

ACCOUNTANT'S AUDIT REPORT

TOWN OF RYAN, OK

JUNE 30, 2012

BY



Town of Ryan
Ryan, Oklahoma
Year Ended June 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Ryan
Ryan, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ryan, Oklahoma (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1 to the financial statements, the Town prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Ryan, Oklahoma, as of June 30 2012, and the respective changes in financial position, and cash flows, where applicable, thereof for the year than ended in conformity with the basis of accounting described in Note 1.

The Statement of Revenue, Expenditures, and Changes in Fund Balance- Budget and Actual and the related notes thereto, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that, collectively, comprise the Town's basic financial statements. The other supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the other supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2013 on our consideration of the Town'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* and should be considered in assessing the results of our audit.

The Town has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) that the GASB has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

February 12, 2013

Town of Ryan, OK
Statement of Net Assets
(Modified Cash Basis)
June 30, 2012

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<u>Assets</u>			
Cash (Unrestricted)	\$ 208,037	\$ 378,496	\$ 586,533
Cash (Restricted)	113,463	0	113,463
Certificates of Deposit (Restricted)	15,000	0	15,000
Capital Assets	152,871	1,434,499	1,587,370
Accumulated Depreciation	(89,692)	(652,018)	(741,710)
	\$ 399,679	\$ 1,160,977	\$ 1,560,656
<u>Liabilities</u>			
Meter Deposits	\$ 87,603	\$ 0	\$ 87,603
Long-Term Liabilities:			
Due in One Year	0	69,471	69,471
Due in More than One Year	0	15,873	15,873
	87,603	85,344	172,947
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	63,179	697,137	760,316
Unrestricted	248,897	378,496	627,393
	312,076	1,075,633	1,387,709
Total Net Assets	312,076	1,075,633	1,387,709
Total Liabilities and Net Assets	\$ 399,679	\$ 1,160,977	\$ 1,560,656

Please see accompanying notes to the financial statements.

Town of Ryan, OK

Balance Sheet (Modified Cash Basis) Governmental Funds June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents (Unrestricted)	\$ 140,207	\$ 67,830	\$ 208,037
Cash and Cash Equivalents (Restricted)	0	113,463	113,463
Certificates of Deposit (Restricted)	0	15,000	15,000
 Total Assets	 <u>\$ 140,207</u>	 <u>\$ 196,293</u>	 <u>\$ 336,500</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Meter Deposit Liability	0	87,603	87,603
Fund Balances			
Unreserved	140,207	108,690	248,897
 Total Liabilities and Fund Balances	 <u>\$ 140,207</u>	 <u>\$ 196,293</u>	 336,500

Reconciliation to Statement of Net Assets:

Amounts reported for Governmental Activities in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities of \$152,871
Net of Accumulated Depreciation of \$89,692 are not
financial resources and, therefore, are not reported in the funds

63,179

Net Assets of Governmental Activities

\$ 399,679

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2012

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 98,895	\$ 7,279	\$ 106,174
Police Fines	9,196	1,475	10,671
Fire Service	6,570	0	6,570
Cemetery Lot Sales	2,800	369	3,169
Interest Earned	519	194	713
Miscellaneous Revenue	3,376	0	3,376
Total Revenue	<u>121,356</u>	<u>9,317</u>	<u>130,673</u>
<u>Expenditures</u>			
General Government	83,727	0	83,727
Public Safety - Police	70,093	999	71,092
Public Safety - Fire	5,755	0	5,755
Cemetery	26	0	26
Streets	0	2,844	2,844
Total Expenditures	<u>159,601</u>	<u>3,843</u>	<u>163,444</u>
<u>Revenue Over (Under) Expenditures</u>	(38,245)	5,474	(32,771)
<u>Other Financing Sources (Uses)</u>			
Transfers In	15,000	320	15,320
Transfers Out	(4,400)	0	(4,400)
State Grant Revenue	4,913	0	4,913
Total Other Financing Sources (Uses)	<u>15,513</u>	<u>320</u>	<u>15,833</u>
<u>Net Change In Fund Balance</u>	(22,732)	5,794	(16,938)
<u>Fund Balance, June 30, 2011</u>	<u>162,939</u>	<u>102,896</u>	<u>265,835</u>
<u>Fund Balance, June 30, 2012</u>	<u>\$ 140,207</u>	<u>\$ 108,690</u>	248,897

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Ryan Utilities Authority
Statement of Net Assets
(Modified Cash Basis)
Enterprise Fund
June 30, 2012

Assets

Current Assets	
Cash and Cash Equivalents	\$ 378,496
Noncurrent Assets	
Capital Assets	1,434,499
Accumulated Depreciation	<u>(652,018)</u>
Total Noncurrent Assets	<u>782,481</u>
Total Assets	<u><u>\$ 1,160,977</u></u>

Liabilities

Current Liabilities	
Notes Payable - Current Portion	\$ 69,471
Noncurrent Liabilities	
Notes Payable - Long-Term Portion	<u>15,873</u>
Total Liabilities	85,344

Net Assets

Invested in Capital Assets, Net of Related Debt	697,137
Unrestricted	<u>378,496</u>
Total Net Assets	1,075,633
Total Liabilities and Net Assets	<u><u>\$ 1,160,977</u></u>

Please see accompanying notes to financial statements.

Town of Ryan, OK
Ryan Utilities Authority
Statement of Cash Flows
(Modified Cash Basis)
Enterprise Fund
Year Ended June 30, 2012

Cash Flows from Operating Activities

Receipts from Customers	\$ 869,790
Miscellaneous Revenue	12,010
Payments to Suppliers	(664,618)
Payments to Employees	(135,766)
Net Cash Provided by Operating Activities	81,416

Cash Flows from Noncapital Financing Activities

Transfers to Police Fund	(15,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(15,000)

Cash Flows from Capital and Related Financing Activities

Capital Assets Purchased	(3,566)
Principal Paid on Capital Debt	(69,433)
Interest Paid on Capital Debt	(13,569)
Net Cash Provided (Used) by Capital and Related Financing Activities	(86,568)

Cash Flows from Investing Activities

Interest Income	1,184
Net Cash Provided by Investing Activities	1,184

Net Increase (Decrease) in Cash and Cash Equivalents (18,968)

Cash and Cash Equivalents - June 30, 2011 397,464

Cash and Cash Equivalents - June 30, 2012 \$ 378,496

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ 32,619
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	48,797
Net Cash Provided by Operating Activities	\$ 81,416

Please see accompanying notes to the financial statements.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity:

For financial reporting purposes the Town of Ryan, Oklahoma (the Town), includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive or legislative branches. Control by or dependence on the Town was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on an overall evaluation of the foregoing criteria, the Ryan Utilities Authority (the Authority) is included in the Town's annual report. The Authority is a public trust created under Title 60 of the Oklahoma Statutes. The Town is sole beneficiary of the trust which was organized to provide electric, water, sewer and refuse services to the residents of the Town. The Authority's governing bodies are the current members of the Town's Board of Trustees. The Authority is accounted for as the Town's Enterprise Fund in these financial statements.

The Ryan Senior Citizens – Community Center Trust Authority (the Trust) is also included in the Town's annual report. The Trust is a public trust created under Title 60 of the Oklahoma Statutes. The Town is sole beneficiary of the Trust which was organized to provide managerial control over the operations of the Senior Citizens Center. The Trust is financially dependent on the Town. The Trust is accounted for as a separate component unit in these financial statements.

Fund Accounting:

The accounts of the Town are organized on a basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are classified as governmental, proprietary, component unit, and fiduciary fund types. The following fund types are used by the Town:

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

A. Governmental Fund Types

(1) General Fund

The General Fund is the primary operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the General Fund.

(2) Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes. The Town's current Special Revenue Funds include:

Street and Alley Fund
Court Fund
Meter Deposit Fund
Cemetery Care Fund

B. Proprietary Fund Types

(1) Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The Ryan Utilities Authority is accounted for as the Town's Enterprise Fund.

Note 2 - Fixed Assets

Prior to June 30, 2006, expenditures for property and equipment of governmental fund types were recorded as fund expenditures. No detailed fixed assets were maintained for such assets still in service.

Beginning in the year ended June 30, 2006, in accordance with Governmental Accounting Standards Board Statement No. 34, the Town reports capital assets resulting from cash transactions and reports depreciation where appropriate.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Changes in fixed assets are summarized below:

<u>Governmental Funds</u>	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance 6/30/11	\$ 137,871	\$ 75,365
Additions	15,000	14,327
Subtotal	<u>152,871</u>	<u>89,692</u>
Disposals	<u>0</u>	<u>0</u>
Balance 6/30/12	<u><u>\$ 152,871</u></u>	<u><u>\$ 89,692</u></u>

Depreciation rates were applied as follows:

Sidewalks	2.5%
Building Improvements	2.5-10%
Machinery and Equipment	10-20%

Depreciation for the current year was \$14,327, which was charged against governmental operations.

Certain fixed assets acquired by the Enterprise Fund have been capitalized as property and equipment within the Fund, and contain a provision for depreciation expense. Depreciation has been provided over the estimated useful lives using the straight-line method. Depreciation expense for the year ended June 30, 2012, was \$48,794 which was charged against current operations.

The following depreciation rates were applied:

Utility System and Buildings	2.5%-5%
Machinery and Equipment	10-20%

Changes in fixed assets of the Enterprise Fund for the current year were as follows:

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

	Balance 06/30/11	Additions	Disposals	Balance 06/30/12
Cost				
Buildings	\$ 145,880	\$ 0	\$ 0	\$ 145,880
Utility System	1,041,164	0	0	1,041,164
Machinery and Equipment	151,217	3,566	0	154,783
Autos and Trucks	81,672	0	0	81,672
Office Equipment	11,000	0	0	11,000
Total	\$ 1,430,933	\$ 3,566	\$ 0	\$ 1,434,499
Accumulated Depreciation				
Buildings	\$ 68,960	\$ 3,737	\$ 0	\$ 72,697
Utility System	389,851	29,995	0	419,846
Machinery and Equipment	115,141	6,506	0	121,647
Autos and Trucks	19,587	8,168	0	27,755
Office Equipment	9,685	388	0	10,073
Total	\$ 603,224	\$ 48,794	\$ 0	\$ 652,018

Note 3 - Basis of Accounting

Basis of accounting refers to the time when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied.

The modified cash basis of accounting is utilized by all funds of the Town, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this modified cash basis of accounting, revenues are recorded when received and expenditures are recorded when paid.

In accordance with generally accepted accounting principles, governmental fund types and agency funds would utilize the modified accrual basis of accounting.

If the books of the governmental fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recorded when susceptible to

Town of Ryan, Oklahoma
Notes to Basic Financial Statements

June 30, 2012

accrual (i.e. both measurable and available) and expenditures would be recorded when the current fund liability is incurred. If the books of the proprietary fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recognized when earned and expenses would be recorded when the liability is incurred.

The cash basis of accounting is an acceptable method of accounting under the budgetary laws of the State of Oklahoma.

Note 4 - Investments

Investments are stated at cost which approximates market.

Note 5 - Inventories

The Town records material and supply inventories as expenditures at the time the inventory is purchased and at year-end such inventories are not considered material in amount. Therefore, no inventory balances for materials and supplies not yet consumed are reported in the basic statement of assets, liabilities, and fund balance.

Note 6 - Compensated Absences

Under personnel policies, the Town and Authority employees are granted vacation and sick leave in varying amounts. The employees are allowed up to three weeks vacation time, depending on the length of service. Vacation time must be completed by the end of the employee year and may not be carried over into the following year. In the event of termination, an employee is not paid for accumulated sick leave.

The Town records compensated absence costs at the time the claim is paid. Earned but unpaid vacation pay at June 30, 2012, was approximately \$13,538.

Note 7 - Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) to be cash equivalents. Certificates of deposit and other time deposits with a maturity or availability date of 90 days or less are considered cash equivalents.

Note 8 - Reserves of Fund Equity

Reserves are recorded to signify that a portion of the fund equity is legally or administratively segregated for future use or is not available for appropriation or expenditure.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Note 9 - Pension

The Town provides pension or retirement benefits to its employees by participating in the State of Oklahoma Public Employees Retirement System (a cost-sharing multiple-employee PERS). The Town approves the contribution to the retirement fund by resolution each year.

All eligible full-time employees are required to become covered in the first month following the month of employment. The plan provides for the following benefits:

- Normal Retirement
- Early Retirement
- Disability
- Vested Severance
- In-Service Death
- Post-Retirement Death
- Post-Retirement Health Insurance

The schedule of required contributions and percentages for the current and two preceding years are as follows:

	Employer Share		Employee Share	
	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>
YE June 30, 2012	15.5	\$ 23,677	3.5	\$ 5,025
YE June 30, 2011	15.5	23,303	3.5	4,943
YE June 30, 2010	15.5	24,032	3.5	5,427
Total		\$ 71,012		\$ 15,395

A copy of the report on the pension plan may be obtained from:

Oklahoma Public Employees Retirement System
Box 53007
Oklahoma City, Oklahoma 73152

The Town makes voluntary contributions for its volunteer firemen to the State Firefighters Pension Fund. The cost of the contributions for the year ended June 30, 2012, was \$1,632.

Note 10 - Budgetary Accounting and Control

The Town's budgetary accounting and control procedures are discussed in the notes to required supplemental information.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Note 11 - Deposits, Investments and Collateral

A. Oklahoma statutes generally provide for investment of excess funds in the following:

1. Direct obligations of the United States Government.
2. Certificates of deposit of savings and loan associations, banks, and trust companies when the certificates of deposit are secured by acceptable collateral.
3. Savings accounts or savings certificates of savings and loan associations, banks and trust companies when the certificates of deposit are secured by acceptable collateral.
4. Negotiable certificates of deposit, prime bankers acceptance, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments must be fully collateralized in investments specified in paragraphs 1 through 3 above.

B. Public trusts, such as the Ryan Utilities Authority, may invest funds as directed by the trustees. The limitations noted above do not apply.

C. The Oklahoma statutes generally provide that collateral to secure deposits of public funds must be:

1. U. S. Treasury bonds, notes or certificates.
2. State of Oklahoma bonds, notes or certificates.
3. Bonds issued by any county in Oklahoma.
4. Bonds issued by any school district or board of education in Oklahoma.
5. Bonds issued by any city or town where an ad valorem tax levy is pledged to the payment.
6. A surety bond.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Cash and investments include the following accounts:

First State Bank, Ryan, Oklahoma:	
General Account - Checking	\$ 202,004 *
Fire Equipment Account - Savings	26 *
Court Fund - Savings	1,598 *
Meter Deposit Fund - Checking	113,463 *
Meter Deposit Fund - Certificate of Deposit	15,000 *
Enterprise Fund - Savings	70,701 *
Cemetery Care Fund - Savings	4,408 *
Peoples Bank & Trust Co., Ryan, Oklahoma:	
Enterprise Fund - Checking	<u>307,796 *</u>
Total	<u><u>\$ 714,996</u></u>

* Interest Bearing Accounts

The above accounts are covered by F.D.I.C. insurance or collateral pledge.

The Town's deposits are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Town of Ryan	\$ 336,499	\$ 0	\$ 0	\$ 336,499
Ryan Util. Auth.	<u>378,497</u>	<u>0</u>	<u>0</u>	<u>378,497</u>
Total	<u><u>\$ 714,996</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 714,996</u></u>

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Note 12 - Restricted Assets

Restricted cash funds include the following accounts:

Meter Deposit Fund (Restricted in an amount equal to the outstanding meter deposits)	<u>\$ 87,603</u>
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Note 13 - General Long-Term Debt

The Ryan Utilities Authority is liable under a long-term joint loan agreement with local banks, Peoples Bank and Trust Company and First State Bank. The loan was made to consolidate existing loans on the water system. The note is payable in monthly payments of \$5,910 including interest at 5.25% per annum. The balance of this note on June 30, 2012, was \$85,344. Scheduled payments for the succeeding five-year term and thereafter are as follows:

Note No. 107593:	<u>Total</u>	<u>Interest</u>	<u>Principal</u>
6/30/2013	70,920	1,449	69,471
7/01/13-9/30/13	17,730	1,857	15,873
Total	<u>\$ 88,650</u>	<u>\$ 3,306</u>	<u>\$ 85,344</u>

The fixed assets and revenues of the Authority are pledged as security under the loan agreement.

Changes in long-term debt for the year were as follows:

Balance 6/30/11	\$ 158,083
Additions	0
Principal Payments	<u>(69,433)</u>
Balance 6/30/12	<u>\$ 88,650</u>

Note 14 - Supplemental Disclosure of Cash Flow Information

Net interest cost of the Enterprise Fund for the year ended June 30, 2012, was \$13,569 which was charged to current operations.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2012

Note 15 - Grant Revenue and Expenditures

The Town received operational grants from Oklahoma Department of Agriculture (Rural Fire Grants) in the amount of \$4,413.

The Town also received the Emergency Grant Cycle from Community Foundation in the amount of \$500.

Note 16 - Insurance and Bond Coverage of Contingencies

The Town and the Authority carry the following insurance coverage as protection against possible loss contingencies:

- Workers Compensation and Employer Liability
- Comprehensive General Liability
- Comprehensive Auto Liability
- Fire and Emergency Vehicle Liability
- Bonds on Clerk, Treasurer, and Police Officers



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

Board of Trustees
Town of Ryan
Ryan, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ryan, Oklahoma (the Town), as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 12, 2013. 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.

Internal Control Over Financial Reporting

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

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, 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*.

This report is intended solely for the information of management and regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.

FURRH & ASSOCIATES, PC
Certified Public Accountants
February 12, 2013

Town of Ryan, OK

General fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2012

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Sales Tax	\$ 69,500	\$ 81,354	\$ (11,854)
Police Fines	13,300	9,196	4,104
Alcohol Beverage Tax	11,800	12,957	(1,157)
Franchise Tax	6,300	4,584	1,716
Fire Service	5,300	6,570	(1,270)
Cemetery Lot Sales	3,500	2,800	700
Housing Authority PILOT	1,600	1,908	(308)
Miscellaneous Revenue	1,500	1,383	117
Interest Earned	600	519	81
Contributions	0	85	(85)
Total Revenue	<u>113,400</u>	<u>121,356</u>	<u>(7,956)</u>
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	61,000	58,263	2,737
Materials and Supplies	2,000	1,830	170
Other Services and Changes	27,000	23,634	3,366
Capital Outlay	10,000	0	10,000
Total General Government	<u>100,000</u>	<u>83,727</u>	<u>16,273</u>
<u>Police Department</u>			
Personal Services	31,000	30,439	561
Materials and Supplies	9,000	3,910	5,090
Other Services and Charges	35,000	20,744	14,256
Capital Outlay	32,912	15,000	17,912
Total Police Department	<u>107,912</u>	<u>70,093</u>	<u>37,819</u>
<u>Fire Department</u>			
Personal Services	4,000	3,927	73
Materials and Supplies	13,000	0	13,000
Other Services and Changes	8,000	1,828	6,172
Capital Outlay	0	0	0
Total Fire Department	<u>\$ 25,000</u>	<u>\$ 5,755</u>	<u>\$ 19,245</u>

Please see accompanying notes to the financial statements.

Town of Ryan, OK
General fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Cemetery</u>			
Materials and Supplies	\$ 2,000	\$ 0	\$ 2,000
Other Services and Charges	2,000	26	1,974
Total Cemetery	4,000	26	3,974
Total Expenditures	236,912	159,601	77,311
<u>Revenue Over (Under) Expenditures</u>	(123,512)	(38,245)	(85,267)
<u>Other Financing Sources (Uses)</u>			
Transfer from Enterprise Fund	75,000	15,000	60,000
Transfer to Senior Citizen Center	(4,800)	(4,400)	(400)
State Grant Revenue	0	4,913	(4,913)
Total Other Financing Sources (Uses)	70,200	15,513	54,687
<u>Revenue and Other Financing Sources Over (Under) Expenditures & Other Uses</u>	(53,312)	(22,732)	(30,580)
<u>Fund Balance, June 30, 2011</u>	53,312	162,939	(109,627)
<u>Fund Balance, June 30, 2012</u>	0	\$ 140,207	\$ (140,207)

Please see accompanying notes to the financial statements.

Town of Ryan, Oklahoma
Notes to Required Supplemental Information
June 30, 2012

Note 1 - Notes to Required Supplemental Information:

The Town's annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma Statutes.

The Town's Governing Board operates under the guidelines of the "Municipal Budget Act" which allows the Town to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable State Statutes are:

1. Personal Services
2. Maintenance and Operation
3. Other Services and Charges
4. Capital Outlay
5. Debt Service
6. Fund Transfer

It is the Town's policy that all appropriations lapse at the end of the fiscal year.

The Town prepares an annual operating budget for its General Fund and its Special Revenue Funds. The operating budgets of the various grants cover the period designated in the grant documents. The Town prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

The Town operated within its budget during the year ended June 30, 2012.

Town of Ryan, OK
Combining Balance Sheet
(Modified Cash Basis)

Nonmajor Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Street and Alley Fund	Court Fund	Meter Deposit Fund	Cemetery Care Fund		
<u>Assets</u>						
Cash - First State Bank - Unrestricted	\$ 61,824	\$ 1,598	\$ 0	\$ 0	\$ 0	\$ 63,422
Cash - First State Bank - Restricted	0	0	113,463	0	0	113,463
Savings Account - First State Bank - Unrestricted	0	0	0	4,408	0	4,408
Certificates of Deposit - First State Bank - Restricted	0	0	15,000	0	0	15,000
Total Assets	<u>\$ 61,824</u>	<u>\$ 1,598</u>	<u>\$ 128,463</u>	<u>\$ 4,408</u>	<u>\$ 0</u>	<u>\$ 196,293</u>
<u>Liabilities</u>						
Meter Deposit Liability	\$ 0	\$ 0	\$ 87,603	\$ 0	\$ 0	\$ 87,603
<u>Fund Equity</u>						
Fund Balance						
Unreserved	61,824	1,598	40,860	4,408	0	108,690
Total Liabilities and Fund Equity	<u>\$ 61,824</u>	<u>\$ 1,598</u>	<u>\$ 128,463</u>	<u>\$ 4,408</u>	<u>\$ 0</u>	<u>\$ 196,293</u>

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Combining Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Nonmajor Governmental Funds
Year Ended June 30, 2012

	<u>Special Revenue Funds</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>Street and Alley Fund</u>	<u>Court Fund</u>	<u>Meter Deposit Fund</u>	<u>Cemetery Care Fund</u>		
<u>Revenue</u>						
Vehicle Tax	\$ 5,733	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,733
Gasoline Tax	1,546	0	0	0	0	1,546
Interest Earned	0	4	178	12	0	194
Police Fines	0	1,475	0	0	0	1,475
Cemetery Lot Sales	0	0	0	369	0	369
Total Revenue	7,279	1,479	178	381		9,317
<u>Expenditures</u>						
Materials and Supplies	1,360	0	0	0	0	1,360
Other Services and Charges	1,484	999	0	0	0	2,483
Interfund Transfers	0	32	(320)	(32)	(32)	(320)
Total Expenditures	2,844	1,031	(320)	(32)		3,523
Revenue Over (Under) Expenditures	4,435	448	498	413		5,794
Fund Balance, June 30, 2011	57,389	1,150	40,362	3,995		102,896
Fund Balance, June 30, 2012	\$ 61,824	\$ 1,598	\$ 40,860	\$ 4,408		\$ 108,690

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Special Revenue Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Street and Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Vehicle Tax	\$ 6,300	\$ 5,733	\$ 567
Gasoline Tax	1,600	1,546	54
	7,900	7,279	621
<u>Expenditures</u>			
Materials and Supplies	27,000	1,360	25,640
Other Services and Charges	27,343	1,484	25,859
	54,343	2,844	51,499
<u>Revenue Over (Under) Expenditures</u>	(46,443)	4,435	(50,878)
<u>Fund Balance, June 30, 2011</u>	46,443	57,389	(10,946)
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 61,824	\$ (61,824)

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Special Revenue Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Court Fund		
<u>Revenue</u>	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Police Fines	\$ 0	\$ 1,475	\$ (1,475)
Interest Earned	0	4	(4)
Total Revenue	0	1,479	(1,479)
<u>Expenditures</u>			
Interfund Transfers	0	32	(32)
Other Services and Charges	0	999	(999)
Total Expenditures	0	1,031	(1,031)
<u>Revenue Over (Under) Expenditures</u>	0	448	(448)
<u>Fund Balance, June 30, 2011</u>	0	1,150	(1,150)
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 1,598	\$ (1,598)

No designated budget.

Town of Ryan, OK
Special Revenue Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Meter Deposit Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Interest Earned	\$ 0	\$ 178	\$ (178)
Interfund Transfers	0	320	(320)
	0	498	(498)
<u>Expenditures</u>			
Materials and Supplies	0	0	0
	0	498	(498)
<u>Revenue Over (Under) Expenditures</u>	0	498	(498)
<u>Fund Balance, June 30, 2011</u>	0	40,362	(40,362)
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 40,860	\$ (40,860)

No designated budget.

Town of Ryan, OK
Special Revenue Funds
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	Cemetery Care Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Cemetery Lot Sales	\$ 500	\$ 369	\$ 131
Interfund Transfers	0	32	(32)
Interest Earned	100	12	88
Total Revenue	600	413	187
<u>Expenditures</u>			
Capital Outlay	6,529	0	6,529
<u>Revenue Over (Under) Expenditures</u>	(5,929)	413	(6,342)
<u>Fund Balance, June 30, 2011</u>	5,929	3,995	1,934
<u>Fund Balance, June 30, 2012</u>	\$ 0	\$ 4,408	\$ (4,408)

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Fire Department Grant
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
State Grant	\$ 4,413	\$ 4,413	\$ 0
<u>Expenditures</u>			
Supplies	<u>4,413</u>	<u>4,413</u>	<u>0</u>
Total Expenditures	<u>4,413</u>	<u>4,413</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Fire Department Community Foundation Grant
Schedule of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2012

	<u>Budget</u>	<u>Current Year</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Private Grant	\$ 500	\$ 500	\$ 0
<u>Expenditures</u>			
Supplies	<u>500</u>	<u>500</u>	<u>0</u>
Total Expenditures	<u>500</u>	<u>500</u>	<u>0</u>
<u>Revenue Over (Under) Expenditures</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Please see accompanying notes to the financial statements.