

**TOWN OF WYNONA**

**Wynona, Oklahoma**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2014**

# TOWN OF WYNONA

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## **INDEPENDENT AUDITORS' REPORT**

Town Council  
Town of Wynona  
Wynona, Oklahoma

### **Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business type activities and each major fund of the Town of Wynona as of and for the year ended June 30, 2014 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 B; this includes determining that the modified cash basis of accounting is and acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business type activities and each major fund of Town of Wynona as of June 30, 2014, and the respective changes in financial position-modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note B.

**Basis of Accounting**

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

**Other Matters***Other Information*

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America required 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2015 on our consideration of Town of Wynona's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Wynona's internal control over financial reporting and compliance.

John Jech, CPA PLLC  
Certified Public Accountant  
Pawhuska, Ok  
September 3, 2015

**TOWN OF WYNONA**  
**STATEMENT OF NET POSITION-MODIFIED CASH BASIS**  
**JUNE 30, 2014**

	<u>Primary Government</u>		
	<b>Governmental</b>	<b>Business</b>	
		<b>Activities</b>	<b>Type</b>
<b>ASSETS</b>			
Cash and cash equivalents	130,389	15,911	146,300
Restricted cash and cash equivalents	-	5,278	5,278
Restricted investments	-	5,527	5,527
Capital Assets net of depreciation	-	114,246	114,246
Total Assets	<u>130,389</u>	<u>140,961</u>	<u>271,350</u>
<b>LIABILITIES</b>			
Notes payable-current portion	-	-	-
Meter deposits	-	11,201	11,201
Notes payable-long term portion	-	-	-
Total liabilities	<u>-</u>	<u>11,201</u>	<u>11,201</u>
<b>NET Position</b>			
Invested in capital assets	-	114,246	114,246
Restricted for:			
debt service	-	-	-
other purposes	-	-	-
Unassigned	130,389	15,514	145,903
Total net Position	<u>130,389</u>	<u>129,760</u>	<u>260,149</u>

see accompanying notes

**TOWN OF WYNONA**  
**STATEMENT OF ACTIVITIES-MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net(expenditure) Revenue and Changes in Net Assets</u>				
	Expenses	Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Government Activities	Primary Government Business Type Activities	Total
<b>Primary government</b>							
Governmental Activities							
General government	46,737	-	-	-	(46,737)	-	(46,737)
Public safety	25,399	-	-	-	(25,399)	-	(25,399)
Streets and public works	4,830	-	-	-	(4,830)	-	(4,830)
Capital outlay	46,172	-	-	17,250	(28,922)	-	(28,922)
<b>Total governmental activities</b>	<b>123,138</b>	<b>-</b>	<b>-</b>	<b>17,250</b>	<b>(105,888)</b>	<b>-</b>	<b>(105,888)</b>
<b>Business type activities:</b>							
Water and sewer	143,222	138,676	-	-	-	(4,546)	(4,546)
<b>Total business type activities</b>	<b>143,222</b>	<b>138,676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,546)</b>	<b>(4,546)</b>
<b>Total primary government</b>	<b>266,359</b>	<b>138,676</b>	<b>-</b>	<b>17,250</b>	<b>(105,888)</b>	<b>(4,546)</b>	<b>(110,433)</b>
<b>General Revenues</b>							
Tax					100,944	-	100,944
Intergovernmental					3,365	-	3,365
Interest Income					408	-	408
Other Revenue					11,913	-	11,913
Transfers					-	-	-
Franchise Tax					8,791	-	8,791
Fines and Forfeitures					3,059	-	3,059
<b>Total General Revenues &amp; Transfers</b>					<b>128,480</b>	<b>-</b>	<b>128,480</b>
<b>Change in Net Position</b>					22,592	(4,546)	18,047
<b>Prior Period Adjustment</b>					(1,989)	(636)	(2,625)
<b>Net Position, Beginning</b>					109,786	134,942	244,728
<b>Net Position, Ending</b>					<b>130,389</b>	<b>129,760</b>	<b>260,150</b>

see accompanying notes

**TOWN OF WYNONA  
BALANCE SHEET-MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2014**

	<b>General</b>	<b>Capital</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Improvement</b>	<b>Government</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>Assets:</b>				
Cash and equivalents	\$ 16,572	\$ 12,014	\$ 101,803	\$ 130,389
Investments	\$ -	\$ -	\$ -	\$ -
Total assets	<u>\$ 16,572</u>	<u>\$ 12,014</u>	<u>\$ 101,803</u>	<u>\$ 130,389</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances:</b>				
Restricted	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ 16,572	\$ 12,014	\$ 101,803	\$ 130,389
Total fund balances	<u>\$ 16,572</u>	<u>\$ 12,014</u>	<u>\$ 101,803</u>	<u>\$ 130,389</u>
<b>Total liab &amp; fund balances</b>	<u><u>\$ 16,572</u></u>	<u><u>\$ 12,014</u></u>	<u><u>\$ 101,803</u></u>	<u><u>\$ 130,389</u></u>

see accompanying notes

**TOWN OF WYNONA**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE-MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>General</b>	<b>Capital</b>	<b>Other</b>	<b>Total</b>
	<b>Fund</b>	<b>Improvement</b>	<b>Government</b>	<b>Governmental</b>
	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>	<b>Funds</b>
<b>REVENUES</b>				
Taxes	50,016	20,219	30,709	100,944
Intergovernmental	-	17,250	3,365	20,615
Interest Income	-	-	408	408
Fines and Court Cost	3,059	-	-	3,059
Franchise Fees	8,791	-	-	8,791
Miscellaneous	9,954	-	1,959	11,913
<b>TOTAL REVENUES</b>	<b>71,820</b>	<b>37,469</b>	<b>36,441</b>	<b>145,730</b>
<b>EXPENDITURES</b>				
General government	46,737	-	-	46,737
Public Safety	12,770	-	12,629	25,399
Highways and Streets	-	-	4,830	4,830
Capital Outlay	-	31,217	14,955	46,172
<b>TOTAL EXPENDITURES</b>	<b>59,507</b>	<b>31,217</b>	<b>32,414</b>	<b>123,138</b>
<b>REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>12,313</b>	<b>6,252</b>	<b>4,027</b>	<b>22,592</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>12,313</b>	<b>6,252</b>	<b>4,027</b>	<b>22,592</b>
<b>FUND BALANCE, beginning of year</b>	<b>6,938</b>	<b>5,744</b>	<b>97,104</b>	<b>109,786</b>
Prior Period Adjustment	(2,679)	18	672	(1,989)
<b>FUND BALANCE, end of year</b>	<b>16,572</b>	<b>12,014</b>	<b>101,803</b>	<b>130,389</b>

see accompanying notes

**TOWN OF WYNONA**  
**STATEMENT OF NET Position-MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**FOR YEAR ENDED JUNE 30, 2014**

<b>ASSETS</b>	<u>Activities</u>
<b>Current Assets</b>	
Cash and cash equivalents	15,911
Total Current Assets	<u>15,911</u>
<b>Noncurrent Assets</b>	
Restricted cash and equivalents	5,278
Restricted investments	5,527
Capital assets	<u>114,246</u>
Total non current assets	<u>125,050</u>
<b>TOTAL ASSETS</b>	<u><u>140,961</u></u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Notes payable-current portion	<u>-</u>
Total Current Liabilities	-
<b>Noncurrent Liabilities</b>	
Meter deposits	11,201
Notes payable-long term portion	<u>-</u>
Total Noncurrent Liabilities	11,201
<b>TOTAL LIABILITES</b>	11,201
<b>NET Position</b>	
Invested in capital assets	114,246
Restricted for:	
debt service	-
Unrestricted	<u>15,514</u>
Total net Position	<u><u>129,760</u></u>

see accompanying notes

**TOWN OF WYNONA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION-MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>2014</b> <b>Public Works</b> <b>Authority</b> <b>Enterprise Fund</b>
<b>Operating Revenue</b>	
Charges for Services:	
Water and Sewer	138,676
Other Income	-
Total Operating Revenues	138,676
<b>Operating Expenses</b>	
Water and Sewer-Personnel	64,571
Water and Sewer-Maintenance and Operations	78,650
Total Operating Expenses	143,222
<b>Operating Income (loss)</b>	(4,546)
<b>Non-Operating Revenues (expenses)</b>	
Interest Income	-
Trustee Fees	-
Interest Expense	-
Total Non-Operating Revenues (Expenses)	-
<b>Net Income (loss) before contributions and transfers</b>	(4,546)
Capital Contributions	-
Transfers in	-
Transfers out	-
	-
<b>Change in Net Position</b>	(4,546)
<b>Total Net Position Beginning of Year</b>	134,942
<b>Prior Period Adjustment</b>	(636)
<b>Total Net Position End of Year</b>	129,760

see accompanying notes

**TOWN OF WYNONA**  
**STATEMENT OF CASH FLOW-MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Public Works Authority</b>
<b>Cash flows from operating activities:</b>	
Receipt from customers	138,676
Payment to suppliers	(78,650)
Payment to employees	(64,571)
Receipt of customer utility deposits	-
Refund of customer utility deposits	(636)
Net cash provided by (used in) operating activities	<u>(5,181)</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers to other funds	-
Transfers from other funds	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal paid on debt	-
Trustee fees paid	-
Interest paid on capital debt	-
Net cash provided by (used in) capital and related financing activities	<u>-</u>
<b>Cash flows from investing activities:</b>	
Purchase of investments	-
Liquidation of investments	-
Interest income	-
Net cash provided by (used in) investing activities	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(5,181)</b>
<b>Cash and equivalents at beginning of Year</b>	<b><u>31,897</u></b>
<b>Cash and equivalents at end of Year</b>	<b><u><u>26,716</u></u></b>
<b>Reconciliation of operating income (loss) to net cash provided</b>	
by (used in) operating activities:	
<b>Operating Income</b>	<b>(4,546)</b>
Adjustment to reconcile operating income (loss) to net cash provided (used ) by operating activities:	
Depreciation	
Change in Position and liabilities:	
Increase (decrease) in meter deposits	<u>(636)</u>
<b>Net Cash provided by (used in) operating activities</b>	<b><u><u>(5,181)</u></u></b>

see accompanying notes

**TOWN OF WYNONA**  
**Wynona, Oklahoma**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Wynona, Oklahoma (the Town) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of financial statements.

**A. Reporting Entity**

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

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

Blended Component Units

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

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the town are organized and operated on the basis of funds and account groups. A fund is an independent fiscal accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The Account Groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The town has the following fund types and account groups:

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**  
**TOWN OF WYNONA**  
**Wynona, Oklahoma**

**Governmental funds**—are used to account for the government's general government activities. Governmental fund types use the flow or current financial resources measurement focus and the modified cash basis of accounting. Under the modified cash basis of accounting, revenues are recognized when collected, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences, claims, and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Governmental funds include the following fund types:

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

Special Revenue Fund—account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The Street and Alley Fund is the town's Special Revenue Fund.

**Proprietary funds**—are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In compliance with the governmental Accounting Standards Board (GASB) Statement no. 20 the Town has elected to only apply Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) and Accounting Research Board (ARB) materials issued on or before November 30, 1989 that do not conflict with GASB. Proprietary funds include the following fund types:

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

**Fiduciary funds**—Account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement.

Agency Funds—is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

**TOWN OF WYNONA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**C. Assets, Liabilities and Equity**

**1. Deposits and Investments**

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

For financial statement presentation and for purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with the maturity date of three months or less. Debt instruments with maturity date of more than three months are considered to be investments. Investments are stated at cost.

**2. Restricted Cash**

The restricted cash represents amounts held for customer meter deposits.

**3. Fair value of Financial Instruments**

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

**4. Estimates**

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

**5. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other/due to other funds".

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**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2014**

**6. Inventories**

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

**7. Fixed Assets**

The Town does not maintain a record of its general fixed assets, and accordingly, depreciation, required by generally accepted accounting principles, is not included in the financial statements. General fixed assets purchased are recorded as expenditures in the general fund at the time of purchase.

Property, plant, and equipment in the proprietary funds of the Town are recorded at cost or estimated fair value at the date of donation. Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of the proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are not depreciated in the proprietary funds of the Town.

**8. Compensated Absences**

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

**9. Long-term Obligations**

The accounting and reporting treatment applied to long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund types are accounted for on a spending "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing

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uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All Proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Therefore, long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

**10. Fund Equity**

Reservations of fund balance represent amounts that are legally restricted for a specific purpose. Reservations of retained earnings are limited to outside third party restrictions. The proprietary funds contributed capital represents equity acquired through capital grants and capital contributions from developers, customers and other funds.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

**3. DETAILED NOTES CONCERNING THE FUNDS**

**Deposits and Investments**

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

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

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

Category C. Uncollateralized

	Category			Bank Balance	Carrying Amount
	A	B	C		
Cash	146,300	-	-	146,300	146,300
Investments	10,805	-	-	10,805	10,805
<b>Total</b>	<b>157,105</b>	<b>-</b>	<b>-</b>	<b>157,105</b>	<b>157,105</b>

**4. OTHER INFORMATION**

**RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to cover these and other risks, including general and auto liability, property

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**Wynona, Oklahoma**

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**June 30, 2014**

damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town is a member of the Oklahoma Municipal Assurance Group Workers' Compensation Plan (the Plan), an organization formed for the purpose of providing workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the plan is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for all claims submitted to it during the plan year.

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

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

**Contingent Liabilities**

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

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

**Subsequent Events**

The Organization has evaluated subsequent events through September 3, 2015 the date which the financial statements were available to be issued

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

Town Council  
Town of Wynona

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities and each major fund of The Town of Wynona as of June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Wynona's basic financial statements, and have issued our report thereon dated September 3, 2015.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Wynona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John Jech CPA, PLLC  
Certified Public Accountant  
Pawhuska, OK  
September 3, 2015