

**Town of Ryan, Oklahoma**

**Financial Statements and Report  
of Independent Accountants**

**As of and For the Year Ending  
June 30, 2014**

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## Independent Auditor's Report

To the Board of Trustees  
Town of Ryan, Oklahoma

### Report on the Financial Statements

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 the aggregate remaining fund information of Town of Ryan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash-basis of accounting described in Note 1. This includes 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 Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

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 Ryan, as of June 30, 2014, and the respective changes in modified cash-basis financial position, and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

## **Other Matters**

### **Required Supplementary Information**

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 18, 2016, on our consideration of the Town of Ryan'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 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 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 Ryan's internal control over financial reporting and compliance.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements that 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 the respect to this matter.



Oklahoma City, Oklahoma  
February 18, 2016

**Town of Ryan, Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**June 30, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash in bank - unrestricted	195,358.48	78,735.38	274,093.86
Cash in bank - restricted	28,088.12	133,432.03	161,520.15
Due from other funds	<u>15,283.23</u>	<u>-</u>	<u>15,283.23</u>
Total current assets	238,729.83	212,167.41	450,897.24
Noncurrent assets:			
Net capital assets	<u>251,846.62</u>	<u>634,596.79</u>	<u>886,443.41</u>
Total noncurrent assets	<u>251,846.62</u>	<u>634,596.79</u>	<u>886,443.41</u>
Total assets	<u>\$ 490,576.45</u>	<u>\$ 846,764.20</u>	<u>\$ 1,337,340.65</u>
<b>LIABILITIES</b>			
Current liabilities:			
Payroll taxes payable	9,530.00	9,345.42	18,875.42
Meter deposits	-	133,312.89	133,312.89
Due to other funds	-	15,283.23	15,283.23
Bonds and notes payable	<u>-</u>	<u>13,173.77</u>	<u>13,173.77</u>
Total current liabilities	<u>9,530.00</u>	<u>171,115.31</u>	<u>180,645.31</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	251,846.62	621,423.02	873,269.64
Restricted	28,088.12	133,432.03	161,520.15
Unrestricted	<u>210,641.71</u>	<u>91,909.15</u>	<u>302,550.86</u>
Total net position	<u>490,576.45</u>	<u>846,764.20</u>	<u>1,337,340.65</u>
Total liabilities and net position	<u>\$ 490,576.45</u>	<u>\$ 846,764.20</u>	<u>\$ 1,337,340.65</u>

The accompanying notes are an integral part of these financial statements

**Town of Ryan, Oklahoma**  
**Statement of Activities - Modified Cash Basis**  
**For the Year Ending June 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net (expense) revenue and Changes in net position		Total
		Charges for Services	Capital Grants	Primary Government Governmental Activities	Business-Type Activities	
<b>Primary Government</b>						
<b>Governmental Activities</b>						
General Government	162,155.33	-	-	(162,155.33)	-	(162,155.33)
Police	29,793.77	-	-	(29,793.77)	-	(29,793.77)
Fire	23,174.20	-	115,045.00	91,870.80	-	91,870.80
Streets	14,393.39	-	-	(14,393.39)	-	(14,393.39)
Cemetery	1,366.60	-	-	(1,366.60)	-	(1,366.60)
<b>Total Governmental Activities</b>	<b>230,883.29</b>	<b>-</b>	<b>115,045.00</b>	<b>(115,838.29)</b>	<b>-</b>	<b>(115,838.29)</b>
<b>Business-Type Activities</b>						
Water	223,074.40	112,737.87	-	-	(110,336.53)	(110,336.53)
Sewer	131,312.49	34,965.64	-	-	(96,346.85)	(96,346.85)
Garbage	73,396.96	72,091.97	-	-	(1,304.99)	(1,304.99)
Electric	493,150.90	476,150.87	-	-	(17,000.03)	(17,000.03)
<b>Total Business-Type Activities</b>	<b>920,934.75</b>	<b>695,946.35</b>	<b>-</b>	<b>-</b>	<b>(224,988.40)</b>	<b>(224,988.40)</b>
<b>Total Primary Governmen</b>	<b>\$ 1,151,818.04</b>	<b>\$ 695,946.35</b>	<b>\$ 115,045.00</b>	<b>\$ (115,838.29)</b>	<b>\$ (224,988.40)</b>	<b>\$ (340,826.69)</b>
<b>General Revenues</b>						
Sales Taxes				62,881.90	-	62,881.90
Other Taxes				37,380.07	-	37,380.07
Other Income				53,365.13	10,373.17	63,738.30
Interest Income				203.63	223.96	427.59
<b>Total General Government Revenue</b>				<b>153,830.73</b>	<b>10,597.13</b>	<b>164,427.86</b>
<b>Change in Net Position</b>				<b>37,992.44</b>	<b>(214,391.27)</b>	<b>(176,398.83)</b>
<b>Net Assets Begining</b>				<b>443,054.01</b>	<b>890,040.16</b>	<b>1,333,094.17</b>
<b>Net Assets Ending</b>				<b>\$ 481,046.45</b>	<b>\$ 675,648.89</b>	<b>\$ 1,156,695.34</b>

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

**Town of Ryan, Oklahoma  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
June 30, 2014**

	General Fund	Other Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash in bank	128,552.40	66,806.08	195,358.48
Cash in bank - restricted	22,926.33	5,161.79	28,088.12
Due from other funds	19,848.42	-	19,848.42
<b>Total assets</b>	<u><u>\$ 171,327.15</u></u>	<u><u>\$ 71,967.87</u></u>	<u><u>\$ 243,295.02</u></u>
<b>LIABILITIES</b>			
Payroll taxes payable	9,530.00	-	9,530.00
Due to other funds	-	4,565.19	4,565.19
<b>Total liabilities</b>	<u>9,530.00</u>	<u>4,565.19</u>	<u>14,095.19</u>
<b>FUND BALANCES</b>			
Unassigned	138,870.82	62,240.89	201,111.71
Restricted	22,926.33	5,161.79	28,088.12
<b>Total fund balances</b>	<u>161,797.15</u>	<u>67,402.68</u>	<u>229,199.83</u>
<b>Total liabilities and fund balances</b>	<u><u>\$ 171,327.15</u></u>	<u><u>\$ 71,967.87</u></u>	<u><u>\$ 243,295.02</u></u>

***Reconciliation of Total Governmental Fund Balance  
to Net Position of Governmental Activities  
June 30, 2014***

<i>Total Governmental Fund Balances</i>	\$ 229,199.83
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
 <i>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</i>	 <u>251,846.62</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$ 481,046.45</u></u>

**Town of Ryan, Oklahoma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis**  
**Governmental Funds**  
**For the Year Ended June 30, 2014**

	General Fund	Other Funds	Total Governmental Funds
<b>Revenues:</b>			
Sales taxes	62,881.90	-	62,881.90
Other Taxes	28,645.79	8,734.28	37,380.07
Grants	115,045.00	-	115,045.00
Interest	203.63	-	203.63
Other	<u>53,008.34</u>	<u>356.79</u>	<u>53,365.13</u>
Total revenues	259,784.66	9,091.07	268,875.73
<b>Expenditures:</b>			
General Government	162,155.33	-	162,155.33
Fire	13,032.24	-	13,032.24
Streets	23,872.07	13,143.39	37,015.46
Capital Outlay	<u>120,372.88</u>	<u>-</u>	<u>120,372.88</u>
Total expenditures	<u>319,432.52</u>	<u>13,143.39</u>	<u>332,575.91</u>
Excess revenues over (under) expenditures	(59,647.86)	(4,052.32)	(63,700.18)
Fund balances at beginning of year	<u>221,445.01</u>	<u>71,455.00</u>	<u>292,900.01</u>
Fund balances at end of year	<u>\$ 221,445.01</u>	<u>\$ 71,455.00</u>	<u>\$ 292,900.01</u>

***Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the Year Ended June 30, 2014***

<i>Net change in fund balances-total government funds</i>	\$ (63,700.18)
<i>Funds borrowed that were recorded as capital financing in the fund financial statements but recorded as a long term liability in the government wide financial statements</i>	
<i>Purchase of fixed assets recorded as an expense in the fund financial statements but recorded as an addition to fixed assets in the government wide financial statements</i>	120,372.88
<i>Depreciation expense recorded in the government wide financial statements but not recorded in the individual fund financial statements</i>	<u>(18,680.26)</u>
<i>Change in net position of governmental activities</i>	<u>\$ 37,992.44</u>

**Town of Ryan, Oklahoma**  
**Statement of Net Position - Modified Cash Basis**  
**Proprietary Funds**  
**June 30, 2014**

**ASSETS**

**Current assets:**

Cash in bank - unrestricted	78,735.38
Cash in bank - restricted	<u>133,432.03</u>
Total current assets	212,167.41

**Noncurrent assets:**

Net capital assets	<u>634,596.79</u>
Total noncurrent assets	<u>634,596.79</u>
Total assets	<u><u>\$ 846,764.20</u></u>

**LIABILITIES**

**Current liabilities:**

Payroll taxes payable	9,345.42
Due to other funds	15,283.23
Meter deposits	133,312.89
Bonds and notes payable	<u>13,173.77</u>
Total current liabilities	171,115.31

**NET POSITION**

Invested in capital assets, net of related debt	621,423.02
Unrestricted	<u>225,341.18</u>
Total net position	<u>846,764.20</u>
Total liabilities and net position	<u><u>\$ 846,764.20</u></u>

**Town of Ryan, Oklahoma**  
**Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis**  
**Proprietary Fund Type**  
**For the Year Ended June 30, 2014**

Operating Revenues:	
Water sales	\$ 112,737.87
Sewer fees	34,965.64
Garbage fees	72,091.97
Electricity sales	476,150.87
Miscellaneous	<u>10,492.31</u>
Total operating revenues	706,438.66
Operating Expenses:	
Water department	223,074.40
Sewer department	131,312.49
Garbage department	73,396.96
Electric department	<u>493,150.90</u>
Total operating expenses	<u>920,934.75</u>
Operating income (loss)	(214,496.09)
Non-operating revenues (expenses):	
Interest income	<u>223.96</u>
Net non-operating revenues (expenses)	<u>223.96</u>
Change in net position	(214,272.13)
Net position at beginning of year	<u>890,040.16</u>
Net position at end of year	<u><u>\$ 675,768.03</u></u>

**Town of Ryan, Oklahoma**  
**Statement of Cash Flows - Proprietary Fund - Modified Cash Basis**  
**For the Year Ending June 30, 2014**

Cash flows from operating activities	
Cash received from customers	\$ 695,946.35
Cash received in interest on deposits	223.96
Cash received from other income	10,373.17
Cash paid to employees	(81,036.75)
Cash paid to suppliers	(778,585.58)
Cash paid in interest expense	<u>(703.98)</u>
Net cash provided by operating activities	(153,782.83)
Cash flows from capital and related financing activities	
Increase (decrease) in meter deposit liability	2,426.22
Principal paid on capital debt	<u>(29,612.23)</u>
Net cash provided (used) for capital and related financing activities	<u>(27,186.01)</u>
Net increase (decrease) in cash and cash equivalents	(180,968.84)
Cash and cash equivalents at beginning of year	<u>393,136.25</u>
Cash and cash equivalents at end of year	<u><u>\$ 212,167.41</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	(214,391.27)
by operating activities:	
Depreciation expense	45,325.21
Increase (decrease) in due to	<u>15,283.23</u>
Net cash provided (used) by operating activities	<u><u>\$ (153,782.83)</u></u>

**Town of Ryan, Oklahoma**  
**Notes to the Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**Note 1-Summary of Significant Accounting Policies**

Financial Reporting Entity

The Town of Ryan, Oklahoma is a statutory town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, 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. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2015, the Town had only one component unit, the Langston Public Works Authority.

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, 2014, the Town had governmental funds of general fund, street and alley fund, and volunteer fire department fund. The proprietary funds consisted of the Ryan Utility Authority.

Basis of 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. Revenues are recognized when collected and expenses are recognized when paid. This is the same approach used in the preparation of the proprietary fund financial statements. The fund financial statements also use the modified cash basis of accounting. The government-wide statements record fixed assets and long-term debt as assets and liabilities. The fund financial statements record fixed assets as expenditures. The fund financial statements records the proceeds of long term debt as a revenue and the repayment of long term debt as an expenditures. 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.

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.

#### PROPRIETARY FUNDS

The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable, then Government Accounting Standards Board pronouncements are used

#### 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 Ryan Utility Authority's meter deposits requirements and restricted for use of the fire department.

#### 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, 2014.

#### Budget

In accordance with Oklahoma Statutes, Title 11, Section 3002, the Town Council 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 Ryan is considered a separate entity from the Langston Public Works 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 Ryan'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 Langston Public Works Authority. The remaining funds would be category 3.

**Note 3-Capital Assets and Depreciation**

Capital Asset activity for the year ended June 30, 2014 was as follows:

Governmental Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Vehicles and Equipment	\$ 279,633	146,158	-	\$ 425,791
			-	-
Total	\$ 279,633	146,158		\$ 425,791
Accumulated Depreciation	(155,264)	(18,680)	-	(173,944)
Net Assets	<u>\$ 124,369</u>			<u>\$ 251,847</u>

As of June 30, 2014, the governmental funds had no capitalized assets that were not being depreciated or had not been depreciated. 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.

Depreciation in the governmental funds is charged to the following departments, cemetery \$1,367, fire department \$10,142, police \$5,921 and streets \$1,250.

Utility Authority

Assets	Beginning Balance	Increases	Decreases	Ending Balance
Electric System	18,401	-	-	18,401
Sewer System	168,701			168,701
Water System	994,553	-	-	994,553
Total	1,181,655			1,181,655
Accumulated Depreciation				
Electric System	11,395	3,040		14,435
Sewer System	92,006	8,296		100,302
Water System	398,332	33,989	-	432,321
Total	501,733	45,325		547,058
Net Capital Assets	<u>\$ 679,922</u>			<u>\$ 634,597</u>

As of June 30, 2014, the Public Works Authority had no capitalized assets that were not being depreciated or had not been depreciated. 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.

Depreciation in the Utility is charged to the following departments, electric \$3,041, sewer \$8,296 and water \$33,988.

**Note 4- Notes Payable**

As of June 30, 2014 the Ryan Utility Authority had a note payable outstanding.

The loan originated in April of 2012 for \$40,095, the proceeds were used to purchase a piece of equipment, which is the collateral for this obligation. The note carries an interest rate of 2.55% with quarterly payments of \$3,546.48. The balance on this note was \$13,173 as of June 30, 2014. This obligation will be paid off in fiscal year 2015

At the beginning of fiscal year 2014 the Ryan Utility Authority had a second note payable outstanding. The balance at the beginning of the year was \$17,278. This obligation was paid off

Principal paid on the two obligations during the year ending June 30, 2014 was as follows:

	<u>Note One</u>	<u>Note Two</u>
Balance, Beginning of Year	17,278	26,806
Principal Paid During Year	<u>(17,278)</u>	<u>(13,633)</u>
Balance, End of Year	<u>\$ -</u>	<u>\$ 13,173</u>

**Note 5-Subsequent Events**

Subsequent events have been evaluated through February 18, 2016, which is the date the financial statements were issued.

**Note 6 – Restricted Cash**

	<u>Governmental Funds</u>	<u>Ryan Utility Authority</u>
Meter Deposits		133,432
Fire Department Funds	22,926	
Cemetery Monies	<u>5,162</u>	-
Totals	<u>\$ 28,088</u>	<u>\$ 133,432</u>

**Note 7 – Interfund Balances**

Internal balances between funds and legal entities are comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
Street and Alley	-	4,565	Operating Expenses
Ryan Utility Authority	-	15,283	Operating Expenses
General Fund	<u>19,848</u>	-	Operating Expenses
	<u>\$ 19,848</u>	<u>\$ 19,848</u>	

# Russell & Williams CPAs, PC

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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 Ryan

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 accompanying modified cash basis 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 Ryan, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Ryan's basic financial statements, and have issued our report thereon dated February 18, 2016.

*Notes on How*  
**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 2014-1

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ryan'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 no instances of noncompliance or other matters that are required to be reported under

*Government Auditing Standards.*

**Town of Ryan's Response to Findings**

Town of Ryan's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Town of Ryan'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.

Handwritten signature in cursive script that reads "Samuel & Williams CPAs PC".

Oklahoma City, Oklahoma  
February 18, 2016

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**Current Year Findings**

**14-1 Segregation of Duties**

**CONDITION:** Accounting functions and utility billing duties are often handled by the same person who has access to the cash collections.

**CRITERIA:** Proper internal control mandates segregation of duties for significant accounting functions.

**CAUSE OF THE CONDITION:** The town is small and has limited resources to use for the additional personnel necessary to the proper segregation of duties.

**EFFECT OF THE CONDITION:** The town's accounting records are vulnerable to misstatement and possible theft.

**RECOMMENDATION:** The Board of Trustees provide as much supervision of the expenditure process as possible. The town should also consider a policy of not accepting cash payments for utility billing payments. But to only accept checks, money orders and or cashiers checks. Also a policy of matching daily utility collection reports to actual deposits should be implemented.

**MANAGEMENT RESPONSE:** Management will consider the suggestion.

Town of Ryan, Oklahoma  
Trial Balance

Account	T	Account Description	1 Year Ended Jun 30, 2014
10-001-1000	A	Cash - DDA & SAVings Pool	126,483.93
10-001-1012	A	Cash FSB 6000044	16,329.33
10-001-1014	A	Cash - FSB 4089970	6,597.00
10-001-1016	A	Cash - PSB 4083173	2,068.47
20-001-1000	A	Cash - DDA & SavingsPool	66,806.08
30-001-1000	A	Cash - FSB 6000095	118,432.03
30-001-1010	A	CD FSB 7669	15,000.00
40-001-1014	A	Cash - FSB 6000060	5,161.79
50-001-1000	A	Cash - PSB 216693	11,492.81
50-001-1002	A	Cash - FSB 6000116	67,242.57
50-001-1200	A	Capital Assets	1,181,655.00
50-001-1220	A	Accumulated Depreciation	(547,058.21)
90-001-1200	A	Capital Assets	425,790.88
90-001-1220	A	Accumulated Depreciation	(173,944.26)
Total Assets			1,322,057.42
10-002-2010	L	Payroll Taxes Payable	(9,530.00)
10-002-2499	L	Due to/Due From	19,848.42
10-003-3000	L	Fund Balance	(221,445.01)
20-002-2499	L	Due to/Due From	(4,565.19)
20-003-3000	L	Fund Balance	(66,650.00)
30-002-2020	L	Meter Deposit Liability	(133,312.89)
40-003-3000	L	Fund Balance	(4,805.00)
50-002-2010	L	Payroll Taxes Payable	(9,345.42)
50-002-2052	L	Lease Payable	(13,173.77)
50-002-2499	L	Due to -Due From	(15,283.23)
50-003-3000	L	Fund Balance	(890,040.16)
90-001-3000	L	Fund Balance	(150,154.00)
Total Liabilities/Equity			(1,498,456.25)
10-004-4000	R	Sales Taxes	<del>(62,881.90)</del>
10-004-4004	R	Use Tax	<del>(8,094.69)</del>
10-004-4008	R	Cigar & Cigarette Tax	<del>(734.61)</del>
10-004-4020	R	Alcoholic Beverage Tax	<del>(14,841.81)</del>
10-004-4022	R	Franchise Tax	<del>(4,974.68)</del>
10-004-4200	R	Other Income	<del>(53,008.34)</del>
10-004-4204	R	Interest Income	<del>(203.63)</del>
10-004-4300	R	Grant Revenue	<del>(115,045.00)</del>
20-004-4012	R	Gasoline Tax	<del>(2,068.50)</del>
20-004-4016	R	Motor Vehicle Tax	<del>(6,665.78)</del>
30-004-4200	R	Interest Income	<del>(119.14)</del>
40-004-4200	R	Other Revenues	<del>(356.79)</del>
50-004-4100	R	Water Sales	<del>(112,737.87)</del>
50-004-4104	R	Sewer Fees	<del>(34,965.64)</del>
50-004-4108	R	Trash Fees	<del>(72,091.97)</del>
50-004-4112	R	Electricity Sales	<del>(476,150.87)</del>
50-004-4200	R	Other Income	<del>(10,373.17)</del>
50-004-4204	R	Interest Income	<del>(104.82)</del>
Total Revenue			(975,419.21)
10-100-5000	E	Personal	<del>44,294.12</del>
10-100-5002	E	Taxes and Benefits	<del>14,471.40</del>
10-100-5004	E	Maintenance & Oper	<del>103,389.81</del>
10-200-5000	E	Personal Services	<del>17,993.41</del>
10-200-5002	E	Taxes and Benefits	<del>5,878.66</del>
10-300-5004	E	Maintenance & Oper	<del>13,032.24</del>
10-300-5006	E	Capital Oulay	<del>120,372.88</del>
20-400-5004	E	Maintenance & Oper	<del>13,143.39</del>
50-600-5000	E	Personal	<del>33,759.40</del>
50-600-5002	E	Taxes and Benefits	<del>11,029.58</del>

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Town of Ryan, Oklahoma  
 Trial Balance

Account	T	Account Description	1 Year Ended Jun 30, 2014
50-600-5004	E	Maintenance & Oper	445,321.34
50-600-6000	E	Depreciation	<del>3,040.58</del>
50-700-5000	E	Personal	13,675.43
50-700-5002	E	Taxes and Benefits	4,467.92
50-700-5004	E	Maintenance & Oper	170,792.24
50-700-5014	E	Interest Expense	150.09
50-700-6000	E	Depreciation	<del>33,988.72</del>
50-800-5004	E	Maintenance & Oper	72,843.07
50-800-5014	E	Interest Expense	553.89
50-900-5000	E	Personal	13,646.43
50-900-5002	E	Taxes and Benefits	4,457.99
50-900-5004	E	Maintenance & Oper	104,912.16
50-900-6000	E	Depreciation	<del>8,295.91</del>
90-100-5006	E	Capital Outlay	(120,372.88)
90-200-6000	E	Depreciation - Police	<del>3,921.70</del>
90-300-6000	E	Depreciation - Fire	<del>10,144.96</del>
90-400-6000	E	Depreciation - Streets	<del>1,250.00</del>
90-500-6000	E	Depreciation - Cemetary	<del>1,306.60</del>
		Total Expense	1,151,818.04
		Total	<u>0.00</u>
		Period Profit/(Loss)	<u>(176,398.83)</u>

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