

Town of Wynona, Oklahoma
Financial Statements and Report
of Independent Accountants
As of and For the Year Ending
June 30, 2021

Table of Contents

Report of Independent Accountant	1-2
<u>Government Wide Financial Statements</u>	
Statement of Net Position – Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
<u>Fund Financial Statements</u>	
Balance Sheet- Modified Cash Basis – Governmental Funds	5
Statement of Revenues, Expenditures and Changes in in Fund Balances – Modified Cash Basis – Governmental Funds.....	6
Statement of Net Position - Modified Cash Basis – Proprietary Fund	7
Statement of Revenues, Expenses, and Changes in Net Position – Modified Cash Basis – Proprietary Fund.....	8
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund.....	9
Notes to the Basic Financial Statements.....	10-14
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	15-16
Schedule of Findings and Questioned Costs.....	17

Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.
Autumn L. Williams, C.P.A., Esq.
Eric J. Russell, C.P.A., Esq.
Member AICPA & OSCP

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743
Fax: (405) 607-8744
Email: caseycpa@hotmail.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Wynona, Oklahoma as of and for the year ended June 30, 2021, 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Wynona, Oklahoma, as of June 30, 2021, 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 described in Note One.

Basis of Accounting

We draw attention to Note One 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2022 on our consideration of the Town of Wynona, Oklahoma's internal control over financial reporting and on 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, Oklahoma's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Small & Williams CPA PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
November 11, 2022

Town of Wynona
Statement of Net Position - Modified Cash Basis - Government Wide
For the Year Ended June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash in Bank: Unrestricted	176,939.07	19,734.38	196,673.45
Cash in Bank: Restricted		15,203.34	15,203.34
Total current assets	176,939.07	34,937.72	211,876.79
Noncurrent assets:			
Capital Assets	89,867.50	182,174.20	272,041.70
Total assets	<u>\$ 266,806.57</u>	<u>\$ 217,111.92</u>	<u>\$ 483,918.49</u>
Liabilities			
Current liabilities			
Meter deposits	-	14,415.42	14,415.42
Total Liabilities		14,415.42	14,415.42
Net Assets			
Invested in capital assets, net of related debt	89,867.50	182,174.20	272,041.70
Unrestricted	176,939.07	19,734.38	196,673.45
Restricted		787.92	787.92
Total net assets	266,806.57	202,696.50	469,503.07
Total liabilities and net assets	<u>\$ 266,806.57</u>	<u>\$ 217,111.92</u>	<u>\$ 483,918.49</u>

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

Town of Wynona
Statement of Activities - Modified Cash Basis - Government Wide
For the Year Ending June 30, 2021

	Net (Expense) Revenue and					
	Changes in Net Assets					
	Program Revenues		Primary Government			
	Charges for	Grants and	Governmental	Business - Type		
Functions/Programs	Expenses	Services	Contributions	Activities	Activities	Total
Primary government						
Governmental activities						
General government	102,391.33	-	-	(102,391.33)	-	(102,391.33)
Police Department	5,283.54	-	-	(5,283.54)	-	(5,283.54)
Fire Department	3,596.75	-	-	(3,596.75)	-	(3,596.75)
Ambulance/EMS	5,975.36	18,522.37	-	12,547.01	-	12,547.01
Total governmental activities	117,246.98	18,522.37		(98,724.61)		(98,724.61)
Business-type activities						
Water Department	79,676.77	74,272.14	-	-	(5,404.63)	(5,404.63)
Sewer Department	26,818.12	24,571.62	-	-	(2,246.50)	(2,246.50)
Sanitation department	37,306.15	34,066.26	-	-	(3,239.89)	(3,239.89)
Other Business-Type Activities	17,970.12	-	-	-	(17,970.12)	(17,970.12)
Total business-type activities	161,771.16	132,910.02			(28,861.14)	(28,861.14)
Total primary government	\$ 279,018.14	\$ 151,432.39	\$	\$ (98,724.61)	\$ (28,861.14)	\$ (127,585.75)
General revenues:						
Sales & Use Taxes				57,851.89	-	57,851.89
Other Taxes				27,428.33	-	27,428.33
Total general revenues				85,280.22		85,280.22
Transfers In (Out)				(23,157.52)	23,157.52	
Change in net assets				(36,601.91)	(5,703.62)	(42,305.53)
Net assets - beginning				303,408.48	208,400.12	511,808.60
Net assets - ending				\$ 266,806.57	\$ 202,696.50	\$ 469,503.07

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

Town of Wynona
Balance Sheet - Modified Cash Basis - Governmental Funds
For the Year Ended June 30, 2021

	General Fund	Capital Improvement Fund	Total Governmental Funds
Assets			
Cash in bank - unrestricted	149,672.82	27,266.25	176,939.07
Total assets	\$ 149,672.82	\$ 27,266.25	\$ 176,939.07
Fund Balances			
Unassigned	149,672.82	27,266.25	176,939.07
Total Liabilities and Fund Balances	\$ 149,672.82	\$ 27,266.25	\$ 176,939.07
<i>Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities as of June 30, 2021</i>			
Total Governmental Fund Balances	149,672.82	27,266.25	176,939.07
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
<i>Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.</i>			
Net Assets of Governmental Activities	56,000.00	33,867.50	89,867.50
	\$ 205,672.82	\$ 61,133.75	\$ 266,806.57

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

Town of Wynona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis -
Governmental Funds
For the Year Ending June 30, 2021

	General Fund
Revenues	
Sales & Use Tax	57,851.89
Cigarette Tax	405.04
Franchise Tax	3,839.54
Gas and motor vehicle taxes	3,323.55
Alcoholic beverage taxes	19,860.20
Ambulance Runs / EMS Charges	18,522.37
Total revenues	103,802.59
Expenditures	
Payroll Expenses	43,259.53
Maintenance and Operations	73,237.45
Professional Services	750.00
Total expenditures	117,246.98
Operating Income	(13,444.39)
Less: Transfers Out	(23,157.52)
Net Change in Fund Balance	(36,601.91)
Beginning Fund Balance	213,540.98
Fund balance at end of year	\$ 176,939.07
<i>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ending June 30, 2021</i>	
Net change in Fund Balance - governmental funds	(36,601.91)
Change in Government Wide Net Assets	\$ (36,601.91)

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

Town of Wynona
Statement of Net Position - Modified
Cash Basis - Proprietary Fund
For the Year Ended June 30, 2021

ASSETS

Current Assets:

Cash in Bank - Unrestricted	19,734.38
Cash in Bank - Restricted	<u>15,203.34</u>
Total Current Assets	34,937.72

Noncurrent assets:

Net Capital Assets	<u>182,174.20</u>
Total Assets	<u><u>\$ 217,111.92</u></u>

LIABILITIES

Current Liabilities:

Meter Deposits	<u>14,415.42</u>
Total Current Liabilities	14,415.42

Non-Current Liabilities:

Total Liabilities	14,415.42
-------------------	-----------

NET POSITION

Invested in Capital Assets, Net of Related Debt	182,174.20
Restricted	15,203.34
Unrestricted	<u>5,318.96</u>
Total Net Position	<u>202,696.50</u>
Total Liabilities & Net Position	<u><u>\$ 217,111.92</u></u>

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

Town of Wynona
Statement of Revenues, Expenses, and Changes in Net
Position - Modified Cash Basis - Proprietary Fund
For the Year Ended June 30, 2021

Operating Revenues

Charges for Services:

Sewer	74,272.14
Water	24,571.62
Sanitation	34,066.26
Total Operating Revenues	<u>132,910.02</u>

Operating Expenses

Maintenance & Operations	70,996.91
Personal Services	78,373.65
Depreciation	12,400.60
Total Operating Expenses	<u>161,771.16</u>
Operating Income (Loss)	<u>(28,861.14)</u>

Nonoperating Revenues (Expenses)

Transfers In (Out)	23,157.52
Change in Net Position	<u>(5,703.62)</u>
Net Position - Beginning	<u>208,400.12</u>
Net Position - Ending	<u><u>\$ 202,696.50</u></u>

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

Town of Wynona
Statement of Cash Flows - Modified Cash Basis - Proprietary Fund
For the Year Ended June 30, 2021

Cash Flows From Operating Activities

Receipts from Customers	132,910.02
Payments to Suppliers	(70,996.91)
Payments to Employees	(78,373.65)
Net Receipt (Refund) of Customer Utility Deposits	<u>787.92</u>
Net Cash Provided (Used) by Operating Activities	(15,672.62)

Transfers In (Out)	23,157.52
Net Increase (Decrease) in Cash	<u>7,484.90</u>
Beginning Balance	<u>28,240.74</u>
Ending Balance	<u><u>\$ 34,937.72</u></u>

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	(5,703.62)
Depreciation Expense	12,400.60
Net Receipt (Refund) of Customer Utility Deposits	787.92
Transfers In	<u>(23,157.52)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (15,672.62)</u></u>

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

Town of Wynona, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

Note 1-Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Wynona, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, judicial, health and social services, culture, parks and recreation, public improvements, streets, sanitation, public improvements, public works and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. As of June 30, 2021, the Town had only one component unit, the Wynona Municipal Authority (Authority). The Authority is a public trust and an agency of the State of Oklahoma under Title 60 of the Oklahoma Statutes. The Authority is governed by nine trustees identical with the Town Board of Trustees.

Basis of Presentation-Fund Accounting

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

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2021, the Town had governmental funds consisting of the general fund and Capital Improvement Fund. The only proprietary fund consisted of the Wynona Municipal Authority.

Basis of Presentation and Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The government-wide statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. Under the economic resources measurement focus, the government-wide financial statements report fixed assets, depreciation expense, and long-term debt.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town

and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

The governmental funds consist of the following:

General Fund – The General Fund is used to account for all of the general revenues of the Town not specifically levied or collected for other Town funds, and for expenditures primarily related to the rendering of general services to the Town.

Special Revenue Funds – Special Revenue Funds are established to account for revenues derived from specific taxes or other earmarked revenues. The following are classified as special revenue funds:

- Capital Improvement Fund

The governmental fund statements are prepared using the modified cash basis of accounting and the current financial resources measurement focus. The governmental fund financial statements record the proceeds of long-term debt as revenues and the repayment of long term debt as expenditures. Capital assets and depreciation expense are not reported on statements using the current financial resources measurement focus. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

PROPRIETARY FUNDS

When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds, which are used to account for business-like activities provided to the general public. Proprietary funds are reported on the modified cash basis of accounting using the economic resources measurement focus. Under the modified cash basis of accounting and economic resources measurement focus, capital assets are recognized and depreciated, long-term debt is reported, and certain current liabilities such as

customer deposits are reported. Otherwise, revenues are recognized when collected, and expenses are recognized when paid.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of monies held in conjunction with the Wynona Municipal Authority's meter deposits requirements and various construction projects.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2021.

Budget

In accordance with the Oklahoma Statutes, Title 11, Section 3002, the Town Council formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Budget Act.

Risk Management

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

Estimates

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

Government-wide Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt- consist of the historical cost of capital assets, loan proceeds that have not been spent less accumulated depreciation and less any debt that remains.
- b. Restricted net assets, consist of net assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.
- c. Unrestricted, all other net assets are reported in this category.

Governmental Fund Balances

- a. Nonspendable, amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted, amounts that can be spent only for specific purposes because of the Town's ordinances, state or federal law, or externally imposed conditions by grantors or creditors.
- c. Committed, amounts that can be used only for specific purposes determined by a formal action by Board of Trustee's resolution.

- d. Assigned, amounts that are designated by the Board of Trustees

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets) the Town’s policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the town’s policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Note 2-Deposits with Financial Institutions

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

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

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Wynona's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Wynona Municipal Authority. The remaining funds would be category 3.

Note 3-Capital Assets and Depreciation

Capital Asset activity for the year ended June 30, 2021 was as follows:

Governmental Funds

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Land	56,000	-	-	56,000
Buildings	46,700	-	-	46,700
Vehicles & Equipment	43,575	-	-	43,575
Construction in Progress	33,868		-	33,868
Total	180,143	-	-	180,143
Accumulated Depreciation	(90,275)		-	(90,275)
Net Assets	<u>\$ 89,868</u>			<u>\$ 89,868</u>

Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sewer Line/Lagoon	250,000	-	-	250,000
Chemical Building	140,000	-	-	140,000
Water Line	136,012	-	-	136,012
Total	526,012	-	-	526,012
Accumulated Depreciation	(331,437)	(12,401)		(343,838)
Net Assets	<u>\$ 194,575.00</u>			<u>\$ 182,174.40</u>

Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available. Buildings: \$ 5,600; water lines and equipment; \$6,801.

Note 5-Subsequent Events

Subsequent events have been evaluated through November 11, 2022, which is the date the financial statements were issued.

Note 6-Risk Management

The Town is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. Commercial insurance is used to cover general liability claims, worker, compensation and the risk of loss to Town buildings and mobile equipment. Judgment against the Town may be paid by a property tax assessment over a three-year period.

Russell & Williams CPAs, PC

Casey J. Russell, C.P.A., M.B.A.
Autumn L. Williams, C.P.A., Esq.
Member AICPA & OSCP

2812 NW 57th Street, Suite 102
Oklahoma City, Oklahoma 73112

Phone: (405) 607-8743
Fax: (405) 607-8744
Email: caseycpa@hotmail.com

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

To the Board of Trustees,
Town of Wynona, 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 Wynona, Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Wynona, Oklahoma's basic financial statements and have issued our report thereon dated November 11, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Item 2021-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wynona, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items.

Town of Wynona, Oklahoma’s Response to Findings

Town of Wynona, Oklahoma’s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Wynona, Oklahoma’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Oklahoma City, Oklahoma
November 11, 2022

Schedule of Findings and Questioned Costs

2021-1 Fund Accounting

CONDITION: During our audit we discovered that the Town is not maintaining its accounting records on the fund basis. Accounts from the General Fund, Capital Improvement Fund, and Municipal Authority were all intermingled.

CRITERIA: Sound accounting policies dictate that Governmental and Proprietary funds be segregated.

CAUSE OF CONDITION: Unknown.

EFFECT OF CONDITION: Failing to maintain accounting records on a separate fund basis makes it difficult to ascertain the changes in fund balance attributable to each type of fund, governmental and proprietary.

RECOMMENDATION: The entity should categorize all its funds as either Town or Municipal Authority, and then departmentalize within those two major funds as appropriate (e.g., fire, police, etc.) Each major fund should be maintained with its own set of self-balancing accounts.

MANAGEMENT RESPONSE: Management will consider the recommendation.