

**Town of Wright City, Oklahoma**

**Financial Statements and Report  
of Independent Auditor**

**As of and For the Year Ending  
June 30, 2012**

**TOWN OF WRIGHT CITY, OKLAHOMA  
FINANCIAL STATEMENTS  
JUNE 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

**Mayor and Board of Trustees**  
**Town of Wright City**  
**Wright City, Oklahoma**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wright City, Oklahoma, (the "Town"), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wright City's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as discussed in the following paragraphs, I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The Town had not maintained complete detailed records relating to net capital assets of the business-type activities (reported as: cost of \$3,987,505, accumulated depreciation of \$1,776,380, and net of \$2,211,125) in the accompanying statement of net assets. As a result, I was unable to obtain sufficient audit evidence as to the financial statement assertions of existence or occurrence, completeness, rights and obligations, and valuation or allocation of the amounts reported in the statement of net assets for net capital assets of these activities at June 30, 2012, and the related depreciation expense of \$96,935 for business-type activities as reported in the accompanying statement of activities.

I also was unable to obtain sufficient audit evidence as to the above financial statement assertions of the amounts reported for the enterprise fund (Town of Wright City Public Works Authority) in the accompanying statement of fund net assets-proprietary funds as capital assets (net of accumulated depreciation) of \$2,211,125 and the related depreciation expense of \$96,935 reported in the accompanying statement of revenues, expenses, and changes in fund net assets-proprietary funds, and statement of cash flows-proprietary funds, respectively.

Further, the Town had not maintained complete detailed records relating to net capital assets of governmental activities (reported as: cost of \$536,616, accumulated depreciation of \$272,685, and net of \$263,931) in the accompanying statement of net assets. As a result, I was unable to obtain sufficient audit evidence as to the financial statement assertions of existence or occurrence, completeness, rights and obligations, and valuation or allocation of the amounts reported in the statement of net assets for net capital assets of these activities at June 30, 2012, and the related depreciation expense of \$24,162 for governmental activities as reported in the accompanying statement of activities.

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the net capital assets of the business-type activities (reported as \$2,211,125) or governmental activities (reported as \$263,931), reported in the accompanying statement of net assets, and the related depreciation expense of \$96,935 for business-Type activities and \$24,162 for

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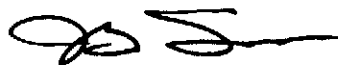
governmental activities as reported in the accompanying statement of activities been susceptible to satisfactory audit test, the accompanying statement of net assets and statement of activities referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the business-type activities, of the Town of Wright City, Oklahoma, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the capital assets (net of accumulated depreciation) of \$2,211,125 and the related depreciation expense of \$96,935, as reported for the enterprise fund (Town of Wright City Public Works Authority), in the accompanying statement of fund net assets-proprietary funds, statement of revenues, expenses, and changes in fund net assets-proprietary funds, and statement of cash flows-proprietary funds, been susceptible to satisfactory audit test, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary funds of the Town, as of June 30, 2012, and the respective change in financial position, and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Finally, in my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental funds, each major fund, and the aggregate remaining fund information as of June 30, 2012, and the changes in financial position of the governmental funds, each major fund, and the aggregate remaining fund information of the Town for the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

The Town of Wright City, Oklahoma, has not presented a management's discussion and analysis and a budgetary comparison schedule for the general fund that governmental accounting principles generally accepted in the United States of America require 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, 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.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 21, 2013, on my consideration of the Town of Wright City, Oklahoma's internal control over financial reporting and on my 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 my 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* and should be considered in assessing the results of my audit.



Joe Bob Smith  
Certified Public Accountant  
Broken Bow, Oklahoma

November 21, 2013

# **GOVERNMENT WIDE FINANCIAL STATEMENTS**

TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF NET ASSETS  
June 30, 2012

	PRIMARY GOVERNMENTAL ACTIVITIES	GOVERNMENT BUSINESS-TYPE ACTIVITIES	TOTAL
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
CASH AND EQUIVALENTS	\$ 39,663	76,685	116,348
ACCOUNTS RECEIVABLE-NET	8,567	28,713	37,280
RECEIVABLES-OTHER FUNDS	10,857	0	10,857
PREPAID EXPENSES	953	1,964	2,917
INVESTMENTS	0	0	0
TOTAL CURRENT ASSETS	<u>60,040</u>	<u>107,362</u>	<u>167,402</u>
<b>NON-CURRENT ASSETS:</b>			
CASH AND EQUIVALENTS-RESTRICTED	0	60,451	60,451
INVESTMENTS-RESTRICTED	10,000	4,306	14,306
NET CAPITAL ASSETS	<u>263,931</u>	<u>2,211,125</u>	<u>2,475,056</u>
TOTAL NON-CURRENT ASSETS	<u>273,931</u>	<u>2,275,882</u>	<u>2,549,813</u>
TOTAL ASSETS	<u>333,971</u>	<u>2,383,244</u>	<u>2,717,215</u>
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES:</b>			
CURRENT NOTES PAYABLE	0	16,013	16,013
ACCOUNTS PAYABLE	4,541	11,641	16,182
PAYABLES-OTHER FUNDS	0	10,857	10,857
PAYABLES-OTHER GOVERNMENTS	446	0	446
ACCRUED EXPENSES	1,853	5,269	7,122
TOTAL CURRENT LIABILITIES	<u>6,840</u>	<u>43,780</u>	<u>50,620</u>
<b>NON-CURRENT LIABILITIES:</b>			
CUSTOMER DEPOSITS	0	29,124	29,124
NOTES PAYABLE	0	1,052,859	1,052,859
TOTAL NON-CURRENT LIABILITIES	<u>0</u>	<u>1,081,983</u>	<u>1,081,983</u>
TOTAL LIABILITIES	<u>6,840</u>	<u>1,125,763</u>	<u>1,132,603</u>
<b><u>NET ASSETS</u></b>			
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	263,931	1,142,253	1,406,184
RESTRICTED FOR:			
DEBT SERVICE	0	35,314	35,314
STREET AND CEMETERY	5,328	0	5,328
CAPITAL PROJECTS	2,634	0	2,634
CEMETERY MEMORIAL FUND	10,000	0	10,000
UNRESTRICTED	<u>45,238</u>	<u>79,914</u>	<u>125,152</u>
TOTAL NET ASSETS	<u>\$ 327,131</u>	<u>1,257,481</u>	<u>1,584,612</u>

SEE THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

NET (EXPENSE) REVENUE AND  
CHANGES IN NET ASSETS  
PRIMARY GOVERNMENT

PROGRAM REVENUES

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			BUSINESS TYPE ACTIVITIES	TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		
<b>PRIMARY GOVERNMENT:</b>					
<b>GOVERNMENTAL ACTIVITIES:</b>					
GENERAL GOVERNMENT	\$ 55,355	6,320	500	0	(48,535)
PUBLIC SAFETY					
POLICE AND COURT	97,025	68,122	0	0	(28,903)
FIRE DEPARTMENT	16,895	3,547	9,402	4,413	467
PUBLIC HEALTH-MEDICAL CLINIC	0	0	0	0	0
STREETS AND CEMETERY	9,450	4,605	0	0	(4,845)
PARK IMPROVEMENTS	0	0	0	0	0
INTEREST EXPENSE	0	0	0	0	0
DEPRECIATION EXPENSE-UNALLOCATED	24,162	0	0	0	(24,162)
TOTAL GOVERNMENTAL ACTIVITIES	202,887	82,594	9,902	4,413	(105,978)
<b>BUSINESS TYPE ACTIVITIES:</b>					
WATER AND SEWER	444,531	337,801	0	0	(106,730)
TOTAL BUSINESS TYPE ACTIVITIES	444,531	337,801	0	0	(106,730)
TOTAL PRIMARY GOVERNMENT	647,418	420,395	9,902	4,413	(105,978)

GENERAL REVENUES:					
TAXES-					
SALES AND USE	\$ 60,824			0	60,824
FRANCHISE	12,746			0	12,746
ALCOHOLIC BEVERAGE	15,155			0	15,155
GASOLINE AND MOTOR VEHICLE	8,151			0	8,151
OTHER TAXES	1,469			0	1,469
INTEREST AND INVESTMENT INCOME	45		348	0	393
OTHER REVENUES	1,616		0	0	1,616
GAIN (LOSS) ON ASSETS DISPOSED	2,355		0	0	2,355
TRANSFERS IN (OUT)	12,500		(12,500)	0	0
TOTAL GENERAL REVENUES & TRANSFERS	114,861		(12,152)		102,709
CHANGE IN NET ASSETS	8,883		(118,882)		(109,999)
NET ASSETS-BEGINNING	318,248		1,376,366		1,694,614
NET ASSETS-ENDING	327,131		1,257,484		1,584,615

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

# **FUND FINANCIAL STATEMENTS**



TOWN OF WRIGHT CITY, OKLAHOMA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	<u>MAJOR FUNDS</u>			<u>TOTAL GOVERNMENTAL FUNDS</u>
	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>OTHER FUNDS</u>	
<b>ASSETS:</b>				
CASH AND CASH EQUIVALENTS	\$ 31,850	\$ 5,179	\$ 2,634	\$ 39,663
INVESTMENTS (RESTRICTED)	0	0	10,000	10,000
ACCOUNTS RECEIVABLE-NET	8,087	480	0	8,567
PREPAID EXPENDITURES	953	0	0	953
RECEIVABLE FROM OTHER FUNDS	10,857	0	0	10,857
<b>TOTAL ASSETS</b>	<b>\$ 51,747</b>	<b>\$ 5,659</b>	<b>\$ 12,634</b>	<b>\$ 70,040</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES:</b>				
ACCOUNTS PAYABLE	\$ 3,262	\$ 331	\$ 0	\$ 3,593
ACCRUED WAGES AND BENEFITS	2,801	0	0	2,801
ACCRUED EXPENSES	0	0	0	0
DUE TO OTHER GOVERNMENTS	446	0	0	446
<b>TOTAL LIABILITIES</b>	<b>6,509</b>	<b>331</b>	<b>0</b>	<b>6,840</b>
<b>FUND BALANCES:</b>				
<b>NON-SPENDABLE:</b>				
CEMETERY MEMORIAL FUND	0	0	10,000	10,000
<b>RESTRICTED:</b>				
STREETS AND CEMETERY	0	5,328	0	5,328
CAPITAL PROJECTS AND IMPROVEMENTS	0	0	2,634	2,634
UNASSIGNED-GENERAL FUND	45,238	0	0	45,238
<b>TOTAL FUND BALANCES</b>	<b>45,238</b>	<b>5,328</b>	<b>12,634</b>	<b>63,200</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 51,747</b>	<b>\$ 5,659</b>	<b>\$ 12,634</b>	<b>\$ 70,040</b>

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

Total Governmental Fund Balances	\$ 63,200
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	263,931
Long term debt in governmental activities is not a current obligation and therefore is not reported in the funds.	0
Rounding	0
<b>Net Assets of Governmental Activities</b>	<b>\$ 327,131</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2012

	MAJOR FUNDS			TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	SPECIAL REVENUE FUND	OTHER FUNDS	
<b>REVENUES:</b>				
TAXES	\$ 90,194	\$ 8,151	\$ 0	\$ 98,345
CHARGES FOR SERVICES	3,547	4,275	0	7,822
GRANTS/DONATIONS	14,315	0	0	14,315
FINES AND COURT FEES	68,122	0	0	68,122
INTEREST	15	29	1	45
OTHER	7,678	690	0	8,368
<b>TOTAL REVENUES</b>	<b>183,871</b>	<b>13,145</b>	<b>1</b>	<b>197,017</b>
<b>EXPENDITURES:</b>				
<b>CURRENT OPERATIONS:</b>				
GENERAL GOVERNMENT	55,165	0	191	55,356
COURT	14,618	0	0	14,618
POLICE DEPARTMENT	82,407	0	0	82,407
FIRE DEPARTMENT	16,895	0	0	16,895
STREET AND ALLEY	0	7,947	0	7,947
CEMETERY MAINTENANCE	0	1,502	0	1,502
CAPITAL EXPENDITURES	20,180	0	0	20,180
DEBT SERVICE:	0	0	0	0
PRINCIPAL	0	0	0	0
INTEREST	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>189,265</b>	<b>9,449</b>	<b>191</b>	<b>198,905</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,394)</b>	<b>3,696</b>	<b>(190)</b>	<b>(1,888)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
CAPITAL LEASE PROCEEDS	0	0	0	0
PROCEEDS-SALE OF CAPITAL ASSETS	2,355	0	0	2,355
TRANSFERS FROM OTHER FUNDS	15,000	0	0	15,000
TRANSFERS TO OTHER FUNDS	(2,500)	0	0	(2,500)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>14,855</b>	<b>0</b>	<b>0</b>	<b>14,855</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>9,461</b>	<b>3,696</b>	<b>(190)</b>	<b>12,967</b>
FUND BALANCES, BEGINNING	35,776	1,633	12,824	50,233
<b>FUND BALANCES, ENDING</b>	<b>\$ 45,237</b>	<b>\$ 5,329</b>	<b>\$ 12,634</b>	<b>\$ 63,200</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF WRIGHT CITY, OKLAHOMA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2012**

<b>Net change in fund balances-total governmental funds</b>	<b>\$</b>	<b>12,967</b>
<b>Capital expenditures recorded as reductions in net assets in the fund financial statements but capitalized as fixed assets in the government-wide financial statements</b>		<b>20,180</b>
<b>Depreciation expense - Statement of Activities</b>		<b>(24,162)</b>
<b>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:</b>		
<b>Rounding and other differences</b>		<b>(102)</b>
<b>Debt Proceeds</b>		<b>0</b>
<b>Capital lease principal payments</b>		<b>0</b>
		<hr/>
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>8,883</u></b>

**SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS**

**TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF FUND NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2012**

	<b>ENTERPRISE FUND PUBLIC WORKS AUTHORITY 2012</b>
<b>CURRENT ASSETS:</b>	
<b>CASH AND EQUIVALENTS-UNRESTRICTED</b>	\$ 76,685
<b>ACCOUNTS RECEIVABLE (NET)</b>	28,713
<b>OTHER CURRENT ASSETS</b>	1,964
<b>TOTAL CURRENT ASSETS</b>	107,362
<b>NON-CURRENT ASSETS:</b>	
<b>CASH AND EQUIVALENTS-RESTRICTED</b>	60,451
<b>INVESTMENTS (CERTIFICATE OF DEPOSIT)</b>	4,306
<b>CAPITAL ASSETS (NET OF ACCUMULATED DEPRECIATION)</b>	2,211,125
<b>TOTAL NON-CURRENT ASSETS</b>	2,275,882
<b>TOTAL ASSETS</b>	2,383,244
<b>CURRENT LIABILITIES:</b>	
<b>ACCOUNTS PAYABLE</b>	11,641
<b>ACCRUED PAYROLL TAXES</b>	2,177
<b>ACCRUED INTEREST</b>	3,092
<b>CURRENT NOTES PAYABLE</b>	16,013
<b>DUE TO OTHER FUNDS</b>	10,857
<b>TOTAL CURRENT LIABILITIES</b>	43,780
<b>NON-CURRENT LIABILITIES:</b>	
<b>CUSTOMERS DEPOSITS</b>	29,124
<b>NOTES AND CAPITAL LEASES PAYABLE</b>	1,068,872
<b>LESS-CURRENT NOTES</b>	(16,013)
<b>TOTAL NON-CURRENT LIABILITIES</b>	1,081,983
<b>TOTAL LIABILITIES</b>	1,125,763
<b>NET ASSETS:</b>	
<b>INVESTED IN CAPITAL ASSETS-NET OF RELATED DEBT</b>	1,142,253
<b>RESTRICTED FOR DEBT SERVICE</b>	35,314
<b>UNRESTRICTED (DEFICIT)</b>	79,914
<b>TOTAL NET ASSETS</b>	1,257,481
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 2,383,244

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012

	<b>ENTERPRISE FUND  PUBLIC WORKS  AUTHORITY</b> <hr/> <b>2012</b> <hr/>
<b>OPERATING REVENUES:</b>	
WATER SALES	\$ 136,583
SEWER AND SANITATION FEES	181,575
OTHER REVENUES	19,643
<b>TOTAL OPERATING REVENUES</b>	<hr/> <b>337,801</b> <hr/>
<b>OPERATING EXPENSES:</b>	
WATER PURCHASES	45,076
SANITATION SERVICES	31,912
PERSONAL SERVICE	92,794
SUPPLIES AND REPAIRS	39,069
FUEL	13,885
DEPRECIATION EXPENSE	96,935
INSURANCE	8,549
MAINTENANCE AND OPERATIONS-OTHER EXPENSES	19,247
PROFESSIONAL FEES	11,731
PAYROLL TAXES	7,923
LICENSE AND FEES	3,106
UTILITIES	27,504
<b>TOTAL OPERATING EXPENSES</b>	<hr/> <b>397,731</b> <hr/>
<b>OPERATING INCOME (LOSS)</b>	<b>(59,930)</b>
<b>NON-OPERATING REVENUES &amp; (EXPENSES):</b>	
INTEREST INCOME	348
INTEREST EXPENSE	(46,800)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<hr/> <b>(46,452)</b> <hr/>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS &amp; TRANSFERS</b>	<b>(106,382)</b>
<b>CAPITAL CONTRIBUTIONS &amp; TRANSFERS:</b>	
TRANSFERS IN (OUT)	<hr/> <b>(12,500)</b> <hr/>
<b>CHANGE IN NET ASSETS- INCREASE (DECREASE)</b>	<b>(118,882)</b>
<b>NET ASSETS-BEGINNING</b>	<hr/> <b>1,376,363</b> <hr/>
<b>NET ASSETS-ENDING</b>	<hr/> <b>\$ 1,257,481</b> <hr/>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

**ENTERPRISE FUND  
PUBLIC WORKS  
AUTHORITY  
2012**

**Cash flow from operating activities:**

Cash received from customers	\$	335,430
Cash paid to suppliers		(146,443)
Cash paid for personal services		(92,794)
Cash paid for other operating expenses		(58,734)
<b>Net cash provided (used) by operating activities</b>		<u>37,459</u>

**Cash flow from noncapital financing activities:**

Transfers from (to) other funds		(12,500)
<b>Net cash provided (used) by noncapital financing activities</b>		<u>(12,500)</u>

**Cash flow from capital and related financing activities:**

Interest paid on notes and leases payable		(47,463)
Principal paid on notes and leases payable		(15,345)
Customer deposit refunds		(6,107)
Customer deposit receipts		2,903
<b>Net cash provided (used) by capital and related financing activities</b>		<u>(66,012)</u>

**Cash flow from investing activities:**

Investment and interest income		348
Other changes in equity (net assets) (Rounding)		(3)
<b>Net cash provided (used) by investing activities</b>		<u>345</u>

**Net increase (decrease) in cash and equivalents**

		(40,708)
<b>Cash and equivalents, beginning of year</b>		<u>177,844</u>
<b>Cash and equivalents, end of year</b>	<b>\$</b>	<u><u>137,136</u></u>

**TOWN OF WRIGHT CITY, OKLAHOMA  
STATEMENT OF CASH FLOWS-PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2012**

**ENTERPRISE FUND  
PUBLIC WORKS  
AUTHORITY  
2012**

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**Reconciliation of change in net assets to net cash  
provided by operating activities**

<b>Change in net assets</b>	<b>\$</b>	<b>(118,882)</b>
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
<b>Non-operating (Income) expense</b>		58,952
<b>Depreciation and amortization</b>		96,935
<b>(Increase) decrease in accounts receivable</b>		(2,371)
<b>Increase (decrease) in accounts payable</b>		2,992
<b>Increase (decrease) in accrued liabilities</b>		200
<b>(Increase) decrease in prepaid expenses</b>		(367)
<b>Total adjustments</b>		<u>156,341</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$</b>	<b><u>37,459</u></b>
<b>Cash and equivalents-unrestricted</b>	<b>\$</b>	<b>76,685</b>
<b>Cash and equivalents-restricted</b>		<u>60,451</u>
<b>Total cash and equivalents, end of year</b>	<b>\$</b>	<b><u>137,136</u></b>

**TOWN OF WRIGHT CITY, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 1. Summary of Significant Accounting Policies**

These financial statements of The Town of Wright City, Oklahoma were prepared in accordance with accounting principles generally accepted in the United States of America for governmental entities (U.S. GAAP). The following summary of the more significant accounting policies of the Town is presented to assist the reader in interpreting these financial statements, and should be viewed as an integral part of this report.

A. Financial Reporting Entity

The Town of Wright City, Oklahoma, is an Incorporated Town under Title 11, of the Oklahoma statutes. Town services include: public safety, fire protection, street maintenance, public improvements, parks, cemetery maintenance, and general administration. The Wright City Public Works Authority provides water, sewer, and sanitation services.

B. Component Units

GASB is the standard-setting body for the establishment of GAAP in governmental entities. Determination of the financial reporting entity of the Town is founded upon the objective of accountability. For financial reporting purposes, the Town includes all component units that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Town, obligations of the Town to finance any deficit that may occur, or receipt of significant subsidies from the Town. Component units are legally separate organizations for which the elected officials of the Town are financially accountable. Organizations are included for which the Town Council appoints a voting majority of the organizations governing body and for which the Town is able to impose its will on the organization, or there is potential for the organizations to impose specific financial benefits or impose specific financial burdens on the Town. Additional information on reports of component units may be obtained from the Town's offices at P.O. Box 370, Wright City, OK 74766.

Based on the foregoing criteria, the financial statements of the Wright City Public Works Authority are blended with the primary government and included in the accompanying financial statements. The Wright City Public Works Authority is a public trust created under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 1951, Sections 176 to 180 on July 31, 1969, for the use and benefit of the Town of Wright City, Oklahoma. The Trust has as its purpose to furnish and supply to the inhabitants, owners, and occupants of property, and to industrial, commercial, and mercantile establishments and enterprises within the corporate limits of the Beneficiary Municipality and in territory in reasonably convenient proximity thereto, and to the Beneficiary and any other governmental agencies or endeavors, utility services and physical facilities for all purpose



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that the same be authorized or proper as a function of the Beneficiary; and to fix, demand and collect charges, rates, rent, and fees for said services and facilities to the same extent as the Beneficiary itself might do; provided, that the furnishing of any services or facilities to any person delinquent in the payment of any indebtedness whatsoever to the Trust may be discontinued at any time. The Authority is empowered to lease, acquire, or construct the properties necessary to provide and maintain these services. It is also empowered to obtain funds for these purposes and in so doing, to incur indebtedness whether unsecured or secured by all or any part of the Trust Estate and its revenues.

**C. Basis of Presentation-Fund Accounting**

The Town's funds are grouped into three governmental fund types: general fund (a major fund), special revenue fund (a major fund), and other fund types. Other fund types include an improvement fund and a memorial fund. Proprietary funds include an enterprise fund for the Wright City Public Works Authority.

**D. Financial Statement Presentation and Basis of Accounting**

The financial statements of the Town are prepared in accordance with generally accepted accounting principles (GAAP). Pursuant to the election option made available by GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989, are not applied in the preparation of the business-type activities and the enterprise fund financial statements.

**1) 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. Fiduciary funds nor component units that are fiduciary in nature are not included.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees, fines, and forfeitures, and other charges to user of the Town's services; (2) operating grants and contributions that finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

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The Town allocates indirect expenses primarily comprised of central governmental services to operating functions and programs benefiting from those services. Central services include overall Town management, accounting, financial reporting, payroll, investing and cash management, personnel services, and other central administrative services. Allocations are charged to programs based on use of central services determined by various allocation methodologies. These charges are reported in the statement of activities by inclusion in the program expenses for the various functions. As a matter of policy, certain functions that use significant central services are not charged for the use of these services. These functions or programs include police and fire.

The governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all the eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay the liabilities of the current period. Expenditures are recognized when a fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt which are recognized when due.

In the governmental funds statements, property taxes, investment earnings and charges for services of the current fiscal period are susceptible to accrual and thus counted as revenue for the current fiscal period if received within 30 days of year-end. With the exception of sales tax distributions, revenues collected beyond 30 days after year end are not susceptible to accrual because generally they are either not available or not measurable until received in cash. Sales tax distributions are accrued and treated as revenue for the current fiscal period if received within 90 days of year-end.

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2) FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of the governmental and proprietary 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.

3) GOVERNMENTAL FUNDS

The Town reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the Town. It is used to account for financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes. The special revenue fund's purpose is for street, alley, and cemetery maintenance and improvements.

4) PROPRIETARY FUNDS

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

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges for services that are accrued. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. At the fiscal year end, the Town had one proprietary fund: the enterprise fund for the Wright City Public Works Authority.

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5) OTHER FUND TYPES

Improvement Fund - The improvement fund is accounted for as a governmental type fund but is combined with the memorial fund. The total of the two funds are reported in the column "other funds" in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Memorial Fund - The memorial fund is accounted for as a governmental type fund but is combined with the improvement fund. The total of the two funds are reported in the column "other funds" in the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

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

E. Cash, Cash Equivalents, and Investments

The caption "Cash and cash equivalents" includes cash on hand, amounts in demand deposits (checking accounts, now accounts, and savings) and short-term investments with original maturities of three months or less from the date of acquisition. This definition is also true for the statement of cash flows for proprietary fund types. Restricted cash accounts are included in cash and cash equivalents. Investments are stated at fair market value (FMV). Certificates of deposit are reported at cost, which approximates FMV. Traded securities, if any, are valued at the last quoted stock exchange market value.

F. Encumbrances

Encumbrance accounting is when purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to reserve a portion of the applicable appropriation. 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 the fiscal year end.

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**G. Budgets**

The Town should prepare its annual budget under the Municipal Budget Act (Title 11 O.S. Section 17-201). The Town's budget would be prepared by item of appropriation category. The total budget would be based on the past year's actual revenue collected and expenditures paid.

Cities and towns under the Municipal Budget Act must adopt the final budget not less than seven days prior to the beginning of the budget year. Budget officers must submit budget message and summaries to the governing body not less than 30 days prior to the beginning of the budget year, and the governing body must conduct a proposed budget hearing not less than 15 days prior to the beginning of the budget year. The governing body should amend the budget to make supplemental appropriations to any fund.

A supplemental request for transfers of appropriations was not prepared and filed with the county excise board. The Town did not prepare & file formal budgets for the years ended June 30, 2005 through 2012.

A combined statement of revenues, expenditures, and changes in fund balances - budget versus actual, general funds and special revenue funds, as required by generally accepted accounting principles (GAAP), is not included in the financial statements.

**H. Risk Management**

Significant losses are covered by commercial insurance for all Town operations. The types of insurance coverage carried by the Town are listed below:

<u>Type of Coverage-</u>	<u>Provided By-</u>	<u>Comments-</u>
<b>Municipal Liability Protection Plan</b>	<b>OMAG</b>	
<b>A.) Property Damage</b>		<b>Per Occurrence - \$25,000 Property damage \$125,000 each other loss \$1,000,000 Aggregate</b>
<b>B.) Volunteers Medical</b>		<b>Per Occurrence - \$10,000 Volunteers Medical \$1,000,000 each other loss \$2,000,000 Annual Aggregate for A and B</b>
<b>Public Officials Bond Vehicles</b>		<b>Commercial Insurance State Risk Management Division</b>
<b>Workers Compensation</b>	<b>Comp-Source</b>	

