

**CITY OF WAYNOKA  
WOODS COUNTY, OKLAHOMA  
AUDITORS' REPORT  
AND  
FINANCIAL STATEMENTS  
FISCAL YEAR ENDED  
JUNE 30, 2011**

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**WILLIAM K. GAUER**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**WATONGA, OKLAHOMA**

**CITY OF WAYNOKA  
WOODS COUNTY, OKLAHOMA  
CITY COUNCIL AND OFFICERS**

**As of July 1010:**  
Pat Smiley  
Carlson Stewart  
Connie Lyon  
Barbara Icke  
Veldon Woolley  
Daryall Toellner  
Judy Bettencourt  
Sharon Kopriva  
Don Blalock

Mayor  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember

Thomas "Chip" Outhier  
Russ Meacham  
Sharon Sims

City Administrator  
Finance Consultant  
City Clerk

**As of June 1011:**  
Dan Blalock  
Daryl Toellner  
Tim Crissup  
Caleb Zook  
Daniel Schmidt  
Sharon Kopriva  
Troy Bradford  
Travis George

President  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember  
Councilmember

Thomas "Chip" Outhier  
Russ Meacham  
Charlotte Boliar

City Administrator  
Finance Consultant  
City Clerk/Treasurer

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# **WILLIAM K. GAUER**

*CERTIFIED PUBLIC ACCOUNTANT*

121 SOUTH NOBLE ~ P.O. Box 181

WATONGA, OKLAHOMA 73772

PHONE 580-623-5071

FAX 580-623-5072

TOLL FREE (800)230-7672

WGAUER@WHEELERBROTHERS.COM

## **INDEPENDENT AUDITOR'S REPORT**

Honorable City Council  
City of Waynoka  
Waynoka, Oklahoma

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Waynoka, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City's primary basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 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 opinions.

The financial statements referred to above include only the primary government of the City of Waynoka, Oklahoma. The financial statements do not include component units that are audited and presented separately by another auditor. Per Note 1, these legal component units are not presented. If these component units financial information were to be presented the overall financial presentation may cause the user to reach a different conclusion. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the City of Waynoka, Oklahoma, as a whole. In accordance with accounting principles generally accepted in the United States of America separate reports have been issued by another auditor providing separate opinions on the non-presented component units.

In my 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 primary basic financial statements, City of Waynoka, Oklahoma, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (omitted) and budgetary comparison information on page 25 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures

to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Waynoka, Oklahoma's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The non-major fund financial statements have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.



Watonga, Oklahoma  
April 25, 2012

**CITY OF WAYNOKA, OKLAHOMA**  
**Statement of Net Assets**  
June 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Unrestricted			
Cash and cash equivalents	\$ 191,692	\$ 164,167	\$ 355,859
Investments	107,624	187,481	295,105
Accounts receivable, net	-	245,515	245,515
Receivable from other governments	40,419	-	40,419
Total Current Assets	339,735	597,163	936,898
Restricted assets:			
Restricted Cash and Investments	-	426,752	426,752
Investments	-	58,854	58,854
Total restricted assets	-	485,606	485,606
Noncurrent Assets:			
Bond Issuance Costs, net	772,510	993,003	1,765,513
Land and construction progress	1,217,151	2,862,259	4,079,410
Capital Assets, net	1,989,661	3,855,261	5,844,923
Total Non-Current Assets	2,329,396	4,938,030	7,267,427
Total Assets			
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	18,411	40,333	58,745
Accrued Expenses	1,300	6,437	7,737
Compensated absences	10,190	18,085	28,275
Notes Payable-Current	-	69,362	69,362
Total Current Liabilities	29,901	134,218	164,118
Liabilities payable from restricted assets:			
Customer deposits	-	58,448	58,448
Bonds payable, current	-	40,000	40,000
Total	-	98,448	98,448
Noncurrent liabilities:			
Notes payable, noncurrent	-	1,046,789	1,046,789
Bonds payable, noncurrent	-	905,000	905,000
Total Liabilities	-	1,951,789	1,951,789
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,989,661	1,834,110	3,823,772
Restricted	-	387,159	387,159
Unrestricted	309,834	532,307	842,141
Total Net Assets	\$ 2,299,496	\$ 2,753,576	\$ 5,053,072

See accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
Statement of Activities  
For the Fiscal Year Ended June 30, 2011

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
General government:							
General government Administration	\$ 124,732	\$ -	\$ 4,449	\$ -	\$ (120,283)	\$ -	\$ (120,283)
	1,739	-	-	-	(1,739)	-	(1,739)
Total general government	126,471	-	4,449	-	(122,022)	-	(122,022)
Public safety and judiciary:							
Legal & courts	24,548	-	-	-	(24,548)	-	(24,548)
Police	235,596	25,367	-	3,840	(206,389)	-	(206,389)
Fire	67,962	21,075	4,398	-	(42,489)	-	(42,489)
Total public safety and judiciary	328,106	46,442	4,398	3,840	(273,425)	-	(273,425)
Transportation:							
Street & alley	9,491	-	-	-	(9,491)	-	(9,491)
Airport	22,294	-	-	474,592	452,298	-	452,298
Total transportation	31,785	-	-	474,592	442,807	-	442,807
Cultural, parks and recreation:							
Parks	47,661	-	-	-	(47,661)	-	(47,661)
Swimming pool	12,816	2,800	-	-	(10,015)	-	(10,015)
Library	33,960	1,656	-	-	(32,304)	-	(32,304)
Cemetery	55,137	5,271	-	-	(49,866)	-	(49,866)
Total cultural, parks and recreation	149,574	9,727	-	-	(139,847)	-	(139,847)
Public services:							
Tourism	14,784	-	-	-	(14,784)	-	(14,784)
Ambulance and clinic	136,954	163,840	-	-	26,886	-	26,886
Total public services	151,737	163,840	-	-	12,102	-	12,102
Total governmental activities	787,672	220,009	8,847	478,432	(80,385)	-	(80,385)
Business-Type Activities:							
Electricity	847,919	1,192,625	-	-	\$ -	344,706	344,706
Water	212,043	286,601	-	181,999	-	256,558	256,558
Sewer	166,154	108,394	-	-	-	(57,760)	(57,760)
Sanitation	132,521	144,411	-	-	-	11,890	11,890
General and administrative	306,160	40,878	-	-	-	(265,281)	(265,281)
Economic development	43,012	4,788	-	-	-	(38,225)	(38,225)
Total business-type activities	1,707,808	1,777,697	-	181,999	-	251,888	251,888
<b>Total Primary Government</b>	<b>2,495,481</b>	<b>1,997,706</b>	<b>8,847</b>	<b>660,431</b>	<b>(80,385)</b>	<b>251,888</b>	<b>171,503</b>
General Revenues:							
Taxes:							
Sales tax					398,708	-	398,708
Use tax					18,127	-	18,127
Franchise tax					12,679	-	12,679
Cigarette tax					5,750	-	5,750
Alcoholic beverage tax					16,793	-	16,793
Investment income					1,536	3,124	4,660
Gain on sale of assets					6,176	12,349	18,525
Miscellaneous					25,735	-	25,735
Transfers - WNCA					(99,677)	-	(99,677)
Transfers - internal activity					65,925	(65,925)	-
Total general revenues and transfers					451,752	(50,452)	401,300
Changes in Net Assets					371,356	201,436	572,804
Net Assets - Beginning					1,928,128	2,552,140	4,480,268
Net Assets - Ending					\$ 2,299,496	\$ 2,753,576	\$ 5,053,072

See accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Utility Authority	Industrial Authority	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 39,787	\$ 124,380	\$ 164,167
Investments	187,481	-	187,481
Accounts Receivable, net	245,515	-	245,515
Total Current Assets	<u>472,782</u>	<u>124,380</u>	<u>597,163</u>
Noncurrent Assets:			
Restricted cash and cash equivalents	341,561	-	341,561
Restricted Investments	85,192	-	85,192
Total restricted assets	<u>426,752</u>	<u>-</u>	<u>426,752</u>
Noncurrent assets:			
Bond issuance cost, net	58,854	-	58,854
Capital Assets, net of accumulated depreciation	3,616,198	239,064	3,855,261
Total noncurrent assets	<u>3,675,052</u>	<u>239,064</u>	<u>3,914,115</u>
Total Assets	<u>4,574,587</u>	<u>363,444</u>	<u>4,938,030</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	40,333	-	40,333
Wages and benefits payable	6,437	-	6,437
Accrued interest	-	-	-
Other accrued liabilities	-	-	-
Compensated absences	18,085	-	18,085
Notes payable, current	69,362	-	69,362
Total current liabilities	<u>134,218</u>	<u>-</u>	<u>134,218</u>
Liabilities payable from restricted assets:			
Customr deposits	58,448	-	58,448
Bonds payable, current	40,000	-	40,000
	<u>98,448</u>	<u>-</u>	<u>98,448</u>
Noncurrent Liabilities:			
Notes payable, non-current	1,046,789	-	1,046,789
Bonds payable, non-current	905,000	-	905,000
Total noncurrent liabilities	<u>1,951,789</u>	<u>-</u>	<u>1,951,789</u>
Total Liabilities	<u>2,184,454</u>	<u>-</u>	<u>2,184,454</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of debt	1,613,901	239,064	1,852,964
Restricted	368,305	-	368,305
Unrestricted	407,927	124,380	532,307
Total Net Assets	<u>\$ 2,390,132</u>	<u>\$ 363,444</u>	<u>\$ 2,753,576</u>

See accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
STATEMENT OF FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Other Funds	Total
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 15,737	\$ 175,955	\$ 191,692
Investments	-	107,624	107,624
Due from Other Funds	-	-	-
Interest receivable	-	-	-
Receivable from other governments	40,419	-	40,419
Total Current Assets	56,156	283,579	339,735
Non-current Assets:			
Capital Assets			
Capital assets, net of accumulated depreciation	-	-	-
Total Non-Current Assets	-	-	-
Total Assets	56,156	283,579	339,735
<b>LIABILITIES</b>			
Accounts payable	18,411	-	18,411
Accrued payroll liabilities	1,300	-	1,300
Wages and benefits payable	-	-	-
Compensated absences	10,190	-	10,190
Due to other funds	-	-	-
Due to other governments	-	-	-
Total Liabilities	29,901	-	29,901
<b>FUND BALANCE</b>			
Nonspendable	-	-	-
Restricted	-	25,316	25,316
Committed	-	208,384	208,384
Assigned	-	49,879	49,879
Unassigned	26,255	-	26,255
Total Net Assets	26,255	283,579	309,834

**Reconciliation to Statement of Net Assets:**

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

Capital assets, net of depreciation		1,989,661
		-
		-
		\$ 2,299,496

See accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	General Fund	Other Funds	Total
<b>Revenues:</b>			
Sales tax	\$ 398,708	-	\$ 398,708
Use tax	18,127	-	18,127
Franchise tax	12,679	-	12,679
Cigarette tax	5,750	-	5,750
Alcoholic beverage tax	16,793	-	16,793
Licenses and permits	1,343	-	1,343
Fines and forfeitures	-	-	-
Investment income	363	1,173	1,536
Charges for services	191,681	29,393	221,074
Rental income	6,757	-	6,757
Intergovernmental	-	24,723	24,723
Donations	7,608	-	7,608
Miscellaneous	10,016	479,041	489,057
Total Revenues	<u>669,826</u>	<u>534,330</u>	<u>1,204,156</u>
<b>Expenditures:</b>			
<b>General government:</b>			
Administration	1,739	-	1,739
General Government	116,652	3	116,655
Total general government	118,391	3	118,394
Public safety and judiciary:			
Legal and court	22,955	1,593	24,548
Police Department	224,395	-	224,395
Fire Department	35,850	-	35,850
Total public safety and judiciary	283,199	1,593	284,792
Transportation:			
Street Department	-	1,429	1,429
Airport	-	5,342	5,342
Total transportation	-	6,771	6,771
Cultural, parks and recreation:			
Parks	27,470	-	27,470
Swimming Pool	12,816	-	12,816
Library	21,173	7,552	28,724
Cemetery	53,011	-	53,011
Total cultural, parks and recreation	114,469	7,552	122,021
Public services:			
Tourism	135	14,649	14,784
Ambulance	128,653	-	128,653
Total public services	128,787	14,649	143,436
Capital outlay	-	503,319	503,319
Total Expenditures	<u>644,846</u>	<u>533,887</u>	<u>1,178,734</u>
Excess (deficiency) of revenues over expenditures	24,979	443	25,422
<b>Other Financing Sources</b>			
Transfers In	356,315	134,650	490,965
Transfers Out	(428,640)	(107,440)	(536,080)
Total Other Financing Sources	<u>(72,325)</u>	<u>27,210</u>	<u>(45,115)</u>
Net Changes in Fund Balance	(47,346)	27,653	(19,693)
Fund Balance - Beginning	73,601	255,926	329,527
Fund Balance - Ending	<u>\$ 26,255</u>	<u>\$ 283,579</u>	<u>\$ 309,834</u>

**Reconciliation to the Statement of Activities:**

Net change in fund balances

(19,693)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital assets capitalized

503,319

Depreciation

(112,258)

Change in net assets of governmental activities

\$ 371,368

See Accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2011

	Utility Authority	Industrial Authority	Total
<b>Operating revenues:</b>			
Charges for services:	\$ 1,192,625	\$ -	\$ 1,192,625
Electric charges	286,601	-	286,601
Water charges	108,394	-	108,394
Sewer charges	144,411	-	144,411
Sanitation charges	23,246	-	23,246
Penalties	1,755,277	-	1,755,277
Total charges for services	-	4,788	4,788
Lease and rental income	13,963	-	13,963
Ambulance subscriptions	17,633	-	17,633
Miscellaneous	1,796,872	4,788	1,791,660
<b>Total operating revenues</b>	<b>1,796,872</b>	<b>4,788</b>	<b>1,791,660</b>
<b>Cost of Sales:</b>			
Purchases - Electricity	683,312	-	683,312
Purchases - Water	139,404	-	139,404
Purchases - Sanitation	132,521	-	132,521
Personnel Service Expenses	156,191	-	156,191
Other materials and supplies	119,288	-	119,288
<b>Total Cost of Sales</b>	<b>1,230,715</b>	<b>-</b>	<b>1,230,715</b>
<b>Contribution Margin</b>	<b>566,157</b>	<b>4,788</b>	<b>560,945</b>
<b>General and Administrative:</b>			
Administrative	102,750	-	102,750
General Services	161,954	133	162,087
Accounting and auditing	35,125	-	35,125
Other services and charges	-	31,123	31,123
Depreciation	134,251	11,756	146,007
Total Expenses	434,081	43,012	477,093
<b>Operating Income (Loss)</b>	<b>122,077</b>	<b>(38,225)</b>	<b>83,852</b>
<b>Non-operating revenues (expenses):</b>			
Investment Income	2,806	318	3,124
Gain on Sale of Asset	-	12,349	12,349
Grant revenue	181,999	-	181,999
Other-Transfers In	258,950	-	258,950
Other-Transfers Out	(324,875)	-	(324,875)
Total Non-operating Revenues (Expenses)	118,880	12,668	131,547
<b>Changes in Net Assets</b>	<b>240,956</b>	<b>(25,557)</b>	<b>215,399</b>
<b>Net Assets - Beginning</b>	<b>2,163,139</b>	<b>389,001</b>	<b>2,552,140</b>
<b>Net Assets - Ending</b>	<b>\$ 2,404,095</b>	<b>\$ 363,444</b>	<b>\$ 2,767,539</b>

See Accompanying notes to the basic financial statements.

CITY OF WAYNOKA, OKLAHOMA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

	Utility Authority	Industrial Authority	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,755,277	\$ 4,788	\$ 1,760,064
Other Income	31,596	-	31,596
Payments to Suppliers	(1,109,649)	(31,256)	(1,140,905)
Payments to Employees	(420,895)	-	(420,895)
Net Cash Provided (Used) by Operating Activities	<u>256,328</u>	<u>(26,469)</u>	<u>229,859</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Receipts from Capital Grants	181,999	-	181,999
Proceeds from sale of assets	-	12,349	12,349
Principal Paid on Debt	(203,388)	-	(203,388)
Interest Paid on Debt	-	-	-
Bond Issuance Costs	-	-	-
Purchases of Capital Assets	(553,475)	(43,981)	(597,456)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(574,864)</u>	<u>(31,632)</u>	<u>(606,496)</u>
<b>Cash Flows from Investing Activities</b>			
Investment Purchases	-	-	-
Investment Receipts	2,806	318	3,124
Transfers	-	-	-
Cash Flows provided (Used) by Investing Activities	<u>2,806</u>	<u>318</u>	<u>3,124</u>
Net Increase (Decrease) In Cash	(315,731)	(57,782)	(373,513)
Cash, Beginning of Fiscal Year	714,543	182,162	896,705
Cash, End of Fiscal Year	<u>\$ 398,812</u>	<u>\$ 124,380</u>	<u>\$ 523,192</u>
<b>Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:</b>			
<b>Operating Loss</b>	<b>\$ 122,077</b>	<b>\$ (38,225)</b>	<b>\$ 83,852</b>
Adjustments to reconcile Net Income to Net Cash			
Depreciation	134,251	11,756	146,007
(Increase) Decrease in Accounts Receivable	-	-	-
Increase (Decrease) in Accounts Payable	-	-	-
Increase (Decrease) in Accrued Expenses	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 256,328</u>	<u>\$ (26,469)</u>	<u>\$ 229,859</u>

See Accompanying notes to the basic financial statements.

**Notes to Financial Statements**  
**City of Waynoka**  
**June 30, 2011**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Waynoka, Oklahoma operates under a council-manager form of government with an elected five-member Council. In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units."

**Blended Component Unit—Waynoka Utility Authority**

The Waynoka Utility Authority (WUA) was established by the Council as a Public Trust during 1978. The purpose of the Trust is to finance, develop, and operate the electric, water, wastewater, and sanitation services or activities of the City of Waynoka. The Board members of the Authority are the same as the members of the City Council.

**Blended Component Unit—Waynoka Industrial Authority**

The Waynoka Industrial Authority (WIA) was established by the Council as a Public Trust during 1978. The purpose is developed to finance, develop and operate a city owned property to attract or retain existing business industry within the City limits. The majority of the Board members are appointed by the City Council.

***Component Units that are excluded reporting with the Primary Government's basic financial statements and Audited by Another Auditor.***

**Excluded Component Unit – Waynoka Nursing Center Authority**

The Waynoka Nursing Center Authority (WNNHA) was established during 1998 to provide nursing care to City residents. The City Council appoints a majority of the Governing Board (Trustees).

**Excluded Component Unit- Waynoka Mental Health Authority (WMMHA)**

The Waynoka Mental Health Authority, dba Northwest Substance Abuse Treatment Center for Women and Children, was created during 1997, to provide mental health and substance abuse services for pregnant women and women with dependent children, and other as deemed fit., The City Council appoints the governing Board (Trustees).

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City of Waynoka (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported typically reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both received. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within by the end of the fiscal year, June 30. Expenditures generally are recorded when paid.

The City reports the following major governmental funds:

The **general fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Restricted Sales Tax** Fund accounts for 1% sales tax restricted for street capital outlay and non-revenue producing departments.

The **Restricted Tourism** Fund accounts for hotel and motel tax receipts in accordance with the City's ordinance.

The **Airport** Fund accounts form revenues and expenses of the municipal airport in accordance with state law.

The **Municipal Court** Fund accounts for the receipt of revenue and expenses of the municipal court. Revenue is generated from police fines.

The **Library** fund is used to account for revenue and expenses related to operation of the municipal library, including state funding.

The **Grants Management** Fund accounts for revenue and expenses related to operating and capital grants received.

The **Wildlife** Fund accounts for the revenue and expenses related to wildlife permits and licenses.

The **Police Dog** Fund accounts for funds limited in use for the police dog.

The **Street & Alley** Fund accounts for the revenue, commercial vehicle tax and gas excise tax, and expenses, maintenance of city street and alleys.

The **Cemetery** Fund account for 12.5% of cemetery revenue which is restricted by State Law for Cemetery capital improvements.

The **Crimestoppers** Fund accounts for donations limited in use for the crime prevention program.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise fund consists of the activities of the Waynoka Utilities Authority and the Waynoka Industrial Authority.

The City reports the following major enterprise fund:

The **Waynoka Utilities Authority** fund accounts for the activities of providing electricity, at the various water, wastewater, and sanitation services provided to the public.

The **Waynoka Industrial Authority** fund accounts for the activities to promote and retain commercial or industrial development within the City limits.

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The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations,

Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs). As permitted by GASB No. 20, the City has elected not to follow subsequent private-sector guidance in its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. Assets, Liabilities and Net Assets

##### 1. Deposits and Investments

The City's and its component unit's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The City has established a formal Investment Policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its Investment Policy and applicable Oklahoma law, investments for the City and its component unit are reported at fair value. Additionally, investments are restricted or confined to Certificate of Deposits.

##### 2. Receivables and Payables

The City records receivables or payables on the face of the basic financial statements. Interfund balances are recorded as due "due to/from other funds."

##### 3. Inventories and prepaid items

The City does not maintain or record amounts on the basic financial statements for inventory or prepaid items.

#### 4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No business-type activity interest was capitalized in the current period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

Assets	Years
Buildings	20–50
Improvements other than buildings	5–35
Machinery and equipment	5–20
Vehicles	5–15
Infrastructure	25–50

See Figure No. 1 for detail of Capital Assets.

#### 5. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

#### 6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond

premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

#### 7. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

**Nonspendable**—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

**Restricted**—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

**Committed**—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

**Assigned**—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

**Unassigned**—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

#### 8. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### 9. New Pronouncements

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~~Beginning with the fiscal year ended June 30, 2007, and continuing with these statements, the City has applied the provisions of Governmental Accounting Standards Board Statement 51. During the fiscal year ended June 30, 2010 the City has not adopted the provisions of Statements No. 45 and 54.~~

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance—total governmental funds and net assets—governmental activities as reported in the government-wide statement of net assets.

One element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.” The details of this \$2,299,496 are as follows:

Total Net Assets per Fund Statements	\$	309,834
Capital assets, net		1,989,661
Net adjustment to increase fund balance—total governmental funds to arrive at net assets—governmental activities	\$	2,299,496

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$371,368 difference is as follows:

Net change in fund balance, per fund statements	\$	(19,693)
Capital outlay		503,319
Depreciation expense		(112,258)
Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities	\$	371,368

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget of the General Fund is legally adopted by the City Council through the passage of an appropriation resolve. There is a difference between the budgetary basis (Cash Basis) and generally

accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the City Council. The City Charter gives the City Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department or agency. Historically, the appropriated budget for the General Fund is prepared by department or activity.

The accounting system is employed as a budgetary management control device to monitor the individual departments. The Council did not make any amended budgetary appropriations throughout the year.

All appropriations of the general fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as a designation of fund balances and do not constitute expenditures or liabilities. The commitments are re-appropriated and honored during the subsequent year.

The amounts reported as "Final Budgeted Amounts" on the Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations and transfers.

B. State statute prohibits the use of deficit spending. No council shall operate or approve encumbrances or expenditures that result in a fund deficit for the current or future years.

#### IV. DETAILED NOTES ON ALL FUNDS

##### A. Deposits and Investments

###### Primary government:

As of June 30, 2011, the primary government had the following investments:

Interest rate risk. The City does not currently have a policy regarding interest rate risk. All investments are limited to time or certificate of deposits that are collateralized by financial institution, if necessary.

Credit risk. The City does not have a formal policy regarding credit risk. Oklahoma statutes authorize the City to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it.

##### B. Receivables

The Cite record receivable that are primarily various taxes that will be received in July of the following fiscal year.

The PWA records the billings at the end of the month and the receivable are primarily the June billings for utility services.

#### D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2011, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Transfers:

<i>Receiving Fund</i>	<i>Disbursing Fund</i>		<i>Amount</i>
General Fund	Court Fund	Police Fines	\$ 22,439
General Fund	Restricted Sales Tax	Cover payroll	15,000
General Fund	Utility Authority		318,875
General Fund	Wildlife Fund	Close Account	1
Restricted Sales Tax	General Fund	Distribution of Sales Tax	(99,677)
Waynoka NCA	General Fund	Distribution of Sales Tax	(99,677)
Utility Authority	General Fund	Distribution of Sales Tax	(198,980)
Restricted Sales Tax	General Fund	Distribution of Sale Tax	99,677
General Fund	Restricted Sales Tax	Cover Payroll	(15,000)
Utility Authority	Restricted Sales Tax		(60,000)
Airport Fund	Restricted Sales Tax		(10,000)
Airport Fund	Restricted Sales Tax		10,000
Airport Fund	Utility Authority		6,000
Airport Fund	General Fund		18,973
Utility Authority	Restricted Sales Tax		60,000
Utility Authority	General Fund	Sales Tax	198,980
Airport Fund	Utility Authority		(6,000)
General Fund	Utility Authority		(318,875)
Waynoka Nursing Care Authority	Sales Tax		99,677

#### E. Leases

The City has no operating or capital leases as of June 30, 2011 that are presented separately.

#### F. Long-Term Debt

Business-type long-term debt payable from net revenues generated by the utility resources pledged to the debt includes the following:

Notes Payable:

**BUSINESS-TYPE ACTIVITIES**

*Waynoka Utility Authority:*

Notes Payable:

Rural Economic Development (RECD) in the amount of \$166,000	\$ 121,844
Payable in monthly installments of \$747.00with interest at 4.5%	
2003 OWRB note in the amount of \$1,339,000	
Payable in semi-annual installments of \$3,667 with interest at 3.5%	\$ 979,049
Stock Exchange Bank, February 2008 in the amount of \$28,161	
Payable in monthly installments of \$825.44 with interest at 4.50%.	\$ 10,092
Total Notes Payable	\$ 1,110,985

**REVENUE BOND PAYABLE:**

Utility System Refunding Revenue Bonds, Series 2008 \$1,050,000	
Secured by utility revenues and pledged sales tax	945,000

Total revenue bonds payable \$ 945,000

Notes Payable:

<i>Waynoka Utility Authority</i>	<i>Beg Bal</i>	<i>Additions</i>	<i>Retirements</i>	<i>End Bal</i>
Notes Payable	1,182,045	0	72,060	1,110,985
Revenue bonds payable	<u>985,000</u>	<u>0</u>	<u>40,000</u>	945,000
Total PWA	2,167,045		112,060	2,055,985
Less Current				<u>109,362</u>
Total Long-Term Liabilities				1,946,623

Maturities of Long-Term debt are as follows:	Interest	Principle
Payments due June 30, 2012	\$109,362	\$109,362
June 30, 2013	110,243	109,373
June 30, 2014	75,047	113,026
June 30, 2015	70,808	115,456
June 30, 2016	67,470	120,654
June 30, 2017-2021	275,321	697,096
June 30, 2022-2026	152,301	572,564
June 30, 2027-2031	31,959	194,847
June 30, 2032-2034	1,257	23,139

## Total Principal Payments

\$ 2,055,985

## Debt Service Covenants:

<u>Revenue Bond Coverage</u>	2003	2008
Pledged utility revenue	\$1,479,226	\$ 394,995
Pledged sales tax	113,671	113,671
Utility operating expenses	(1,091,851)	(303,901)
Exclude depreciation	67,974	74,295
Net revenues available	569,020	279,059
Annual debt service	98,306	81,268
Computed coverage	5.79	3.43
Required	1.25	1.25

Rural Economic Development requires a reserve account with a required balance of \$8,964.

## G. Short-Term Debt

The City did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2011.

## H. Components of Fund Balances

Fund Balances are divided up into three categories: (1) Invested in capital assets, net of debt, (2) Restricted, and (3) Unrestricted.

The proprietary funds contain restricted cash amounts for customer utility deposits and other for debt service covenants.

## V. OTHER INFORMATION

## A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the City insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2011, 2010 and 2009 there have been no settlements in excess of coverage.

The City belongs to the OKLAHOMA MUNICIPAL ASSURANCE GROUP (OMAG) for most of its municipal property and liability exposures.

For worker's compensation, the City and its related authorities participate in OMAG.

## B. Contingent Liabilities

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 City expects such amounts, if any, to be immaterial.

At time there are various claims and suits brought against the City that arise in the normal course of the City's activities. In the opinion of counsel and Town management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the City.

## C. Deferred Compensation Plan

The City offers no deferred compensation plan to its employees.

## D. Defined Benefit Pension Plans

The City of Waynoka is contributing by ordinance a retirement fund and system designated the "Employee Retirement System of Waynoka, Oklahoma" under authority granted by Oklahoma Statutes Title 11 § 48-101. The City participates with other cities in the Oklahoma Municipal Retirement System, which is a cost sharing, multiple-employer public employee retirement system (PERS).

The City has incurred the following expenditure for the last three years as it relates to this matter:

June 30, 2009	Not presented
June 30, 2010	Not presented
June 30, 2011	18,965

*Firefighters pension plan*

Contributions required and contributions made

The City makes annual contributions to the pension plan equal to the amount required by state statutes. According to Title 11, O.S. 49-122 (C) cities are to contribute \$60.00 yearly to the Oklahoma Firefighters Pension and Retirement System for each active volunteer firefighter.

E. Other Post Employment Benefits

The City has no OPED as of June 30, 2011.

F. Overlapping Debt

The City has no overlapping debt as of June 30, 2011.

G. Quasi-Municipal Debt

The City does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2011.

H. Joint Venture

The City is not and has not entered into any joint ventures as of June 30, 2011.

I. Commitments

As of June 30, 2011, the City had various contractual commitments. No significant commitments are material to the financial position of the City.

J. Long-Term Receivables

The city has no long-term receivables as of June 30, 2011.

K. Subsequent Events

As of April 25, 2012, the issuance date of this report, two (2) subsequent reports have occurred that effect the City or its financial statements as presented. The City Administrator has separated from employment with the City. The City has terminated its contract with its accounting firm to provide financial assistance as a finance director and preparation of monthly financial reports and budget comparisons.

**WILLIAM K. GAUER**

*CERTIFIED PUBLIC ACCOUNTANT*

121 SOUTH NOBLE ~ P.O. BOX 181

WATONGA, OKLAHOMA 73772

PHONE 580-623-5071

FAX 580-623-5072

TOLL FREE 800-230-7672

WGAUER@WHEELERBROTHERS.COM

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**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 City Council  
City of Waynoka, Oklahoma

I have audited the 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 City of Waynoka, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the City of Waynoka, Oklahoma's basic financial statements and have issued our report thereon dated April 25, 2012. 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.

**Internal Control over Financial Reporting**

In planning and performing my audit, I considered City of Waynoka, Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Waynoka, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Waynoka, Oklahoma's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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.

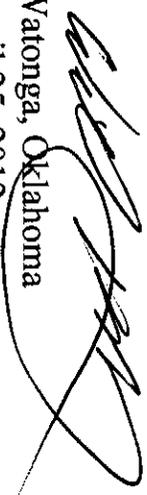
My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### **Compliance and Other Matters**

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

I noted certain matters that we reported to management of City of Waynoka, Oklahoma, in a separate letter dated April 25, 2012.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Watonga, Oklahoma  
April 25, 2012

**SUPPLEMENTAL INFORMATION**

CITY OF WAYNOKA, OKLAHOMA  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGETARY COMPARISON - GENERAL FUND  
 GOVERNMENTAL FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2011

	Original	Final	General Fund	Variance Over (Under)
<b>Revenues:</b>				
Taxes:				
Sales Tax	\$ 318,709	\$ 373,709	\$ 398,708	\$ 24,999
Use Tax	15,484	19,484	18,127	(1,357)
Franchise Tax	15,607	12,607	12,679	72
Tobacco Tax	4,806	5,306	5,750	444
<b>Intergovernmental Taxes:</b>				
Alcoholic Beverage	14,478	15,478	16,793	1,315
License and permits	1,750	1,300	1,343	43
Fines and forfeitures	6,000	6,000	-	(6,000)
<b>Charges for Services:</b>				
Ambulance	75,000	160,000	163,840	3,840
Cemetery	5,500	3,800	3,966	166
Fire	5,000	10,000	21,075	11,075
Swimming Pool	1,750	2,500	2,800	300
Rental Income	4,750	6,500	6,757	257
Interest	750	400	363	(37)
Miscellaneous	15,000	10,500	-	(10,500)
Donations and Fundraisers	-	7,198	7,608	410
Gain on Sale	-	6,176	6,176	-
Grants	46,000	-	3,840	3,840
Total Revenues	<u>530,584</u>	<u>640,958</u>	<u>669,826</u>	<u>28,868</u>
<b>Expenditures:</b>				
General Government:				
Administration	10,800	1,150	1,739	589
Treasurer	-	-	-	-
Attorney	22,950	23,700	22,965	(745)
General Government	115,875	113,875	116,652	2,777
Total General Government	<u>149,625</u>	<u>138,725</u>	<u>141,345</u>	<u>2,620</u>
Public safety and judiciary:				
Legal and courts	-	-	-	-
Police	192,150	225,140	224,395	(745)
Fire	28,125	36,225	35,850	(375)
Total public safety and judiciary	<u>220,275</u>	<u>261,365</u>	<u>260,245</u>	<u>(1,120)</u>
Cultural, parks and recreation:				
Parks	16,425	30,375	27,470	(2,905)
Swimming Pool	35,100	10,650	12,816	2,166
Library	24,975	18,800	21,173	2,373
Cemetery	48,150	53,650	53,011	(639)
Total cultural, parks and recreation	<u>124,650</u>	<u>113,475</u>	<u>114,469</u>	<u>994</u>
Public services:				
Tourism	-	135	135	(1)
Ambulance	179,500	131,500	128,653	(2,847)
Clinic	-	-	-	-
Total public services	<u>179,500</u>	<u>131,635</u>	<u>128,787</u>	<u>(2,848)</u>
Total Expenditures	<u>674,050</u>	<u>645,200</u>	<u>644,846</u>	<u>(354)</u>
Excess (deficiency) of revenues over expenditures	(143,466)	(4,242)	24,979	29,221
<b>Other Financing Sources</b>				
Transfers In	525,875	468,685	356,315	(112,370)
Transfers Out	(318,709)	(388,709)	(428,640)	(39,931)
Total Other Financing Sources	<u>207,166</u>	<u>79,976</u>	<u>(72,325)</u>	<u>(152,301)</u>
Net Changes In Fund Balance	63,700	75,734	(47,346)	(123,080)
Fund Balance - Beginning	500	500	73,601	73,101
Fund Balance - Ending	<u>\$ 64,200</u>	<u>\$ 76,234</u>	<u>\$ 26,255</u>	<u>\$ (49,979)</u>

See Accompanying notes to the basic financial statements.

City of Waynoka  
 Combining Statement of Net Assets - Cash Basis  
 Fiscal Year Ended June 30, 2011

	Restricted Sales Tax	Restricted Torusim Fund	Airport Fund	Municipal Court Fund	Library Fund	Grant Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 67,450	\$ 36,951	\$ 2,128	\$ 3,205	\$ 498	\$ 25,316
Certificates of deposits	98,790	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Total Assets	<u>\$ 166,240</u>	<u>\$ 36,951</u>	<u>\$ 2,128</u>	<u>\$ 3,205</u>	<u>\$ 498</u>	<u>\$ 25,316</u>
<b>LIABILITIES</b>						
Accounts payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	25,316
Committed	166,240	36,951	-	-	-	-
Assigned	-	-	2,128	3,205	498	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>166,240</u>	<u>36,951</u>	<u>2,128</u>	<u>3,205</u>	<u>498</u>	<u>25,316</u>
Total liabilities and fund balance	<u>\$ 166,240</u>	<u>\$ 36,951</u>	<u>\$ 2,128</u>	<u>\$ 3,205</u>	<u>\$ 498</u>	<u>\$ 25,316</u>



**City of Waynoka**  
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances  
 Fiscal Year Ended June 30, 2011

	Restricted Sales Tax	Restricted Torusim Fund	Airport Fund	Municipal Court Fund	Library Fund	Grant Fund	Wildlife Fund	Police Dog Fund	Drug Alley Fund	Street & Fund	Cemetery Fund	Crimestoppers Fund	Total Governmenta l Funds
<b>REVENUES</b>													
Investment income	\$ 1,062	\$ -	\$ 6	\$ -	\$ -	\$ 22	\$ -	\$ -	\$ 10	\$ 73	\$ -	\$ -	\$ 1,173
Charges for services	-	-	1,065	25,367	1,656	-	-	-	-	1,305	-	-	29,393
Intergovernmental programs	-	17,080	-	-	-	-	-	-	7,643	-	-	-	24,723
Miscellaneous	-	-	474,592	-	-	4,449	-	-	-	-	-	-	479,041
<b>Total Revenues</b>	<b>1,062</b>	<b>17,080</b>	<b>475,663</b>	<b>25,367</b>	<b>1,656</b>	<b>4,471</b>	<b>-</b>	<b>-</b>	<b>7,653</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>534,330</b>
<b>EXPENDITURES</b>													
General Government:													
General Government	-	-	3	-	-	-	-	-	-	-	-	-	3
Administration	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total general government</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
Public Safety and judiciary:													
Legal and courts	-	-	-	1,593	-	-	-	-	-	-	-	-	1,593
Police	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total public safety and judiciary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,593</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,593</b>
Transportation:													
Street	-	-	-	-	-	-	-	-	1,429	-	-	-	1,429
Airport	-	-	5,342	-	-	-	-	-	-	-	-	-	5,342
<b>Total transportation</b>	<b>-</b>	<b>-</b>	<b>5,342</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,771</b>
Cultural, parks and recreation:													
Parks	-	-	-	-	-	-	-	-	-	-	-	-	-
Library	-	-	-	-	7,552	-	-	-	-	-	-	-	7,552
Cemetery	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total cultural, parks and recreation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,552</b>
Public services:													
Ambulance	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total public services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Economic development:													
Tourism	-	14,649	-	-	-	-	-	-	-	-	-	-	14,649
<b>Total economic development</b>	<b>-</b>	<b>14,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,649</b>
Capital outlay													
Total expenditures	-	-	503,319	-	-	-	-	-	-	-	-	-	503,319
Excess (deficiency) of revenue over expenditures	1,062	2,430	(33,001)	23,774	(5,896)	4,471	-	-	6,224	1,378	-	-	443
<b>OTHER FINANCING SOURCES (USES)</b>													
Transfers in	99,677	-	34,973	-	-	-	-	-	-	-	-	-	134,650
Transfers out	(85,000)	-	-	(22,439)	-	-	(1)	-	-	-	-	-	(107,440)
<b>Total other financing sources and uses</b>	<b>14,677</b>	<b>-</b>	<b>34,973</b>	<b>(22,439)</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,210</b>
<b>Net change in fund balance</b>	<b>15,739</b>	<b>2,430</b>	<b>1,972</b>	<b>1,335</b>	<b>(5,896)</b>	<b>4,471</b>	<b>(1)</b>	<b>-</b>	<b>6,224</b>	<b>1,378</b>	<b>-</b>	<b>-</b>	<b>27,653</b>
Fund Balance - Beginning	150,501	34,521	156	1,870	6,394	20,845	1	620	5,829	30,617	4,573	-	255,926
<b>Fund Balance - Ending</b>	<b>\$ 166,240</b>	<b>\$ 36,951</b>	<b>\$ 2,128</b>	<b>\$ 3,205</b>	<b>\$ 498</b>	<b>\$ 25,316</b>	<b>\$ -</b>	<b>\$ 620</b>	<b>\$ 12,053</b>	<b>\$ 31,995</b>	<b>\$ 4,573</b>	<b>\$ -</b>	<b>\$ 283,579</b>

**CITY OF WAYNOKA**

WOODS COUNTY, OKLAHOMA

EIN NUMBER: 73-6005494

DUNS NUMBER: 082571332

SINGLE AUDIT

UNDER THE OMB CIRCULAR A-133

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FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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*WILLIAM K. GAUER*  
*CERTIFIED PUBLIC ACCOUNTANT*  
*WATONGA, OKLAHOMA*

**WILLIAM K. GAUER**

*CERTIFIED PUBLIC ACCOUNTANT*

121 SOUTH NOBLE ~ P.O. BOX 181  
PHONE 580-623-5071  
TOLL FREE (800)230-7672

WATONGA, OKLAHOMA 73772  
FAX 580-623-5072  
WGAUER@WHEELERBROTHERS.COM

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*INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133*

To the City Council  
City of Waynoka, Oklahoma

Compliance

We have audited City of Waynoka, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Waynoka, Oklahoma's major federal programs for the year ended June 30, 2011. City of Waynoka, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Waynoka, Oklahoma's management. Our responsibility is to express an opinion on City of Waynoka, Oklahoma's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Waynoka, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Waynoka, Oklahoma's compliance with those requirements.

In our opinion, City of Waynoka, Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the

accompanying schedule of findings and questioned costs as items:

1. Auditor prepared the basic financial statements and the accompanying notes
2. The Auditor prepared Schedule of Expenditures
3. The City needs to maintain complete, or more complete, grant files with the following:
  - a. CFDA numbers of all granting agencies
  - b. State pass-through numbers for federal identification
  - c. Recommend that City use separate accounting ledgers for major programs and do not combine books and records with major funds already utilized for operations.

#### Internal Control over Compliance

Management of City of Waynoka, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Waynoka, Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Waynoka, Oklahoma's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

City of Waynoka, Oklahoma's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Waynoka, Oklahoma's responses and, accordingly, we express no opinion on the responses.

Honorable City Council  
April 25, 2012  
Page 2

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to be 'W. Watonga', written over a horizontal line.

Watonga, Oklahoma  
April 25, 2012

**CITY OF WAYNOKA, OKLAHOMA**  
Woods County, Oklahoma  
Schedule of Findings and Questioned Costs  
June 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Reportable condition(s) identified not considered to be material weaknesses?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Reportable condition(s) identified not considered to be material weaknesses?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-122, Section .510(a)?

\_\_\_\_\_ yes \_\_\_\_\_ X \_\_\_\_\_ no

Identification of major programs:

USDA RUS Community Services Loans/Grants  
USDOT Sidewalk Grants

<u>CFDA</u>	<u>Expenditure</u>
10.766	\$ 626,082.86
20.762	274,664.69

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes yes \_\_\_\_\_ X \_\_\_\_\_ no

Section II - Financial Statement Findings

Significant Deficiency

Auditor Drafted Financial Statements and Notes

Section III - Federal Award Findings and Questioned Costs

None

**CITY OF WAYNOKA, OKLAHOMA**  
Woods County, Oklahoma  
Schedule of Expenditures of Federal Awards  
For Year Ended June 30, 2011

Federal/State Grantor Pass through Grantor Program Title	Federal CDFA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at July 1, 2010	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recognized	Match Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at June 30, 2011
<i>Federal Aviation Administration Grant No. 3-10-0105-004-2010</i>	20.106		\$ 606,198	\$ -	\$ 474,592	\$ 474,592	\$ -	\$ 28,727	\$ 28,727	\$ -
<i>Department of Homeland Security</i>										
Police Dash Cameras	97.004		3,840	-	3,840	3,840	-	-	-	-
Federal Emergency Management Administration Disaster Assistance Programs	97.036		-	4,449	4,449	-	-	-	-	-
Through Oklahoma Department of Commerce American Reinvestment & Recovery Act Department of Energy Contract No. 13892 SEECBG 09	81.128		250,000		127,000	127,000	-	-	151,141	-
<b>Total Federal Programs</b>			<b>860,038</b>	<b>4,449</b>	<b>609,881</b>	<b>605,432</b>	<b>-</b>	<b>28,727</b>	<b>179,868</b>	<b>-</b>
<b>State of Oklahoma:</b>										
Oklahoma Water Resources Board Water Treatment Plant Emergency Grant			100,000	-	100,000	-	-	-	-	-
Department of Agriculture - Fire State Aid - Library			4,398	-	4,398	4,398	-	-	-	-
<b>Total State Programs</b>			<b>104,398</b>	<b>-</b>	<b>104,398</b>	<b>4,398</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total All Programs</b>			<b>964,436</b>	<b>4,449</b>	<b>714,279</b>	<b>609,830</b>	<b>-</b>	<b>28,727</b>	<b>179,868</b>	<b>-</b>

The notes to the financial statements are an integral part of this statement.  
See the accompanying independent auditors' report.