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**THE TOWN OF WAKITA**

**(Including the Wakita Utilities Authority and the Wakita Public Works  
Authority)**

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**FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Town of Wakita, Oklahoma

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Wakita, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Wakita's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis 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 Town of Wakita, as of June 30, 2024, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C2A.

### Basis for Opinions

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Wakita, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter—Basis of Accounting

We draw attention to Note 1C2A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C2A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Wakita's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Wakita's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

#### *Other Information*

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis and budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2025, on our consideration of the Town of Wakita's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Town of Wakita's 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 of Wakita's internal control over financial reporting and compliance.

Russell & Williams, CPAs, P.C.



Oklahoma City, Oklahoma  
January 27, 2025



**THE TOWN OF WAKITA**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2024**

	Governmental Activities	Business-type Activities	Total 2024
<b>ASSETS</b>			
Current Assets			
Cash and demand deposits	297,882	319,807	617,689
Certificates of deposit	120,068	59,217	179,285
Restricted cash and investments	143,061	85,617	228,678
Internal balances	2,983	(2,983)	0
Total current assets	563,994	461,658	1,025,652
Noncurrent Assets			
Depreciable property and equipment	2,412,782	2,741,788	5,154,570
Accumulated depreciation	(1,381,878)	(1,370,298)	(2,752,176)
Net depreciable property and equipment	1,030,904	1,371,490	2,402,394
Land	0	160,000	160,000
Construction in progress	0	12,971	12,971
Total noncurrent assets	1,030,904	1,544,461	2,575,365
<b>TOTAL ASSETS</b>	<b>1,594,898</b>	<b>2,006,119</b>	<b>3,601,017</b>
<b>LIABILITIES</b>			
Current Liabilities			
Payroll withholding payable	0	5,135	5,135
Current portion of notes payable	0	7,385	7,385
Total current liabilities	0	12,520	12,520
Noncurrent Liabilities			
Meter deposits refundable	0	19,745	19,745
Notes payable, less current portion	0	285,301	285,301
Total noncurrent liabilities	0	305,046	305,046
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>317,566</b>	<b>317,566</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,030,904	1,251,775	2,282,679
Restricted for:			
Fire department	131,791	0	131,791
Insurance	11,271		11,271
Debt	0	65,872	65,872
Unrestricted	420,932	370,906	791,838
<b>TOTAL NET POSITION</b>	<b>\$1,594,898</b>	<b>\$1,688,553</b>	<b>\$3,283,451</b>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF WAKITA**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total 2024
Governmental activities:							
General government	(75,190)	0	0	52,918	(22,272)		(22,272)
Fire department	(100,734)	0	64,116	0	(36,618)		(36,618)
Street department	(38,919)	0	2,789	0	(36,130)		(36,130)
Total governmental activities	(214,843)	0	66,905	52,918	(95,020)	0	(95,020)
Business-type activities:							
Sewer department	(74,782)	52,336	0	0		(22,446)	(22,446)
Trash department	(31,612)	29,050	0	0		(2,562)	(2,562)
Water department **	(117,103)	89,278	0	0		(27,825)	(27,825)
Gas department	(133,122)	149,113	0	0		15,991	15,991
Ambulance service	(6,115)	6,115	0	0		0	0
Total business-type activities	(362,734)	325,892	0	0	0	(36,842)	(36,842)
Total all activities	(577,577)	325,892	66,905	52,918	(95,020)	(36,842)	(131,862)
General revenues:							
Taxes:							
Sales and use taxes					69,963	0	69,963
Franchise and public service taxes					10,820	0	10,820
Investment income					5,321	3,012	8,333
Intergovernmental revenues					19,422	0	19,422
Other revenues					2,862	11,870	14,732
Loss on sale of capital assets					0	(5,535)	(5,535)
Transfers					(96,727)	96,727	0
Total general revenues and transfers					11,661	106,074	117,735
Change in net position					(83,359)	69,232	(14,127)
Beginning net position					1,673,716	1,619,321	3,293,037
Prior period adjustment					4,541	0	4,541
					<b>\$1,594,898</b>	<b>\$1,688,553</b>	<b>\$3,283,451</b>

\*\* Interest expense of \$9,639 is  
included in the water department

The accompanying notes are an integral part of these financial statements

**THE TOWN OF WAKITA**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	General Fund
ASSETS	
Cash and demand deposits	297,882
Certificates of deposit	120,068
Restricted cash and investments	143,061
Due from other funds	2,983
TOTAL ASSETS	563,994
 TOTAL LIABILITIES	 0
 FUND BALANCE	
Restricted:	
County fire tax for fire department	131,791
Insurance reserves	11,271
Unrestricted:	
Unassigned	420,932
TOTAL FUND BALANCE	563,994
TOTAL LIABILITIES AND FUND BALANCE	\$563,994

Reconciliation of fund balance to net position of governmental activities:	
Fund balance	563,994
Depreciable capital assets	2,412,782
Accumulated depreciation	(1,381,878)
Net position	\$1,594,898

The accompanying notes are an integral part of these financial statements



**THE TOWN OF WAKITA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>General Fund</u>
REVENUES	
Sales and use taxes	69,963
Franchise taxes	10,820
Shared taxes	60,894
Grants and contributions	78,351
Interest	5,321
Other revenues	<u>2,862</u>
TOTAL REVENUES	228,211
EXPENDITURES	
General government	40,217
Fire department	36,452
Street department	33,879
Capital outlay	<u>2,200</u>
TOTAL EXPENDITURES	112,748
REVENUES OVER EXPENDITURES	115,463
OTHER FINANCING SOURCES (USES)	
Transfers-in (out)	<u>(96,727)</u>
NET OTHER FINANCING SOURCES (USES)	(96,727)
NET CHANGE IN FUND BALANCES	18,736
BEGINNING FUND BALANCE	<u>545,258</u>
ENDING FUND BALANCE	<u><u>\$563,994</u></u>
Reconciliation of net change in fund balance to change in net position of governmental activities:	
Net change in fund balances - total governmental funds	18,736
Depreciation expense	<u>(104,295)</u>
Change in net position of governmental activities	<u><u>(\$83,359)</u></u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF WAKITA**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Wakita Utilities Authority
<b>ASSETS</b>	
Current Assets	
Cash and demand deposits	319,807
Certificates of deposit	59,217
Restricted cash and investments	85,617
Total current assets	464,641
Noncurrent Assets	
Depreciable property and equipment	2,741,788
Accumulated depreciation	(1,370,298)
Net depreciable property and equipment	1,371,490
Land	160,000
Construction in progress	12,971
Total noncurrent assets	1,544,461
<b>TOTAL ASSETS</b>	<b>2,009,102</b>
<b>LIABILITIES</b>	
Current Liabilities	
Payroll withholding payable	5,135
Due to other funds	2,983
Current portion of notes payable	7,385
Total current liabilities	15,503
Noncurrent Liabilities	
Meter deposits refundable	19,745
Notes payable, less current portion	285,301
Total noncurrent liabilities	305,046
<b>TOTAL LIABILITIES</b>	<b>320,549</b>
<b>NET POSITION</b>	
Net investment in capital assets	1,251,775
Restricted for debt service	65,872
Unrestricted	370,906
<b>TOTAL NET POSITION</b>	<b>\$1,688,553</b>

The accompanying notes are an integral part of these financial statements

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024**

	Wakita Utilities Authority
OPERATING REVENUES	
Sewer revenues	40,656
Trash revenues	29,050
Water revenues	89,278
Gas revenues	149,113
Ambulance revenues	6,115
Late fees	1,903
Sewer surcharge	11,680
Other income	9,967
TOTAL OPERATING REVENUES	337,762
OPERATING EXPENSES	
Sewer department	74,782
Trash department	31,612
Water department	107,464
Gas department	133,122
Ambulance department	6,115
TOTAL OPERATING EXPENSES	353,095
OPERATING INCOME (LOSS)	(15,333)
NON-OPERATING REVENUES (EXPENSES)	
Interest income	3,012
Interest expense	(9,639)
Loss on disposal of fixed assets	(5,535)
NET NON-OPERATING REVENUES (EXPENSES)	(12,162)
INCOME BEFORE TRANSFERS	(27,495)
Transfers-in	96,727
CHANGE IN NET POSITION	69,232
BEGINNING NET POSITION	1,619,321
Prior period adjustment	
ENDING NET POSITION	<u>\$1,688,553</u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF WAKITA**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	Wakita Utilities Authority
Cash flows from operations:	
Cash received from:	
Customers	327,795
Other operating receipts	9,967
Cash payments for:	
Goods and services	(181,558)
Employees	(87,862)
Net cash provided from operations	68,342
Cash flows from capital financing activities:	
Principal payments	(7,149)
Interest payments	(9,639)
Grants transferred from general fund	94,388
Purchases of capital assets	(123,521)
Net transfers to restricted accounts	(3,800)
Net cash from capital financing activities	(49,721)
Cash flows from non-capital financing activities:	
Net transfers from general fund	2,339
Cash flows from investing activities:	
Interest income	813
Net increase (decrease) in cash	21,773
Beginning cash	298,034
Ending cash	\$319,807
Reconciliation of income from operations to net cash from operations:	
Operating income (loss)	(15,333)
Adjustments to income from operations:	
Depreciation	82,184
Change in assets and liabilities:	
Increase (decrease) in payables	3,448
Increase (decrease) in due to other funds	(1,957)
Net cash provided by operations	\$68,342
 ** Activity in debt service accounts:	
Beginning cash	62,072
Transfers from operating account	3,800
Ending cash	\$65,872

\*\* Activity in debt service accounts is supplemental information.

The accompanying notes are an integral part of these financial statements

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**1. Summary of Significant Accounting Policies**

**1A. Introduction**

The Town's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

**1B. Financial Reporting Entity**

The Town of Wakita (Town) operates under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, public improvements, planning and zoning, and general administration. In conformity with GASB-61, the financial statements of the following component units have been included in the financial reporting entity as blended component units because their operating and financial relationship is significant to the town.

**1B1. Blended Component Units**

The Wakita Utilities Authority (WUA), an entity legally separate from the Town, is governed by the same board of trustees that governs the Town. For financial reporting purposes, the WUA is reported as if it were part of the Town's operations because its purpose is to finance and provide water, sewer, trash, and gas services to the citizens of the Town. The WUA does not present separate financial statements.

The Wakita Public Works Authority (WPWA), an entity legally separate from the Town, is governed by the same board of trustees that governs the Town. For financial reporting purposes, the WPWA is reported as if it were part of the Town's operations because its purpose was to finance construction of a community health center for the citizens of the Town. Since its purpose has been fulfilled, it is currently inactive. However, the building is currently leased to the James Dennis Medical Foundation (Community Health Center) in a contract that was renewed March 20, 2019, and expires June 30, 2029.

**1C. Basis of Presentation**

**1C1. Fund Accounting**

The Town uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. The Town's funds are organized into two categories: governmental and proprietary. Within these categories, funds are further defined as major or non-major. The

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The Town has one governmental fund and one business-type fund.

**1C2. Basis of Accounting and Measurement Focus**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Measurement focus is a term used to describe which transactions are recorded.

**1C2a. Modified Cash Basis of Accounting**

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

**1C3. Government-wide Financial Statements**

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

**1C4. Governmental Fund Financial Statements**

The general fund of the Town is a governmental fund. The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received, and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

**1C5. Proprietary Fund Financial Statements**

The utility fund of the Town is a proprietary fund. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The accounting principles applicable are those similar to businesses in the private sector. The Town maintains one proprietary fund, which is an enterprise fund. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

**1D. Cash and Cash Equivalents**

The Town has defined cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**1E. Deposits and Investments**

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed. However, it is the policy of the governing body to require deposits in excess of FDIC limits to be collateralized as required by Oklahoma Statutes.

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments*, which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

**1F. Interfund Activity**

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**1G. Capital Assets**

Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at cost. Infrastructure assets such as streets that were constructed prior to the adoption of GASB 34 are not required to be reported and are not reported. In the general fund financial statements, capital assets are expensed as capital outlay. In the proprietary fund financial statements and in the government-wide financial statements, capital assets are capitalized and depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	30 years
Equipment	5 to 20 years
Utility systems	30 to 40 years

**1H. Equity Classifications**

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement.
2. Restricted – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision-making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.
5. Unassigned – remaining fund balance in excess of all other classifications.



**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**1I. Revenues and Expenditures**

Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses, and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**1J. Use of Restricted Resources**

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

**2. Deposits and Investments**

The Town has deposits of \$466,744 in excess of insured limits that are collateralized by securities held by the pledging financial institution's trust department or agent but not in the Town's name.

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies, or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

**3. Restricted Cash**

Grant County sales taxes restricted for the Wakita fire department are recorded as restricted cash in the general fund. Although the funds are maintained by the county, the Town records them on its books for purposes of oversight and control since the expenditure of these funds is material to the financial statements of the general fund. The balance at the county at June 30 is \$131,791. Shared tax revenues of \$38,683 and expenditures of \$23,047 are included in these financial statements.

Insurance reserves of \$11,271 are deposited at the Oklahoma Municipal Insurance Group (OMAG).

Debt service reserves are required by the Rural Development loan agreement. A debt service reserve of \$16,788 has been fully funded. A short-lived asset reserve is funded with monthly deposits of \$317, for a balance at June 30 of \$49,084. At year end, the combined balance of these reserve accounts is \$65,872, the required amount.

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

Meter deposits of \$19,745 are on deposit with the WUA at June 30.

**4. Capital Assets**

Capital asset activity for the year just ended is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities</b>				
Depreciable assets				
Buildings	1,073,094	0	0	1,712,163
Leased equipment	55,200	0	0	55,200
Equipment	261,736	2,200	(1,567)	607,025
Infrastructure	38,394	0	0	38,394
Total depreciable assets	1,428,424	2,200	(1,567)	2,412,783
Accumulated depreciation				
Buildings	(824,497)	(60,799)	0	(885,296)
Leased equipment	(1,380)	(2,760)	0	(4,140)
Equipment	(429,276)	(38,817)	1,567	(466,526)
Infrastructure	(23,996)	(1,920)	0	(25,916)
Total depreciation	(1,279,150)	(104,296)	1,567	(1,381,878)
Net depreciable assets	149,275	(102,096)	0	1,030,904
Net governmental assets	\$149,275	(\$102,096)	\$0	\$1,030,904
<b>Business-type activities</b>				
Assets not depreciated				
Land	160,000	0	0	160,000
Construction in progress	3,471	9,500	0	12,971
Total assets not depreciated	163,471	9,500	0	172,971
Depreciable assets				
Buildings	10,000	0	0	10,000
Equipment	33,978	0	0	33,978
Utility systems	2,591,424	114,021	(7,635)	2,697,810
Total depreciable assets	2,635,402	114,021	(7,635)	2,741,788
Accumulated depreciation				
Buildings	(8,250)	(333)	0	(8,583)
Equipment	(22,863)	(5,850)	0	(28,713)
Utility systems	(1,259,101)	(76,001)	2,100	(1,333,002)
Total depreciation	(1,290,213)	(82,184)	2,100	(1,370,298)
Net depreciable assets	1,345,188	31,837	(5,535)	1,371,490
Net business-type assets	\$1,508,659	\$41,337	(\$5,535)	\$1,544,461

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

Depreciation expense was charged to functions as follows:

<b>Governmental activities</b>		<b>Business-type activities</b>	
General government	34,974	Administration	6,183
Fire department	64,282	Sewer	39,602
Street department	5,040	Water	34,031
Total governmental depreciation	<u>\$104,296</u>	Gas	2,368
		Total business-type depreciation	<u>\$82,184</u>

**5. Long-term Debt**

July 22, 2011, the WUA issued a \$375,000 note for water system improvements. The note carries a fixed annual interest rate of 3.25% and matures July 22, 2051. The note is secured by all water revenues and a mortgage on the water system. Debt service reserves required by the note are recorded as restricted cash (see Note 3).

Outstanding debt at year end was as follows:

	Interest Rate	Maturity Date	Amount Issued	Outstanding	Security
<b>Direct borrowings</b>					
<b>Business-type activities</b>					
Water system note payable	3.250%	11/22/33	375,000	292,686	water system and revenues

A summary of debt service requirements to maturity by year is as follows:

<b>Direct Borrowings</b>			
	<b>Business-type activities</b>		
June 30:	Principal	Interest	Total
2025	7,385	9,403	16,788
2026	7,629	9,159	16,788
2027	7,880	8,908	16,788
2028	8,140	8,648	16,788
2029	8,409	8,379	16,788
2030-2034	46,393	37,547	83,940
2035-2039	54,568	29,373	83,941
2040-2044	64,181	19,758	83,939
2045-2049	75,488	8,452	83,940
2050	12,613	173	12,786
Total	<u>\$292,686</u>	<u>\$139,800</u>	<u>\$432,486</u>

Long-term debt activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
<b>Direct borrowings</b>					
<b>Business-type activities</b>					
Water system note payable	299,835	0	(7,149)	292,686	7,385

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

**6. Defined Benefit Pension Plans**

**Volunteer Firefighters**

Plan Description. The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the System for the years ended June 30, 2024, 2023 and 2022 was \$960, \$1,560, and \$780 respectively equal to the required contribution for each year.

**Town Employees**

Plan Description. The Town's defined benefit pension plan, the Town of Wakita Plan and Trust (WPT), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. WPT is affiliated with the Oklahoma Municipal Retirement Fund (OMRF), an agent multiple-employer type plan administered by Bank One in Oklahoma City, OK. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in OMRF to the respective employer entities; for WPT, that authority rests with the Town of Wakita. The Oklahoma Municipal Retirement Fund issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 100 North Broadway, Oklahoma City, OK 73102, or by calling 1-888-394-6673.

Funding Policy. OMRF members (employees) are required to contribute 2.25% of their annual covered salary. The Town is required to contribute at an actuarially determined rate which is currently 0% of annual covered payroll; however, they are contributing at 2.25%. The contribution requirements of plan members and the Town are established and may be amended by the OMRF Board of Trustees. For the year just ended, the total payroll for the Town was \$82,011. Payroll subject to the pension was \$44,990. The Town contributed \$1,012 and employees contributed \$1,012.

Annual Pension Cost and Net Pension Obligation. The required contribution was determined as part of the July 1, 2023, actuarial valuation using the entry age normal cost method which is computed as the level percent of pay which, if paid from the time an employee becomes a participant until assumed retirement, would accumulate funds sufficient to pay all plan benefits. The actuarial assumptions include (a) 7.25% investment rate of return (net of administrative expenses), (b) projected salary increases that vary by year based on the age of the employee,

**The Town of Wakita**  
**Notes to the Basic Financial Statements**  
**As of and for the Year Ended June 30, 2024**

and (c) 2.75% per year cost-of-living adjustments. The actuarial value of WPT assets was determined using a 7.25% yield on the actuarial value at the beginning of the period, increased or decreased by a cumulative adjustment using a range of 70% to 130% of the current market value of the fund.

**7. Risk Management**

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Claim activity for the year just ended consisted of 1 claim for generator damages in the amount of \$10,278.

**8. Inter-fund Transactions**

	General	Utility	
<b>Transfers</b>	Fund	Fund	Total
Capital outlay	(94,388)	94,388	0
Operations	(2,339)	2,339	0
Total	<u>(\$96,727)</u>	<u>\$96,727</u>	<u>\$0</u>

  

	General	Utility	
<b>Internal Balances</b>	Fund	Fund	Total
Operations	2,983	(2,983)	0

**9. Budgets**

The board of trustees adopts a legally required annual operating budget each year. The same basis of accounting used for financial reporting purposes is used for budgetary purposes. Actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. For the year just ended, two budget amendments were approved by the trustees.

**10. Prior Period Adjustment**

Fire department depreciation of \$4,541 was recorded twice in the prior fiscal year.

**10. Subsequent Events**

Management performed an evaluation of the Town's activity through August 4, 2023, the date the audit was available to be issued, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**THE TOWN OF WAKITA  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Sales and use taxes	51,000	80,874	69,963	(10,911)
Franchise taxes	8,800	8,800	10,820	2,020
Shared taxes	38,000	38,000	60,894	22,894
Grants and contributions	46,555	121,704	78,351	(43,353)
Interest	0	0	5,321	5,321
Other revenues	5,000	5,000	2,862	(2,138)
TOTAL REVENUES	149,355	254,378	228,211	(26,167)
EXPENDITURES				
General government	100,000	168,710	40,217	128,493
Fire department	10,900	20,900	36,452	(15,552)
Street department	32,000	36,000	33,879	2,121
Debt service	0	0	0	0
Capital outlay	0	0	2,200	(2,200)
TOTAL EXPENDITURES	142,900	225,610	112,748	112,862
REVENUES OVER (UNDER) EXPENDITURES	6,455	28,768	115,463	86,695
OTHER FINANCING SOURCES (USES)				
Transfers-in (out)	0	0	(96,727)	(96,727)
NET CHANGE IN FUND BALANCES	6,455	28,768	18,736	(10,032)
BEGINNING FUND BALANCE	545,258	545,258	545,258	0
ENDING FUND BALANCE	551,713	574,026	563,994	(10,032)

Notes to the budgetary comparison schedule:

1. This schedule is prepared using the modified cash basis of accounting.

**THE TOWN OF WAKITA**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(Modified Cash Basis)

<i>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</i>	<i>FEDERAL CFDA NUMBER</i>	<i>PASS-THROUGH GRANTOR'S NUMBER</i>	<i>RECEIPTS</i>	<i>EXPENDITURES</i>
U.S. Department of the Treasury <i>Oklahoma Municipal League</i> American Rescue Plan Act	21.027		0	36,615
TOTAL FEDERAL AWARDS			<u>\$0</u>	<u>\$36,615</u>

**THE TOWN OF WAKITA**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2024**  
(Modified Cash Basis)

<i>STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</i>	<i>GRANTOR'S NUMBER</i>	<i>RECEIPTS</i>	<i>EXPENDITURES</i>
Oklahoma Department of Agriculture, Food, and Forestry <i>N/A</i> Rural Fire Protection		9,993	9,993
Oklahoma Department of Commerce <i>Northern Oklahoma Development Association</i> Rural Economic Action Plan	GR-23-4	50,579	56,830
Oklahoma Department of Emergency Management <i>N/A</i> Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR 4438 PW 2	1,451	0
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DR 4438 PW 5	888	0
Total Oklahoma Department of Emergency Management		2,339	0
TOTAL STATE AWARDS		<u>\$62,911</u>	<u>\$66,823</u>

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

To the Board of Trustees  
Town of Wakita, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Wakita, Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Wakita's basic financial statements, and have issued our report thereon dated January 27, 2025.

### Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wakita's internal control over financial reporting (internal control) as a basis for designing 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 Town of Wakita's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Wakita's internal control.

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

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



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Wakita's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

A handwritten signature in black ink that reads "Russell & Williams CPA PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma  
January 27, 2025