

Town of Wynona, Oklahoma

**Financial Statements and Report
of Independent Accountants**

**As of and For the Year Ending
June 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Wynona, 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 Wynona, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Wynona'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 Wynona, 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 1.

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 Wynona, 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 1 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 1, 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 statements. In performing an audit in accordance with generally accepted auditing standards and *Government 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 Wynona'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 Wynona's ability to continue as a going concern for a reasonable period of time.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024, on our consideration of the Town of Wynona'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 Wynona'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 Town of Wynona's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
September 26, 2024

Town of Wynona
Statement of Net Position - Modified Cash Basis - Government Wide
For the Year Ended June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets:			
Cash in Bank: Unrestricted	126,122.00	44,140.20	170,262.20
Cash in Bank: Restricted	-	13,994.12	13,994.12
Due from Other Funds	17,398.57		17,398.57
Total current assets	143,520.57	58,134.32	201,654.89
Noncurrent assets:			
Capital Assets	217,336.48	249,076.70	466,413.18
Total assets	\$ 360,857.05	\$ 307,211.02	\$ 668,068.07
Liabilities			
Current liabilities			
Due to Other Funds	-	17,398.57	17,398.57
Meter deposits	-	15,704.26	15,704.26
Total Liabilities		33,102.83	33,102.83
Net Assets			
Invested in capital assets, net of related debt	217,336.48	249,076.70	466,413.18
Unrestricted	143,520.57	26,741.63	170,262.20
Restricted	-	(1,710.14)	(1,710.14)
Total net assets	360,857.05	274,108.19	634,965.24
Total liabilities and net assets	\$ 360,857.05	\$ 307,211.02	\$ 668,068.07

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

Town of Wynona
Statement of Activities - Modified Cash Basis - Government Wide
For the Year Ending June 30, 2024

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business - Type Activities	
Primary government						
Governmental activities						
General government	205,332.68	15,838.23	88,008.34	(101,486.11)	-	(101,486.11)
Police Department	375.00	742.00	-	367.00	-	367.00
Street & Alley	15,078.18	-	-	(15,078.18)	-	(15,078.18)
Ambulance/EMS	21,401.53	38,019.62	-	16,618.09	-	16,618.09
Total governmental activities	242,187.39	54,599.85	88,008.34	(99,579.20)	-	(99,579.20)
Business-type activities						
Water Department	91,268.65	84,607.94	-	-	(6,660.71)	(6,660.71)
Sewer Department	16,992.84	24,807.60	-	-	7,814.76	7,814.76
Sanitation department	23,638.39	41,088.22	-	-	17,449.83	17,449.83
Other Business-Type Activities	19,296.47	-	-	-	(19,296.47)	(19,296.47)
Total business-type activities	151,196.35	150,503.76	-	-	(692.59)	(692.59)
Total primary government	\$ 393,383.74	\$ 205,103.61	\$ 88,008.34	\$ (99,579.20)	\$ (692.59)	\$ (100,271.79)
General revenues:						
				78,344.54	-	78,344.54
				32,538.68	-	32,538.68
				869.02	331.22	1,200.24
			Total general revenues	111,752.24	331.22	112,083.46
			Transfers In (Out)	12,395.85	(12,395.85)	-
			Change in net assets	24,568.89	(12,757.22)	11,811.67
			Net assets - beginning	336,288.16	286,865.41	623,153.57
			Net assets - ending	\$ 360,857.05	\$ 274,108.19	\$ 634,965.24

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

Town of Wynona
Balance Sheet - Modified Cash Basis - Governmental Funds
For the Year Ended June 30, 2024

	General Fund	EMS Fund	Capital Improvement Fund	Sales Tax Fund	Street & Alley Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Cash in bank - unrestricted	10,551.02	10,670.41	19,926.94	67,840.33	8,492.27	8,641.03	126,122.00
Due from Other Funds	-	17,398.57	-	-	-	-	17,398.57
Total assets	<u>\$ 10,551.02</u>	<u>\$ 28,068.98</u>	<u>\$ 19,926.94</u>	<u>\$ 67,840.33</u>	<u>\$ 8,492.27</u>	<u>\$ 8,641.03</u>	<u>\$ 143,520.57</u>
Liabilities							
Fund Balances							
Unassigned	<u>10,551.02</u>	<u>28,068.98</u>	<u>19,926.94</u>	<u>67,840.33</u>	<u>8,492.27</u>	<u>8,641.03</u>	<u>143,520.57</u>
Total Fund Balances	<u>\$ 10,551.02</u>	<u>\$ 28,068.98</u>	<u>\$ 19,926.94</u>	<u>\$ 67,840.33</u>	<u>\$ 8,492.27</u>	<u>\$ 8,641.03</u>	<u>\$ 143,520.57</u>
Total Liabilities and Fund Balances	<u>\$ 10,551.02</u>	<u>\$ 28,068.98</u>	<u>\$ 19,926.94</u>	<u>\$ 67,840.33</u>	<u>\$ 8,492.27</u>	<u>\$ 8,641.03</u>	<u>\$ 143,520.57</u>
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities as of June 30, 2024							
Total Governmental Fund Balances	10,551.02	28,068.98	19,926.94	67,840.33	8,492.27	8,641.03	143,520.57
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>							
<i>Capital assets used in governmentmental activities are not financial resources and therefore are not reported in the fund financial statements.</i>	102,143.30	-	115,193.18	-	-	-	217,336.48
Net Assets of Governmental Activities	<u>\$ 112,694.32</u>	<u>\$ 28,068.98</u>	<u>\$ 135,120.12</u>	<u>\$ 67,840.33</u>	<u>\$ 8,492.27</u>	<u>\$ 8,641.03</u>	<u>\$ 360,857.05</u>

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

Town of Wynona
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds
For the Year Ending June 30, 2021

	General Fund	EMS Fund	Capital Improvement Fund	Sales Tax Fund	Street & Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues							
Sales & Use Tax	78,344.54	-	-	-	-	-	78,344.54
Cigarette Tax	415.90	-	-	-	-	-	415.90
Franchise Tax	8,735.67	-	-	-	-	-	8,735.67
Gas and motor vehicle taxes	-	-	-	-	2,659.17	-	2,659.17
Alcoholic beverage taxes	20,727.94	-	-	-	-	-	20,727.94
Ambulance Runs / EMS Charges	-	38,019.62	-	-	-	-	38,019.62
Fines/Citations	-	-	-	-	-	742.00	742.00
Donations and Grants	82,550.91	-	5,457.43	-	-	-	88,008.34
Other Income	11,538.73	-	-	-	-	4,299.50	15,838.23
Interest	170.48	-	-	687.11	-	11.43	869.02
Total revenues	202,484.17	38,019.62	5,457.43	687.11	2,659.17	5,052.93	254,360.43
Expenditures							
Payroll Expenses	64,323.72						64,323.72
Maintenance and Operations	110,002.33	21,401.53	14,485.13	23,262.13	593.05	1,115.00	170,859.17
Capital Expenditures	47,085.00	-	-	-	-	-	47,085.00
Total expenditures	221,411.05	21,401.53	14,485.13	23,262.13	593.05	1,115.00	282,267.89
Operating Income	(18,926.88)	16,618.09	(9,027.70)	(22,575.02)	2,066.12	3,937.93	(27,907.46)
Transfers In (Out)	(9,561.62)	1,439.89	15,258.79	15,258.79	-	(10,000.00)	12,395.85
Net Change in Fund Balance	(28,488.50)	18,057.98	6,231.09	(7,316.23)	2,066.12	(6,062.07)	(15,511.61)
Beginning Fund Balance	39,039.52	10,011.00	13,695.85	75,156.56	6,426.15	14,703.10	159,032.18
Fund balance at end of year	<u>\$ 10,551.02</u>	<u>\$ 28,068.98</u>	<u>\$ 19,926.94</u>	<u>\$ 67,840.33</u>	<u>\$ 8,492.27</u>	<u>\$ 8,641.03</u>	<u>\$ 143,520.57</u>
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ending June 30, 2024							
Net change in Fund Balance - governmental funds	(28,488.50)	18,057.98	6,231.09	(7,316.23)	2,066.12	(6,062.07)	(15,511.61)
Depreciation expense is reported on the government-wide basis but not on the fund basis.	(941.70)	-	(6,062.80)	-	-	-	(7,004.50)
Capital Expenditures are recorded on a governmental funds basis but not on the government-wide basis.	47,085.00	-	-	-	-	-	47,085.00
Change in Government Wide Net Assets	<u>\$ 17,654.80</u>	<u>\$ 18,057.98</u>	<u>\$ 168.29</u>	<u>\$ (7,316.23)</u>	<u>\$ 2,066.12</u>	<u>\$ (6,062.07)</u>	<u>\$ 24,568.89</u>

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

Town of Wynona
Statement of Net Position - Modified
Cash Basis - Proprietary Funds
For the Year Ended June 30, 2024

ASSETS	Utility Fund	Meter Fund	Total
Current Assets:			
Cash in Bank - Unrestricted	44,140.20	-	44,140.20
Cash in Bank - Restricted	-	13,994.12	13,994.12
Total Current Assets	44,140.20	13,994.12	58,134.32
Noncurrent assets:			
Net Capital Assets	249,076.70	-	249,076.70
Total Assets	\$ 293,216.90	\$ 13,994.12	\$ 307,211.02
LIABILITIES			
Current Liabilities:			
Due to Other Funds	17,398.57	-	17,398.57
Meter Deposits	-	15,704.26	15,704.26
Total Current Liabilities	17,398.57	15,704.26	33,102.83
Non-Current Liabilities:			
Total Liabilities	17,398.57	15,704.26	33,102.83
NET POSITION			
Invested in Capital Assets, Net of Related Debt	249,076.70	-	249,076.70
Restricted	-	(1,710.14)	(1,710.14)
Unrestricted	26,741.63	-	26,741.63
Total Net Position	275,818.33	(1,710.14)	274,108.19
Total Liabilities & Net Position	\$ 293,216.90	\$ 13,994.12	\$ 307,211.02

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

Town of Wynona
Statement of Revenues, Expenses, and Changes in Net
Position - Modified Cash Basis - Proprietary Funds
For the Year Ended June 30, 2024

Operating Revenues	<u>Utility Fund</u>	<u>Meter Fund</u>	<u>Total</u>
Charges for Services:			
Sewer	84,607.94	-	84,607.94
Water	24,807.60	-	24,807.60
Sanitation	41,088.22	-	41,088.22
Total Operating Revenues	<u>150,503.76</u>		<u>150,503.76</u>
 Operating Expenses			
Maintenance & Operations	90,384.86	-	90,384.86
Personal Services	44,690.92	-	44,690.92
Depreciation	16,120.57	-	16,120.57
Total Operating Expenses	<u>151,196.35</u>	-	<u>151,196.35</u>
Operating Income (Loss)	(692.59)	-	(692.59)
 Nonoperating Revenues (Expenses)			
Interest Income	204.07	127.15	331.22
Transfers In (Out)	<u>(12,395.85)</u>	-	<u>(12,395.85)</u>
Change in Net Position	(12,884.37)	127.15	(12,757.22)
Net Position - Beginning	<u>288,702.70</u>	<u>(1,837.29)</u>	<u>286,865.41</u>
Net Position - Ending	<u>\$ 275,818.33</u>	<u>\$ (1,710.14)</u>	<u>\$ 274,108.19</u>

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

Town of Wynona
Statement of Cash Flows - Modified Cash Basis - Proprietary Funds
For the Year Ended June 30, 2024

	Utility Fund	Meter Fund	Total
Cash Flows From Operating Activities			
Receipts from Customers	150,707.83	127.15	150,834.98
Payments to Suppliers	(90,384.86)	-	(90,384.86)
Payments to Employees	(44,690.92)	-	(44,690.92)
Increase in Liabilities to Other Funds	17,398.57 -		17,398.57
Net Receipt (Refund) of Customer Utility Deposits	-	810.00	810.00
Net Cash Provided (Used) by Operating Activities	33,030.62	937.15	33,967.77
 Cash Transfers In (Out)	 (12,395.85)	 -	 (12,395.85)
Net Increase (Decrease) in Cash	20,634.77	937.15	21,571.92
Beginning Balance	23,505.43	13,056.97	36,562.40
Ending Balance	\$ 44,140.20	\$ 13,994.12	\$ 58,134.32

Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities

Operating Income (Loss)	(12,884.37)	127.15	(12,757.22)
Depreciation Expense	16,120.57		16,120.57
Net Receipt (Refund) of Customer Utility Deposits	-	810.00	810.00
Increase in Liabilities to Other Funds	17,398.57 -		17,398.57
Transfers In (Including Capital Assets)	12,395.85	-	12,395.85
Net Cash Provided (Used) by Operating Activities	\$ 33,030.62	\$ 937.15	\$ 33,967.77

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

Town of Wynona, Oklahoma
Notes to the Basic Financial Statements
For the Year Ended June 30, 2024

Note 1-Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Wynona, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, judicial, health and social services, culture, parks and recreation, public improvements, streets, sanitation, public improvements, public works and general administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity.

These financial statements present the activities of the Town and its component units, entities for which the Town is considered to be financially accountable. As of June 30, 2024, the Town had two component units, the Wynona Municipal Authority (Authority) and Wynona Water Meter Fund The Authority is a public trust and an agency of the State of Oklahoma under Title 60 of the Oklahoma Statutes. The Authority is governed by nine trustees identical with the Town Board of Trustees.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The Town's funds are grouped into two governmental fund types, general funds and special revenue funds. Proprietary funds include enterprise funds. As of June 30, 2023, the Town had governmental funds consisting of the following:

Major Funds:

- General Fund
- EMS Fund
- Capital Improvement Fund
- Sales Tax Fund
- Street & Alley Fund

Non-Major Funds:

- Police-Court Fund
- Founders' Day Fund

Proprietary funds consisted of the Wynona Municipal Authority and Water Meter Funds.

Basis of Presentation and Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the modified cash basis of accounting and the economic resources measurement focus. Under the modified cash basis of accounting, revenues are recognized when collected and expenses are recognized when paid. Under the economic resources measurement focus, the government-wide financial statements report fixed assets, depreciation expense, and long-term debt.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues 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. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

GOVERNMENTAL FUNDS

The governmental funds consist of the following:

General Fund – The General Fund is used to account for all of the general revenues of the Town not specifically levied or collected for other Town funds, and for expenditures primarily related to the rendering of general services to the Town.

Special Revenue Funds – Special Revenue Funds are established to account for revenues derived from specific taxes or other earmarked revenues. The following are classified as special revenue funds:

- Capital Improvement Fund
- EMS Fund

- Capital Improvement Fund
- Sales Tax Fund
- Street & Alley Fund

The governmental fund statements are prepared using the modified cash basis of accounting and the current financial resources measurement focus. The governmental fund financial statements record the proceeds of long-term debt as revenues and the repayment of long term debt as expenditures. Capital assets and depreciation expense are not reported on statements using the current financial resources measurement focus. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

PROPRIETARY FUNDS

When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds include enterprise funds, which are used to account for business-like activities provided to the general public. Proprietary funds are reported on the modified cash basis of accounting using the economic resources measurement focus. Under the modified cash basis of accounting and economic resources measurement focus, capital assets are recognized and depreciated, long-term debt is reported, and certain current liabilities such as customer deposits are reported. Otherwise, revenues are recognized when collected, and expenses are recognized when paid.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Restricted cash consists of monies held in conjunction with the Wynona Municipal Authority's meter deposits requirements and various construction projects.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2023.

Budget

In accordance with the Oklahoma Statutes, Title 11, Section 3002, the Board of Trustees formally adopts annual budgets which include substantially all funds. These annual budgets are adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Budget Act.

Risk Management

Significant losses are covered by commercial insurance for all Town operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions

that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Government-wide Proprietary Fund Net Assets

Government-wide and proprietary fund net assets are divided into three components:

- a. Invested in capital assets, net of related debt- consist of the historical cost of capital assets, loan proceeds that have not been spent less accumulated depreciation and less any debt that remains.
- b. Restricted net assets, consist of net assets that are restricted by the Town's creditors, by the state enabling legislation, by grantors and by other contributors.
- c. Unrestricted, all other net assets are reported in this category.

Governmental Fund Balances

- a. Nonspendable, amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted, amounts that can be spent only for specific purposes because of the Town's ordinances, state or federal law, or externally imposed conditions by grantors or creditors.
- c. Committed, amounts that can be used only for specific purposes determined by a formal action by Board of Trustee's resolution.
- d. Assigned, amounts that are designated by the Board of Trustees

Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net assets) the Town's policy is to first apply the expense toward the restricted resources and then toward unrestricted resources. In governmental funds, the town's policy is to first apply the expenditure toward restricted fund balances and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

Note 2-Deposits with Financial Institutions

The accounts of the Town are required by state law to be secured by collateral pledged by the financial institution and/or FDIC insurance. The Town of Wynona is considered a separate entity from the Wynona Municipal Authority for FDIC deposit insurance.

In accordance with GASB No. 3, deposits are to be classified into the following three categories:

1. Insured or collateralized with securities held by the entity or by its agent or in the entity's name (Referred to as category 1)
2. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name. (Referred to as category 2)
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name. (Referred to as category 3)

All of the Town of Wynona's government and enterprise fund cash and investment accounts would be considered as category 1 up to its FDIC limits of \$250,000 for the governmental funds and \$250,000 for the Wynona Municipal Authority. The remaining funds would be category 3.

Note 3-Capital Assets and Depreciation

Capital Asset activity for the year ended June 30, 2024 was as follows:

Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Land	56,000.00	-	-	56,000.00
Buildings	46,700.00	47,085.00	-	93,785.00
Vehicles & Equipment	43,575.00	-	-	43,575.00
Streets	121,255.98			121,255.98
Total	267,530.98	47,085.00	-	314,615.98
Accumulated Depreciation	(90,275.00)	(7,004.50)	-	(97,279.50)
Net Assets	<u>\$ 177,255.98</u>			<u>\$ 217,336.48</u>

Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Line/Lagoon	250,000.00	-	-	250,000.00
Chemical Building	140,000.00	-	-	140,000.00
Water Line/Water Tower	250,943.00	-	-	250,943.00
Total	640,943.00	-	-	640,943.00
Accumulated Depreciation	(375,745.73)	(16,120.57)	-	(391,866.30)
Net Assets	<u>\$ 265,197.27</u>			<u>\$ 249,076.70</u>

Depreciation is computed using the straight-line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded were not available.

Note 5-Subsequent Events

Subsequent events have been evaluated through September 26, 2024, which is the date the financial statements were issued.

Note 6-Risk Management

The Town is exposed to various risks and loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. Commercial insurance is used to cover general liability claims, worker, compensation and the risk of loss to Town buildings and mobile equipment. Judgment against the Town may be paid by a property tax assessment over a three-year period.

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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 Wynona, 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 Wynona, Oklahoma as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town of Wynona, Oklahoma's basic financial statements and have issued our report thereon dated September 26, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Wynona, Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 of Wynona, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Wynona, Oklahoma'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Wynona, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government*

Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items.

Town of Wynona, Oklahoma's Response to Findings

Town of Wynona, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Wynona, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 CPAs PC". The signature is written in a cursive, flowing style.

Oklahoma City, Oklahoma
September 26, 2024