

**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

TOWN OF WISTER, OKLAHOMA

JUNE 30, 2018



JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.



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JACK JENKINS, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Trustees
Town of Wister
Wister, Oklahoma 74966

We have audited the accompanying modified cash basis financial statements of Town of Wister, Wister, Oklahoma, as of and for the year ended June 30, 2018, 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 1; 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 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 modified-cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wister, as of June 30, 2018,

and the respective changes in modified-cash basis net assets and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 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 opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Town of Wister's basic financial statements. The budgetary comparison information on page 28, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The Town has not presented the Management's Discussion and Analysis. Such missing 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. Our opinion on these 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 January 21, 2019, 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, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 21, 2019



**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**

Board of Trustees
Town of Wister
Wister, Oklahoma 74966

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 Town of Wister as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon, dated January 21, 2019,

Internal Control Over Financial Reporting

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

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.

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'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.

January 21, 2019

**TOWN OF WISTER, OKLAHOMA
JUNE 30, 2018**

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**TOWN OF WISTER, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2018**

There were no findings.

**TOWN OF WISTER, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2018**

There were no prior year findings.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF WISTER, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash, and cash equivalents	\$ 30,454	36,203	66,657
Noncurrent Assets:			
Restricted cash, and cash equivalents		47,292	47,292
Total noncurrent assets		47,292	47,292
Total Assets	30,454	83,495	113,949
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll taxes payable	1,183	1,851	3,034
Capital lease, due in one year	37,794	27,256	65,050
Total current liabilities	38,977	29,107	68,084
Noncurrent Liabilities:			
Refundable deposits		47,327	47,327
Capital lease, less current portion	125,650	139,585	265,235
Total noncurrent liabilities	125,650	186,912	312,562
Total Liabilities	164,627	216,019	380,646
<u>NET ASSETS</u>			
Unrestricted	(134,173)	(132,524)	(266,697)
Total Net Assets	\$ (134,173)	(132,524)	(266,697)

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, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense)/Revenue and Changes in Net Assets		TOTALS
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government:						
Governmental Activities -						
Clerk	\$ 600				(600)	(600)
General Government	136,380	2,650	-	-	(133,730)	(133,730)
Total general government	136,980	2,650	-	-	(134,330)	(134,330)
Public Safety:						
Police	254,423	111,417			(143,006)	(143,006)
Animal Control	2,004				(2,004)	(2,004)
Fire	78,791	13,590			(65,201)	(65,201)
Total public safety	335,218	125,007	-	-	(210,211)	(210,211)
Transportation:						
Streets	33,412				(33,412)	(33,412)
Total governmental activities	505,610	127,657	-	-	(377,953)	(377,953)
Business-Type Activities -						
Water, Sewer & Sanitation	417,458	378,628	-	24,235	(14,595)	(14,595)
Total business-type activities	417,458	378,628	-	24,235	(14,595)	(14,595)
Total primary government	\$ 923,068	506,285	-	24,235	(377,953)	(392,548)
General revenues-						
Taxes-						
Sales tax				\$ 225,475		225,475
Franchise taxes				23,240		23,240
Use tax				37,163		37,163
Motor vehicle tax				7,480		7,480
Gas tax				2,018		2,018
Payments in lieu of tax				-		-
Cigar tax				2,753		2,753
Alcohol beverage tax				9,636		9,636
Miscellaneous				17,577	15,499	33,076
Investment earnings				90	179	269
Total general revenues and special items				325,432	15,678	341,110
Change in net assets				(52,521)	1,083	(51,438)
Net assets, beginning of period				(81,652)	(133,607)	(215,259)
Net assets, end of period				\$ (134,173)	(132,524)	(266,697)

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

**TOWN OF WISTER, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2018**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash, and cash equivalents	\$ 30,454	30,454
Investments	-	-
Total assets	30,454	30,454
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Payroll taxes payable	1,183	1,183
Total Liabilities	1,183	1,183
Fund Balances:		
Unreserved	29,271	29,271
Total Liabilities and Fund Balances	\$ 30,454	

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.	(163,444)
Net assets of governmental activities	(134,173)

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, 2018**

	General Fund	Total Governmental Funds
Revenues:		
Taxes	\$ 263,122	263,122
Charges for services	16,240	16,240
Intergovernmental	44,643	44,643
State grants	-	-
Fines and forfeitures	111,417	111,417
Interest income	90	90
Miscellaneous	17,577	17,577
Total Revenues	<u>453,089</u>	<u>453,089</u>
Expenditures:		
General Government:		
Clerk	600	600
General Government	136,380	136,380
Public Safety:		
Police	217,755	217,755
Animal Control	2,004	2,004
Fire	69,153	69,153
Street and Public Works:		
Streets	33,413	33,413
Total Expenditures	<u>459,305</u>	<u>459,305</u>
Excess (deficiency) of revenues over expenditures	(6,216)	(6,216)
Fund balances - beginning	35,487	35,487
Fund balances - ending	<u>\$ 29,271</u>	<u>29,271</u>
Reconciliation to the Statement of Activities:		
Net change in fund balances - total governmental funds		\$ (6,216)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital assets are considered expenditures in the governmental activities report		(73,159)
Principal payments are not considered expenditures in the governmental activities report		<u>26,854</u>
Change in Net Assets of Governmental Activities		<u>\$ (52,521)</u>

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, 2018

	Wister Public Works Enterprise Fund
<u>ASSETS</u>	
Current assets:	
Cash, and cash equivalents	\$ 36,203
Total current assets	36,203
Noncurrent assets:	
Restricted cash and cash equivalents	47,292
Total noncurrent assets	47,292
Total Assets	83,495
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll taxes payable	1,851
Current maturities of long-term debt	27,256
Total current liabilities	29,107
Noncurrent Liabilities:	
Refundable deposits	47,327
Long-term debt	139,585
Total noncurrent liabilities	186,912
Total Liabilities	216,019
<u>NET ASSETS</u>	
Unrestricted	(132,524)
Total Net Assets	\$ (132,524)

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, 2018**

	Wister Public Works Enterprise Fund
Operating Revenues:	
Charges for services:	
Water, sewer, & sanitation	\$ 378,628
Miscellaneous	15,499
Total Operating Revenues	394,127
Operating Expenses:	
Salaries and wages	148,904
Water purchases	82,170
Contracted services	51,837
Operating supplies	18,042
Office expenses	9,104
Sanitation operations	57,708
Utilities	4,707
Insurance expenses	-
Repair expenses	3,644
Legal and accounting	3,350
Grant expenses	24,235
Miscellaneous	4,426
Total Operating Expenses	408,127
Net Operating Income (Loss)	(14,000)
Non-Operating Revenues (Expenses):	
Interest expense	(9,331)
Grants	24,235
Interest income	179
Total Non-Operating Revenues (Expenses)	15,083
Changes in net assets	1,083
Total Net Assets - Beginning	(133,607)
Total Net Assets - Ending	\$ (132,524)

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, 2018

	<u>Wister Public Works Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers	\$ 394,127
Payments to employees	(149,192)
Payments to suppliers	(259,223)
Net Cash Provided by Operating Activities	<u>(14,288)</u>
Cash Flows from Noncapital Financing Activities:	
Increase (decrease) in refundable deposits	<u>206</u>
Net Cash Provided (Used) by Operating Activities	<u>206</u>
Cash Flows from Capital and Related Financing Activities:	
Grant proceeds	24,235
Principal paid on debt	(25,992)
Interest paid on debt	(9,331)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(11,088)</u>
Cash Flows from Investing Activities:	
Interest on investments	<u>179</u>
Net Cash Provided by Investing Activities	<u>179</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(24,991)
Balance - beginning of the year	<u>108,486</u>
Balance - end of the year	<u>\$ 83,495</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (14,000)
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>(288)</u>
Net cash provided by operating activities	<u>\$ (14,288)</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, 2018

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 organizations 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 presented component units.

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

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, 2018

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, 2018

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, 2018

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, 2018

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, 2018**

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, 2018

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, 2018, the Town had the following restricted assets:

Wister Public Works Authority –	
Meter deposit fund –	
Held for refund to water customers	\$ <u>47,327</u>

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018 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, 2018:

	<u>Capital Leases</u>
Balance, July 1, 2017	\$ 117,139
Additions	73,159
Retirements	<u>(26,854)</u>
Balance, June 30, 2018	<u>\$ 163,444</u>

A brief description of the outstanding long-term debt at June 30, 2018 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;	\$ 38,155
Lease agreement for 1998 Fire Truck and 2015 GMC 3500, totaling \$63,688, dated February 7, 2018, interest rate of 4.36%, due in monthly installments of \$655.36 beginning April 2018, with final payment due October, 2027;	61,820

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. **Long-term Debt** – contd.

Capital Leases (contd)

Lease agreement for 2013 Dodge Charger, totaling \$20,350, dated October 14, 2016, interest rate of 3.36%, due in monthly installments of \$453.13, beginning November 2016, with final payment due October, 2020;	12,197
Lease agreement for Police Car Tech Equipment, totaling \$10,968, dated September 30, 2016, interest rate of 10.242%, due in monthly installments of \$234.35, beginning October 2016, with final payment due September, 2021;	7,746
Lease agreement for 2015 Dodge Chargers, totaling \$45,020, dated May 10, 2018, interest rate of 4.3%, due in monthly installments of \$800.08, beginning May 2016, with final payment due July, 2023;	<u>43,526</u>
Total	<u>\$ 163,444</u>

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

Year ending June 30	Principal	Interest	Total
2019	\$ 37,794	5,812	43,606
2020	39,232	4,375	43,607
2021	23,730	3,307	27,037
2022	15,759	2,409	18,168
2023	15,699	1,766	17,465
2024-2028	31,230	3,013	34,243
Totals	<u>\$ 163,444</u>	<u>20,682</u>	<u>184,126</u>

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

4. **Long-term Debt** – contd.

BUSINESS-TYPE ACTIVITIES

Lease Purchase Obligations:

As of June 30, 2018, 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, 2018:

	Capital Leases
Balance, July 1, 2017	\$ 192,833
Additions	0
Retirements	<u>(25,992)</u>
Balance, June 30, 2018	<u>\$ 166,841</u>

A brief description of the outstanding long-term debt at June 30, 2017 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;	\$ 121,691
Lease agreement for sewer pumps, totaling \$53,570, dated June 14, 2017, interest rate of 3.36%, due in monthly installments of \$833.65, beginning July 2017, with final payment due May, 2023;	<u>45,150</u>
Total	<u>\$ 166,841</u>

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

4. Long-term Debt – contd.

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

Year ending June 30	Principals	Interest	Total
2019	27,255	8,068	35,323
2020	28,671	6,652	35,323
2021	30,189	5,134	35,323
2022	31,767	3,556	35,323
2023	32,454	1,883	34,337
2024	16,505	358	16,863
Totals	\$ 166,841	25,651	192,492

5. Compensated Absences

The Town requires its employees to take vacation within the year in which it is earned. Accumulated vacation, at June 30, 2018, is not material to the financial statements.

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, 2018.

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.

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Sales tax	\$ 276,000	276,000	225,475	(50,525)
Franchise tax	22,000	22,000	23,240	1,240
Use tax	25,000	25,000	37,163	12,163
Cigarette tax	3,000	3,000	2,753	(247)
Alcohol beverage tax	9,000	9,000	9,636	636
Charges for services	19,000	19,000	16,240	(2,760)
Gasoline tax	2,000	2,000	2,018	18
Motor vehicle tax	8,200	8,200	7,480	(720)
In lieu of tax	-	-	-	-
Grant revenue	-	-	-	-
Fines and forfeitures	124,200	124,200	111,417	(12,783)
Pavillion rent	-	-	-	-
Interest income	-	-	90	90
Miscellaneous	6,300	6,300	17,577	11,277
Total revenues	494,700	494,700	453,089	(41,611)
Expenditures				
General Government:				
Clerk	600	600	600	-
General Government	195,400	195,400	136,380	59,020
Public Safety:				
Police	221,830	221,830	217,755	4,075
Animal Control	-	-	2,004	(2,004)
Fire	26,020	26,020	69,153	(43,133)
Street and Public Works:				
Streets	-	-	33,413	(33,413)
Capital outlay	19,932	19,932		19,932
Debt service	30,918	30,918		30,918
Total expenditures	494,700	494,700	459,305	(15,455)
Excess of revenues over (under) expenditures	-	-	(6,216)	(6,216)
Fund balance, beginning of period	-	-	35,487	35,487
Fund balance, end of period	\$ -	-	29,271	29,271

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