FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

TOWN OF WISTER, OKLAHOMA

JUNE 30, 2015

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

TOWN OF WISTER, OKLAHOMA
JUNE 30, 2015

TABLE OF CONTENTS

	Page No.
Table of Contents	1
Independent Auditor's Report	2-3
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	4-5
Schedule of Findings	6
Disposition of Prior Year's Schedule of Findings	7
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis	8
Statement of Activities – Modified Cash Basis	9
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis - Governmental Funds	10
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis - Governmental Funds	11
Statement of Net Assets – Modified Cash Basis – Proprietary Fund	12
Statement of Revenues, Expenditures and Changes in Fund Net Assets – Modified Cash Basis – Proprietary Fund	13
Statement of Cash Flows – Modified Cash Basis – Proprietary Fund	14
Notes to the Financial Statements	15-26
Required Supplementary Information:	
Budgetary Comparison Schedule - Modified Cash Basis	
- General Fund	27

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Town of Wister
Wister, Oklahoma

Report on the Financial Statements
We 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 the Town of Wister, Oklahoma, (Town) as of and for the year ended June 30, 2015, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Basis for Adverse Opinions on U.S. Generally Accepted Accounting Principles
As discussed in Note 1, the financial statements are prepared on the modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the modified cash basis described in Note 1 and accounting principles generally accepted in the United States of America, although reasonably determined, are presumed to be material. Also, As discussed in Note 1 to the financial statements, the Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental and Business-Type Activities is not readily determinable.

116 WEST BRECKENRIDGE AVE, BIXBY, OK 74008
PHONE: 918.366.4440 FAX: 918.366.4443
WWW.JENKINSKEMPER.COM

Adverse Opinions on U.S. Generally Accepted Accounting Principles
In our opinions, because the significance of the matters discussed in the previous paragraph, the basic financial statements referred to in the first paragraph, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information, do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the Town of Wister, Wister, Oklahoma as of June 30, 2015, the changes in its financial position, or where applicable, its cash flows for the year then ended.

Unqualified Opinions on Modified Cash Basis of Accounting
In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental and business-type activities of the Town of Wister, Oklahoma as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that budgetary comparison information on page 27 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. We 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 our inquiries, the basic financial statements, and the knowledge we obtained during our audit of the basic financial statements. We 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.

The Town has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 (GASB), 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 a report dated January 21, 2016, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 21, 2016

JENKINS & KEMPER
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA
MICHAEL KEMPER, CPA

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Honorable Board of Trustees
Town of Wister
Wister, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wister, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Wister, Oklahoma's basic financial statements, and have issued our report thereon dated January 21, 2016. This report was adverse with respect to the presentation of the financial statements in conformity with accounting principles generally accepted in the United States because the presentation followed a modified cash basis and also because the financials did not include fixed asset records. Additionally, the Town did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

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

116 WEST BRECKENRIDGE AVE, BIXBY, OK 74008
PHONE: 918.366.4440 FAX: 918.366.4443
WWW.JENKINSKEMPER.COM

Compliance and Other Matters

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

Purpose of this Report

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

Jenkins & Kemper, CPAs P.C.

Jenkins & Kemper
Certified Public Accountants, P.C.

January 21, 2016

TOWN OF WISTER, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2015

There were no findings.

TOWN OF WISTER, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2015

There were no prior year findings.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF WISTER, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash, and cash equivalents	$ 43,875	14,624	58,499
Noncurrent Assets:			
Restricted cash, and cash equivalents		49,743	49,743
Total noncurrent assets		49,743	49,743
Total Assets	43,875	64,367	108,242
LIABILITIES			
Current Liabilities:			
Payroll taxes payable	4,172	1,424	5,596
Capital lease, due in one year	26,403	15,622	42,025
Total current liabilities	30,575	17,046	47,621
Noncurrent Liabilities:			
Refundable deposits		48,139	48,139
Capital lease, less current portion	94,619	155,826	250,445
Total noncurrent liabilities	94,619	203,965	298,584
Total Liabilities	125,194	221,011	346,205
NET ASSETS			
Unrestricted	(81,319)	(156,644)	(237,963)
Total Net Assets	$ (81,319)	(156,644)	(237,963)

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

TOWN OF WISTER, OKLAHOMA
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense)/Revenue and Changes in Net Assets: Governmental Activities	Net (Expense)/Revenue and Changes in Net Assets: Business-Type Activities	TOTALS
Primary Government:							
Governmental Activities -							
Clerk	$ 600				(600)		(600)
General Government	190,021	2,450	52,173		(135,398)		(135,398)
Total general government	190,621	2,450	52,173	-	(135,998)		(135,998)
Public Safety:							
Police	317,240	158,528			(158,712)		(158,712)
Animal Control	16,310				(16,310)		(16,310)
Fire	62,294	25,785			(36,509)		(36,509)
Total public safety	395,844	184,313	-	-	(211,531)		(211,531)
Transportation:							
Streets	18,861				(18,861)		(18,861)
Total governmental activities	605,326	186,763	52,173	-	(366,390)		(366,390)
Business-Type Activities -							
Water, Sewer & Sanitation	355,679	345,094		18,000		7,415	7,415
Total business-type activities	355,679	345,094	-	18,000		7,415	7,415
Total primary government	$ 961,005	531,857	52,173	18,000	(366,390)	7,415	(358,975)
General revenues-							
Taxes-							
Sales tax					$ 223,802		223,802
Franchise taxes					22,418		22,418
Use tax					20,992		20,992
Motor vehicle tax					8,322		8,322
Gas tax					2,192		2,192
Cigar tax					2,574		2,574
Alcohol beverage tax					9,138		9,138
Miscellaneous					43,528	9,913	53,441
Investment earnings					150	171	321
Total general revenues and special items					333,116	10,084	343,200
Change in net assets					(33,274)	17,499	(15,775)
Net assets, beginning of period					(48,045)	(174,143)	(222,188)
Net assets, end of period					$ (81,319)	(156,644)	(237,963)

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

TOWN OF WISTER, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

ASSETS	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
Cash, and cash equivalents	$ 43,875	43,875
Investments	-	-
Total assets	43,875	43,875
LIABILITIES AND FUND BALANCE		
Liabilities:		
Payroll taxes payable	4,172	4,172
Total Liabilities	4,172	4,172
Fund Balances:		
Unreserved	39,703	39,703
Total Liabilities and Fund Balances	$ 43,875	

Reconciliation to Statement of Net Assets:

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

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore are not reported in the funds.	(121,022)
Net assets of governmental activities	(81,319)

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

TOWN OF WISTER, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR YEAR ENDED JUNE 30, 2015

	General Fund	Total Governmental Funds
Revenues:		
Taxes	$ 260,124	260,124
Charges for services	28,235	28,235
Intergovernmental	29,314	29,314
State grants	35,419	35,419
Fines and forfeitures	158,528	158,528
Interest income	150	150
State health insurance reimbursements	16,754	16,754
Miscellaneous	43,528	43,528
Total Revenues	572,052	572,052
Expenditures:		
General Government:		
Clerk	600	600
General Government	190,021	190,021
Public Safety:		
Police	328,110	328,110
Animal Control	16,310	16,310
Fire	68,299	68,299
Street and Public Works:		
Streets	18,861	18,861
Total Expenditures	622,201	622,201
Excess (deficiency) of revenues over expenditures	(50,149)	(50,149)
Fund balances - beginning	56,102	56,102
Fund balances - ending	$ 5,953	5,953
Reconciliation to the Statement of Activities:		
Net change in fund balances - total governmental funds		$ (50,149)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Proceeds from notes payable are not considered revenues in the governmental activities report		
Principal payments are not considered expenditures in the governmental activities report		16,875
Change in Net Assets of Governmental Activities		$ (33,274)

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

TOWN OF WISTER, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUND
JUNE 30, 2015

	Wister Public Works Enterprise Fund
ASSETS	
Current assets:	
Cash, and cash equivalents	$ 14,624
Total current assets	14,624
Noncurrent assets:	
Restricted cash and cash equivalents	49,743
Total noncurrent assets	49,743
Total Assets	64,367
LIABILITIES	
Current Liabilities:	
Payroll taxes payable	1,424
Current maturities of long-term debt	15,622
Total current liabilities	17,046
Noncurrent Liabilities:	
Refundable deposits	48,139
Long-term debt	155,826
Total noncurrent liabilities	203,965
Total Liabilities	221,011
NET ASSETS	
Unrestricted	(156,644)
Total Net Assets	$ (156,644)

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

TOWN OF WISTER, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND
AND CHANGES IN FUND NET ASSETS
MODIFIED CASH BASIS - PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2015

	Wister Public Works Enterprise Fund
Operating Revenues:	
Charges for services:	
Water, sewer, & sanitation	$ 334,904
Water taps	10,190
Miscellaneous	9,913
Total Operating Revenues	355,007
Operating Expenses:	
Salaries and wages	122,149
Water purchases	72,914
Contracted services	44,258
Operating supplies	12,624
Office expenses	6,531
Sanitation operations	45,220
Utilities	5,227
Insurance expenses	733
Repair expenses	4,153
Legal and accounting	10
Miscellaneous	880
Total Operating Expenses	314,699
Net Operating Income (Loss)	40,308
Non-Operating Revenues (Expenses):	
Grant revenues	18,000
Sewer improvements	(30,390)
Interest expense	(10,590)
Interest income	171
Total Non-Operating Revenues (Expenses)	(22,809)
Changes in net assets	17,499
Total Net Assets - Beginning	(174,143)
Total Net Assets - Ending	$ (156,644)

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

TOWN OF WISTER, OKLAHOMA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR YEAR ENDED JUNE 30, 2015

	Wister Public Works Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	$ 355,007
Payments to employees	(122,317)
Payments to suppliers	(192,550)
Net Cash Provided by Operating Activities	40,140
Cash Flows from Noncapital Financing Activities:	
Increase (decrease) in refundable deposits	(1,726)
Net Cash Provided (Used) by Operating Activities	(1,726)
Cash Flows from Capital and Related Financing Activities:	
Capital improvements	(30,390)
Proceeds from debt	-
Grant revenues	18,000
Principal paid on debt	(19,276)
Interest paid on debt	(10,590)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(42,256)
Cash Flows from Investing Activities:	
Interest on investments	171
Net Cash Provided by Investing Activities	171
Net Increase (Decrease) in Cash and Cash Equivalents	(3,671)
Balance - beginning of the year	68,038
Balance - end of the year	$ 64,367
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	$ 40,308
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in payroll taxes payable	(168)
Net cash provided by operating activities	$ 40,140

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The following represent the more significant accounting and reporting policies and practices of the Town.

Reporting Entity - The financial statements include all activities, which should be included as determined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. In accordance with Statement No. 14, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statement to be misleading or incomplete.

The primary government is financially accountable if it appoints a voting majority of the organization's governing body and, 1) it is able to impose its will on that organization, or 2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organizations has 1) a separately elected governing board, 2) a governing board appointed by a higher level of government, or 3) a jointly appointed board.

The reporting entity's financial statements should present the fund types and account groups of the primary government, including its blended component units, which are, in substance, part of the primary government, and provide an overview of the discretely

1. **Summary of Significant Accounting Policies** – contd.
presented component units.

A component unit should be included in the reporting entity's financial statements using the blending method in either of these circumstances:

a) The component unit's governing body is substantively the same as the governing body of the primary government.

b) The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

Discrete presentation of component units entails reporting component unit financial data in a column separate from the financial data of the primary government.

The primary government in the financial reporting entity of the Town of Wister, is the Town of Wister. The component unit, which has been included in the reporting entity using the blending method, is the Wister Public Works Authority. This component unit was blended into the primary government since it met both of the criteria above to be included using the blending method.

No other entities or organizations were determined to be financially accountable to the primary government, nor was the nature or significance of their relationship with the primary government such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based on the foregoing criteria the Wister Public Works Authority is included in the Town's annual financial report as a blended component unit. Separate financial statements for the blended component unit have not been prepared.

A. BASIS OF PRESENTATION

Government-Wide Financial Statements
The Statement of Net Asset and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

A. BASIS OF PRESENTATION – contd.

Fund Financial Statements
Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund
The general fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Proprietary Funds

Enterprise Funds
Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

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

A. BASIS OF PRESENTATION

Enterprise Funds –contd.

Wister Public Works Authority – The Wister Public Works Authority (WPWA) was created February 8, 1972 to finance, develop, and operate the water, wastewater, and sanitation activities of the Town. Current Town Council serves as the entire governing Body (Trustees). Debt issued by the WPWA requires two-thirds (2/3) approval of the Town Council.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

MEASUREMENT FOCUS
In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available expendable financial resources during a given period. These funds use fund balance as their measure of available expendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current, financial, or non-financial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

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

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – contd.

BASIS OF ACCOUNTING
In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component units activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements, proprietary fund statements, and the similar discretely presented component unit statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) *are not recorded* in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

C. ASSETS, LIABILITIES, AND FUND EQUITY

CASH AND CASH EQUIVALENTS - For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS – Investments classified in the financial statements consist entirely of certificate of deposit whose original maturity exceeds three month. Investments are carried at cost, which approximates fair value.

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

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

CAPITAL ASSETS - Expenditures for property and equipment of governmental funds and expendable trust funds are recorded as fund expenditures; however, no detail fixed assets records are maintained for such assets still in service.

Fixed assets acquired by the Enterprise Funds are not capitalized as property and equipment within the Funds. No detail fixed assets records are maintained for such assets still in service. Therefore, financial statements of the Enterprise Funds do not contain a provision for depreciation expense.

LONG-TERM DEBT – All long-term debt arising from modified cash basis transactions to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements.

Long-term debt arising from modified cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

EQUITY CLASSIFICATION

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

C. ASSETS, LIABILITIES, AND FUND EQUITY – contd.

EQUITY CLASSIFICATION - contd.

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

D. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash basis revenues that are derived directly from activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity:

General Government – Licenses and permits.

Public Safety – Fine revenue and Fire run revenue.

Street & Public Works – Commercial vehicle and gasoline excise tax shared by the State.

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUES AND EXPENSES
Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities.

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

E. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES

During the course of normal operations, the Town has numerous transactions between funds, including expenditures and transfer of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Operating subsidies are also recorded as operating transfers. Non-recurring or non-routine transfers of equity are reported as residual equity transfers.

F. USE OF STATEMENTS

The preparation of financial statements in conformity with the other comprehensive basis of accounting (OCBOA) used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

2. **Deposits and Investments**

The Town's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the Town or by its agent in the Town's name.

3. **Restricted Assets**

Restricted assets recorded in the enterprise fund, the Wister Public Works Authority, is the meter deposit fund.

At June 30, 2015, the Town had the following restricted assets:

Wister Public Works Authority –	
Meter deposit fund –	
Held for refund to water customers	$ 49,743

4. Long-term Debt

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

Lease Purchase Obligations:

As of June 30, 2015, the long-term debt, arising from cash transactions, payable from governmental fund resources consisted of the following:

The following is a summary of the long-term debt transactions of the Town for the year ended June 30, 2015:

	Capital Leases
Balance, July 1, 2014	$ 104,147
Additions	47,454
Retirements	(30,579)
Balance, June 30, 2015	$ 121,022

A brief description of the outstanding long-term debt at June 30, 2015 is set forth below:

	Amount outstanding
Capital Leases	
Lease agreement for 2008 Tanker Truck, totaling $159,169, dated April 10, 2008, interest rate of 4.98%, due in monthly installments of $1,491.02, beginning Aug. 2008, with final payment due July, 2020;	$ 80,216
Lease agreement for 2015 GMC 3500, totaling $7,949, dated May 5, 2015, interest rate of 3.36%, due in monthly installments of $232.35, beginning May 2015, with final payment due April, 2018;	7,528

4. **Long-term Debt** – contd.

Capital Leases (contd)

Lease agreement for 2013 Dodge Charger, totaling $39,505, dated November 4, 2014, interest rate of 3.36%, due in monthly installments of $881.52, beginning November 2014, with final payment due October, 2018;	33,278
Total	$ 121,022

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

Year ending June 30	Principal	Interest	Total
2016	$ 26,403	4,856	31,259
2017	27,543	3,716	31,259
2018	28,271	2,526	30,797
2019	19,973	1,410	21,383
2020	17,347	545	17,892
2021	1,485	6	1,491
Totals	$ 121,022	13,059	134,081

BUSINESS-TYPE ACTIVITIES

Lease Purchase Obligations:

As of June 30, 2015, the long-term debt, arising from cash transactions, payable from business-type fund resources consisted of the following:

The following is a summary of the long-term debt transactions of the Authority for the year ended June 30, 2015:

	Capital Leases
Balance, July 1, 2014	$ 190,724
Additions	0
Retirements	(19,276)
Balance, June 30, 2015	$ 171,448

4. **Long-term Debt** – contd.

4. **Long-term Debt** – contd.

A brief description of the outstanding long-term debt at June 30, 2014 is set forth below:

Lease agreement for sewer improvements, totaling $190,911, dated 2/4/14, interest rate of 5.9%, due in monthly installments of $2,109.93 beginning 3/7/14, final payment due 2/7/24;	$ 171,448

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

Year ending June 30	Principals	Interest	Total
2016	15,622	9,697	25,319
2017	16,569	8,750	25,319
2018	17,573	7,746	25,319
2019	18,638	6,681	25,319
2020	19,768	5,551	25,319
2021-2024	83,278	9,533	92,811
Totals	$ 171,448	47,958	219,406

5. **Compensated Absences**

The Town requires its employees to take vacation within the year in which it is earned. Accumulated vacation, at June 30, 2015, is not material to the financial statements.

6. **Inter-fund Transactions**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The Town reports inter-fund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single fund type. The total of all balances agree with the sum of inter-fund balances presented in the statement of net assets. There were no inter-fund balances, as of June 30, 2015.

7. Employee Pension Plans

The Town does not participate in any retirement plan for its employees other than make payments to the Oklahoma Firefighters Pension Fund for volunteer firefighters.

8. Commitments and Contingencies

The Town participates in a number of state and federally assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. The amount for expenditures that may be disallowed by the granting agencies cannot be determined at this time although it is believed by the Town that the amount, if any, would not be significant.

9. Subsequent Events

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

TOWN OF WISTER, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2015

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues				
Sales tax	$ 221,000	221,000	223,802	2,802
Franchise tax	21,500	21,500	22,418	918
Use tax	18,000	18,000	20,992	2,992
Cigarette tax	3,000	3,000	2,574	(426)
Alcohol beverage tax	9,000	9,000	9,138	138
Charges for services	13,320	13,320	25,785	12,465
Gasoline tax	2,000	2,000	2,192	192
Motor vehicle tax	7,000	7,000	8,322	1,322
State health insurance reimbursements	-	-	16,754	16,754
Grant revenue	-	-	35,419	35,419
Fines and forfeitures	180,000	180,000	158,528	(21,472)
Pavillion rent	-	-	2,450	2,450
Interest income	200	200	150	(50)
Miscellaneous	26,977	26,977	43,528	16,551
Total revenues	501,997	501,997	572,052	70,055
Expenditures				
General Government:				
Clerk	600	600	600	-
General Government	167,397	167,397	190,021	(22,624)
Public Safety:				
Police	243,747	243,747	317,240	(73,493)
Animal Control	-	-	16,310	(16,310)
Fire	27,400	27,400	62,294	(34,894)
Street and Public Works:				
Streets	-	-	18,861	(18,861)
Capital outlay	44,961	44,961		44,961
Debt service	17,892	17,892	16,875	1,017
Total expenditures	501,997	501,997	622,201	(166,182)
Excess of revenues over (under) expenditures	-	-	(50,149)	(50,149)
Fund balance, beginning of period	-	-	56,102	56,102
Fund balance, end of period	$ -	-	5,953	5,953

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