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 received but not yet paid, and accrued expenses 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 for governmental funds would use the modified accrual basis of accounting, while the financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

C. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS - For the purpose of financial reporting, “cash and cash equivalents” includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS – Investments classified in the financial statements consist entirely of certificate of deposit whose original maturity exceeds three month. Investments are carried at cost, which approximates fair value.

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies – contd.**

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

CAPITAL ASSETS - Expenditures for property and equipment of governmental funds and expendable trust funds are recorded as fund expenditures; however, no detail fixed assets records are maintained for such assets still in service.

Fixed assets acquired by the Enterprise Funds are not capitalized as property and equipment within the Funds. No detail fixed assets records are maintained for such assets still in service. Therefore, financial statements of the Enterprise Funds do not contain a provision for depreciation expense.

LONG-TERM DEBT – All long-term debt arising from modified cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

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

EQUITY CLASSIFICATION

**Government-Wide Statements**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net assets – Consists of net assets 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.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

1. **Summary of Significant Accounting Policies** – contd.

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

EQUITY CLASSIFICATION - contd.

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

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

D. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from 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 – Licenses and permits.

Public Safety – Fine revenue and Fire run revenue.

Street & Public Works – Commercial vehicle and gasoline excise tax shared by the State.

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

OPERATING REVENUES 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, non-capital financing, or investing activities.



**TOWN OF WISTER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**1. Summary of Significant Accounting Policies – contd.**

**E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

During the course of normal operations, the Town has numerous transactions between funds, including expenditures and transfer of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. Non-recurring or non-routine transfers of equity are reported as residual equity transfers.

**F. USE OF STATEMENTS**

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

**2. Deposits and Investments**

The Town's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

**3. Restricted Assets**

Restricted assets recorded in the enterprise fund, the Wister Public Works Authority, is the meter deposit fund.

At June 30, 2016, the Town had the following restricted assets:

Wister Public Works Authority –	
Meter deposit fund –	
Held for refund to water customers	<u>\$ 51,000</u>

**TOWN OF WISTER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**4. Long-term Debt**

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

**Lease Purchase Obligations:**

As of June 30, 2016 the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

The following is a summary of the long-term debt transactions of the Town for the year ended June 30, 2016:

	Capital Leases
Balance, July 1, 2015	\$ 121,022
Additions	45,378
Retirements	<u>(35,207)</u>
Balance, June 30, 2016	<u>\$ 131,193</u>

A brief description of the outstanding long-term debt at June 30, 2016 is set forth below:

	<u>Amount outstanding</u>
<u>Capital Leases</u>	
Lease agreement for 2008 Tanker Truck, totaling \$159,169, dated April 10, 2008, interest rate of 4.98%, due in monthly installments of \$1,491.02, beginning Aug. 2008, with final payment due July, 2020;	\$ 69,457
Lease agreement for Fire Truck and 2015 GMC 3500, totaling \$45,378, dated April 6, 2016, interest rate of 3.36%, due in one payment by June, 2017;	38,129

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

4. **Long-term Debt** – contd.

Capital Leases (contd)

Lease agreement for 2013 Dodge Charger, totaling \$39,505, dated November 4, 2014; interest rate of 3.36%, due in monthly installments of \$881.52, beginning November 2014, with final payment due October, 2018;

23,607

Total

\$ 131,193

The annual debt service requirements for the retirement of capital lease principal and interest are as follows:

Year ending June 30	Principal	Interest	Total
2017	\$ 62,836	5,045	67,881
2018	25,798	2,672	28,470
2019	19,706	1,603	21,309
2020	17,143	750	17,893
2021	5,710	58	5,768
Totals	<u>\$ 131,193</u>	<u>10,128</u>	<u>141,321</u>

BUSINESS-TYPE ACTIVITIES

**Lease Purchase Obligations:**

As of June 30, 2016, the long-term debt, arising from cash transactions, payable from business-type fund resources consisted of the following:

The following is a summary of the long-term debt transactions of the Authority for the year ended June 30, 2016:

	Capital Leases
Balance, July 1, 2015	\$ 171,448
Additions	35,742
Retirements	<u>(21,146)</u>
Balance, June 30, 2016	<u>\$ 186,044</u>

**TOWN OF WISTER, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**4. Long-term Debt – contd.**

A brief description of the outstanding long-term debt at June 30, 2016 is set forth below:

	<u>Amount outstanding</u>
<u>Capital Leases</u>	
Lease agreement for sewer improvements, totaling \$190,911, dated 2/4/14, interest rate of 5.9%, due in monthly installments of \$2,109.93 beginning 3/7/14, final payment due 2/07/2024;	\$ 155,844
Lease agreement for sewer pumps, totaling \$35,742, dated June 19, 2015, interest rate of 3.19%, due in monthly installments of \$548.90, beginning July 2015, with final payment due June, 2021;	<u>30,200</u>
Total	<u>\$ 186,044</u>

The annual debt service requirements for the retirement of capital lease principal and interest are as follows:

Year ending	<u>Principals</u>	<u>Interest</u>	<u>Total</u>
<u>June 30</u>			
2017	22,289	9,617	31,906
2018	23,464	8,442	31,906
2019	24,720	7,186	31,906
2020	26,047	5,859	31,906
2021	27,209	4,458	31,667
2022-2026	62,315	5,181	67,496
Totals	<u>\$ 186,044</u>	<u>40,743</u>	<u>226,787</u>

**5. Compensated Absences**

The Town requires its employees to take vacation within the year in which it is earned. Accumulated vacation, at June 30, 2016, is not material to the financial statements.

**TOWN OF WISTER, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**6. Inter-fund Transactions**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Town reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single fund type. The total of all balances agree with the sum of inter-fund balances presented in the statement of net assets. There were no inter-fund balances, as of June 30, 2016.

**7. Employee Pension Plans**

The Town does not participate in any retirement plan for its employees other than make payments to the Oklahoma Firefighters Pension Fund for volunteer firefighters.

**8. Commitments and Contingencies**

The Town participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Town that the amount, if any, would not be significant.

**9. Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**TOWN OF WISTER, OKLAHOMA**  
**BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS**  
**GENERAL FUND**  
**FOR YEAR ENDED JUNE 30, 2016**

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
<b>Revenues</b>				
Sales tax	\$ 221,000	221,000	228,476	7,476
Franchise tax	21,500	21,500	21,586	86
Use tax	18,000	18,000	29,044	11,044
Cigarette tax	3,000	3,000	2,751	(249)
Alcohol beverage tax	9,000	9,000	9,010	10
Charges for services	13,320	13,320	10,090	(3,230)
Gasoline tax	2,000	2,000	2,026	26
Motor vehicle tax	7,000	7,000	7,955	955
State health insurance reimbursements	-	-	17,314	17,314
Grant revenue	-	-	4,657	4,657
Fines and forfeitures	119,452	119,452	65,479	(53,973)
Pavillion rent	-	-	2,200	2,200
Interest income	200	200	77	(123)
Miscellaneous	26,777	26,777	37,923	11,146
<b>Total revenues</b>	<u>441,249</u>	<u>441,249</u>	<u>438,588</u>	<u>(2,661)</u>
<b>Expenditures</b>				
<b>General Government:</b>				
Clerk	600	600	600	-
General Government	173,396	173,396	144,372	29,024
<b>Public Safety:</b>				
Police	199,021	199,021	170,121	28,900
Animal Control	-	-	18,281	(18,281)
Fire	27,400	27,400	56,196	(28,796)
<b>Street and Public Works:</b>				
Streets	-	-	11,343	(11,343)
Capital outlay	12,362	12,362		12,362
Debt service	28,470	28,470	35,207	(6,737)
<b>Total expenditures</b>	<u>441,249</u>	<u>441,249</u>	<u>436,120</u>	<u>(496)</u>
Excess of revenues over (under) expenditures	-	-	2,468	2,468
Fund balance, beginning of period	-	-	39,703	39,703
Fund balance, end of period	<u>\$ -</u>	<u>-</u>	<u>42,171</u>	<u>42,171</u>

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