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**FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR**

TOWN OF WISTER, OKLAHOMA

JUNE 30, 2011

Audited by

**JACK H. JENKINS
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL CORPORATION
TULSA, OK**

**TOWN OF WISTER, OKLAHOMA
JUNE 30, 2011**

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Jack H. Jenkins, CPA *A Professional Corporation*

INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Trustees
Town of Wister
Wister, 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 the Town of Wister, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Wister's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in the Notes, the Town of Wister, Oklahoma prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

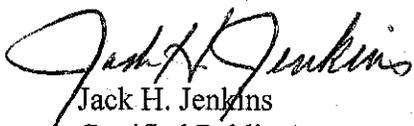
As discussed in Note 1 to the financial statements, the Town has not maintained accurate capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for my review. The amount by which this departure would affect the assets, net assets, and expenses of the Governmental & Business-Type Activities is not readily determinable.

In my opinion, except for the effects, if any, on the financial statements of improper capital asset recordkeeping described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Wister, Oklahoma as of June 30, 2011, and the respective changes in financial position-modified cash basis thereof for the year then ended in conformity with the basis of accounting described above.

In accordance with *Government Auditing Standards*, I have also issued a report dated March 26, 2012, on my consideration of the Town of Wister, Oklahoma's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and results of testing, and to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Town has implemented the general provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34. However, the Town of Wister has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Town. Such additional information has not been subjected to the auditing procedures applied in my audit of the basic financial statements, and accordingly, I do not express an opinion thereon.


Jack H. Jenkins
Certified Public Accountant, P.C.

March 26, 2012



Jack H. Jenkins, CPA *A Professional Corporation*

**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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining funds of the Town of Wister, State of Oklahoma, as of and for the year ended June 30, 2011, which were presented on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America and which collectively comprise the Town's basic financial statements and have issued my report thereon dated March 26, 2012, which was qualified for the effect on the basic financial statements for the improper capital asset recordkeeping. Additionally, the Town elected to omit the Management's Discussion and Analysis and the Budgetary Comparison Information, which is required by the Governmental Accounting Standards Board. I conducted my audit in accordance with generally accepted auditing standards 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 and in accordance with Oklahoma Statutes.

Internal Control Over Financial Reporting

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

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis mentioned above, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

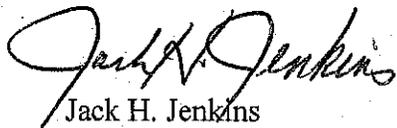
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control was for the limited purpose described in the second paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This communication is intended solely for the information and use of the Board of Trustees and management of the Town of Wister, Oklahoma and is not intended to be, and should not be, used by anyone other than these specified parties.



Jack H. Jenkins
Certified Public Accountant, P.C.

March 26, 2012

**TOWN OF WISTER, OKLAHOMA
SCHEDULE OF FINDINGS
JUNE 30, 2011**

There were no findings.

**TOWN OF WISTER, OKLAHOMA
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS
JUNE 30, 2011**

There were no prior year findings.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

TOWN OF WISTER, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash, and cash equivalents	\$ 48,392	41,076	89,468
Investments	4,412		4,412
Total current assets	<u>52,804</u>	<u>41,076</u>	<u>93,880</u>
Noncurrent Assets:			
Restricted cash, and cash equivalents	-	42,420	42,420
Total noncurrent assets	<u>-</u>	<u>42,420</u>	<u>42,420</u>
Total Assets	<u>52,804</u>	<u>83,496</u>	<u>136,300</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Payroll taxes payable	2,677	2,076	4,753
Capital lease, due in one year	11,661	9,245	20,906
Total current liabilities	<u>14,338</u>	<u>11,321</u>	<u>25,659</u>
Noncurrent Liabilities:			
Refundable deposits		48,900	48,900
Capital lease, less current portion	118,881	23,811	142,692
Total noncurrent liabilities	<u>118,881</u>	<u>72,711</u>	<u>191,592</u>
Total Liabilities	<u>133,219</u>	<u>84,032</u>	<u>217,251</u>
<u>NET ASSETS</u>			
Unrestricted	<u>(80,415)</u>	<u>(536)</u>	<u>(80,951)</u>
Total Net Assets	<u>\$ (80,415)</u>	<u>(536)</u>	<u>(80,951)</u>

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, 2011**

Functions/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	TOTALS
Primary Government:							
Governmental Activities -							
Clerk	\$ 600				(600)		(600)
General Government	160,134	1,650		1,031	(157,453)		(157,453)
Total general government	160,734	1,650		1,031	(158,053)		(158,053)
Public Safety:							
Police	142,728	53,526			(89,202)		(89,202)
Animal Control	11,019				(11,019)		(11,019)
Fire	111,945	10,420		5,000	(96,525)		(96,525)
Total public safety	265,692	63,946		5,000	(196,746)		(196,746)
Transportation:							
Streets	9,426			25,000	15,574		15,574
Total governmental activities	435,852	65,596		31,031	(339,225)		(339,225)
Business-Type Activities -							
Water, Sewer & Sanitation	368,277	320,549			(47,728)		(47,728)
Total business-type activities	368,277	320,549		-	(47,728)		(47,728)
Total primary government	\$ 804,129	386,145		31,031	(339,225)		(386,953)
General revenues-							
Taxes-							
Sales tax					\$ 210,988		210,988
Franchise taxes					23,051		23,051
Use tax					20,465		20,465
Motor vehicle tax					7,169		7,169
Gas tax					1,885		1,885
Cigar tax					3,057		3,057
Alcohol beverage tax					7,250		7,250
Miscellaneous					43,121		43,121
Investment earnings					296		296
Total general revenues and special items					317,282		317,282
Change in net assets					(21,943)		(21,943)
Net assets, beginning of period					(58,472)		(58,472)
Net assets, end of period					\$ (80,415)		(80,415)

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

FUND FINANCIAL STATEMENTS

**TOWN OF WISTER, OKLAHOMA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2011**

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash, and cash equivalents	\$ 48,392	48,392
Investments	4,412	4,412
Total assets	<u>52,804</u>	<u>52,804</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Payroll taxes payable	2,677	2,677
Total Liabilities	<u>2,677</u>	<u>2,677</u>
Fund Balances:		
Unreserved	<u>50,127</u>	<u>50,127</u>
Total Liabilities and Fund Balances	<u>\$ 52,804</u>	

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.	<u>(130,542)</u>
Net assets of governmental activities	<u>(80,415)</u>

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, 2011**

	General Fund	Total Governmental Funds
Revenues:		
Taxes	\$ 246,231	246,231
Charges for services	12,070	12,070
Intergovernmental	27,634	27,634
State grants	1,031	1,031
Local grants	30,000	30,000
Fines and forfeitures	53,526	53,526
Interest income	296	296
Miscellaneous	43,121	43,121
Total Revenues	413,909	413,909
Expenditures:		
General Government:		
Clerk	600	600
General Government	160,134	160,134
Public Safety:		
Police	156,835	156,835
Animal Control	11,019	11,019
Fire	123,041	123,041
Street and Public Works:		
Streets	14,629	14,629
Total Expenditures	466,258	466,258
Excess (deficiency) of revenues over expenditures	(52,349)	(52,349)
Fund balances - beginning	102,476	102,476
Fund balances - ending	\$ 50,127	50,127
Reconciliation to the Statement of Activities:		
Net change in fund balances - total governmental funds		\$ (52,349)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Principal payments are not considered expenditures in the governmental activities report		30,406
Change in Net Assets of Governmental Activities		\$ (21,943)

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, 2011

	Wister Public Works Enterprise Fund
<u>ASSETS</u>	
Current assets:	
Cash, and cash equivalents	\$ 41,076
Total current assets	41,076
Noncurrent assets:	
Restricted cash and cash equivalents	42,420
Total noncurrent assets	42,420
Total Assets	83,496
<u>LIABILITIES</u>	
Current Liabilities:	
Payroll taxes payable	2,076
Current maturities of long-term debt	9,245
Total current liabilities	11,321
Noncurrent Liabilities:	
Refundable deposits	48,900
Long-term debt	23,811
Total noncurrent liabilities	72,711
Total Liabilities	84,032
<u>NET ASSETS</u>	
Unrestricted	(536)
Total Net Assets	\$ (536)

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, 2011**

	<u>Wister Public Works Enterprise Fund</u>
Operating Revenues:	
Charges for services:	
Water, sewer, & sanitation	\$ 319,949
Water taps	600
Miscellaneous	1,331
Total Operating Revenues	<u>321,880</u>
Operating Expenses:	
Salaries and wages	97,084
Water purchases	78,413
Contracted services	6,996
Operating supplies	25,132
Office expenses	5,848
Sanitation operations	65,968
Utilities	12,384
Insurance expenses	20,888
Repair expenses	4,653
Uniforms	2,446
Legal and accounting	2,800
Equipment	35,580
Miscellaneous	7,786
Total Operating Expenses	<u>365,978</u>
Net Operating Income (Loss)	(44,098)
Non-Operating Revenues (Expenses):	
Interest expense	(2,299)
Interest income	139
Total Non-Operating Revenues (Expenses)	<u>(2,160)</u>
Changes in net assets	(46,258)
Total Net Assets - Beginning	<u>45,722</u>
Total Net Assets - Ending	<u>\$ (536)</u>

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, 2011**

	Wister Public Works Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 321,880
Payments to employees	(96,687)
Payments to suppliers	(268,894)
Net Cash Provided by Operating Activities	<u>(43,701)</u>
Cash Flows from Noncapital Financing Activities:	
Increase in due to depositors	492
Increase in refundable deposits	392
Net Cash Provided (Used) by Operating Activities	<u>884</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from loan	35,580
Principal paid on debt	(7,911)
Interest paid on debt	(2,299)
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>25,370</u>
Cash Flows from Investing Activities:	
Interest on investments	139
Net Cash Provided by Investing Activities	<u>139</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(42,678)
Balance - beginning of the year	<u>100,804</u>
Balance - end of the year	<u>\$ 83,496</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ (44,098)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
Increase (decrease) in payroll taxes payable	<u>397</u>
Net cash provided by operating activities	<u>\$ (43,701)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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:

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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.”

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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; operating and capital grants include a State grant and a FEMA grant that was received in 2010 and was fully expended as of June 30, 2011.

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

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011, the Town had the following restricted assets:

Wister Public Works Authority –	
Meter deposit fund –	
Held for refund to water customers	<u>\$ 42,420</u>

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011, 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, 2011:

	<u>Capital Leases</u>
Balance, July 1, 2010	\$ 160,948
Additions	-
Retirements	<u>(30,406)</u>
Balance, June 30, 2011	<u>\$ 130,542</u>

A brief description of the outstanding long-term debt at June 30, 2011 is set forth below:

	<u>Amount outstanding</u>
<u>Capital Leases</u>	
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;	<u>\$ 130,542</u>

**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

4. Long-term Debt – contd.

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

Year ending June 30	Principal	Interest	Total
2012	\$ 11,660	6,232	17,892
2013	12,254	5,638	17,892
2014	12,878	5,014	17,892
2015	13,533	4,359	17,892
2016	14,222	3,670	17,892
Thereafter	65,995	7,067	73,062
Totals	<u>\$ 130,542</u>	<u>31,980</u>	<u>162,522</u>

BUSINESS-TYPE ACTIVITIES

Lease Purchase Obligations:

As of June 30, 2011, 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, 2011:

	Capital Leases
Balance, July 1, 2009	\$ 4,895
Additions	35,580
Retirements	<u>(7,418)</u>
Balance, June 30, 2011	<u>\$ 33,057</u>

A brief description of the outstanding long-term debt at June 30, 2011 is set forth below:

Lease agreement for and excavator, totaling \$9,080, dated 4/8/11, interest rate of 5.0%, due in monthly installments of \$272.18, beginning 5/8/11, with the final payment due 4/8/14;	\$8,610
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**TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

4. Long-term Debt -- contd.

Lease agreement for a backhoe, totaling \$26,500, dated 3/4/11, interest rate of 4.4%, due in monthly installments of \$607.72, beginning 3/4/11, with final payment due 4/4/11;

24,447

Total

\$ 33,057

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

Year ending June 30	Principals	Interest	Total
2012	\$ 9,245	1,313	10,558
2013	9,679	880	10,559
2014	9,585	428	10,013
2015	4,548	72	4,620
Totals	<u>\$ 33,057</u>	<u>2,693</u>	<u>35,750</u>

5. Compensated Absences

The Town requires its employees to take vacation within the year in which it is earned. Accumulated vacation, at June 30, 2011, 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, 2011.

TOWN OF WISTER, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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.

TOWN OF WISTER, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR YEAR ENDED JUNE 30, 2011

	GENERAL FUND			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
Revenues				
Sales tax	\$ 204,000	204,000	\$ 210,988	6,988
Franchise tax	20,750	20,750	23,051	2,301
Use tax	10,000	10,000	20,465	10,465
Cigarette tax	3,000	3,000	3,057	57
Alcohol beverage tax	6,500	6,500	7,250	750
Charges for services	20,200	20,200	10,420	(9,780)
Gasoline tax	2,000	2,000	1,885	(115)
Motor vehicle tax	7,000	7,000	7,169	169
State grants		-	1,031	1,031
Local grants		-	30,000	30,000
Fines and forfeitures	60,000	60,000	53,526	(6,474)
Pavillion rent		-	1,650	1,650
Interest income	250	250	296	46
Miscellaneous	14,353	14,353	43,121	28,768
Total revenues	<u>348,053</u>	<u>348,053</u>	<u>413,909</u>	<u>65,856</u>
Expenditures				
General Government:				
Clerk	600	600	600	-
General Government	121,953	121,953	160,134	(38,181)
Public Safety:				
Police	148,554	148,554	156,835	(8,281)
Animal Control			11,019	(11,019)
Fire	27,400	27,400	123,041	(95,641)
Street and Public Works:				
Streets			14,629	(14,629)
Capital outlay	9,208	9,208		9,208
Debt service	40,338	40,338		40,338
Total expenditures	<u>348,053</u>	<u>348,053</u>	<u>466,258</u>	<u>(167,751)</u>
Excess of revenues over (under) expenditures	-	-	(52,349)	(52,349)
Fund balance, beginning of period	-	-	102,476	102,476
Fund balance, end of period	<u>\$ -</u>	<u>-</u>	<u>50,127</u>	<u>50,127</u>

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