

Town of Ravia, Oklahoma

**Financial Statements and Report
of Independent Accountants**

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

Table of Contents

Independent Auditor's Report	1-3
Statement of Net Position - Modified Cash Basis	4
Statement of Activities - Modified Cash Basis	5
Fund Financial Statements	
Balance Sheet-Modified Cash Basis-Governmental Funds	6
Statement of Revenues, Expenditures and Changes in in Net Position-Modified Cash Basis-Governmental Funds	7
Statement of Net Position-Modified Cash Basis-Proprietary Fund	8
Statement of Revenues, Expenses, and Changes in Net Position-Modified Cash Basis-Proprietary Funds	9
Statement of Cash Flows-Modified Cash Basis-Proprietary Fund	10
Notes to the Basic Financial Statements	11-18
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Schedule of Findings and Responses	21

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Independent Auditor's Report

To the Board of Trustees
Town of Ravia, Oklahoma

Report on the Audit of the Financial Statements

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 the aggregate remaining fund information of Town of Ravia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town'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 Ravia, 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 conformity with the 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 Ravia 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.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Ravia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 Ravia'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 Ravia's ability to continue as a going concern for a reasonable period of time.

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

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 December 6, 2024, on our consideration of the Town of Ravia'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 Ravia's internal control over financial reporting and compliance.

Russell + Williams CPAs, P.C.

Oklahoma City, Oklahoma
December 6, 2024

Town of Ravia, Oklahoma
Statement of Net Position - Modified Cash Basis
June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash in bank - unrestricted	249,153.37	140,018.17	389,171.54
Cash in bank - restricted	<u>23,931.60</u>	<u>66,367.04</u>	<u>90,298.64</u>
Total current assets	273,084.97	206,385.21	479,470.18
Noncurrent assets:			
Net capital assets	<u>453,365.38</u>	<u>345,788.59</u>	<u>799,153.97</u>
Total noncurrent assets	<u>453,365.38</u>	<u>345,788.59</u>	<u>799,153.97</u>
Total assets	<u><u>\$ 726,450.35</u></u>	<u><u>\$ 552,173.80</u></u>	<u><u>\$ 1,278,624.15</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	-	-
Meter deposits	<u>-</u>	<u>26,429.55</u>	<u>26,429.55</u>
Total current liabilities	<u>-</u>	<u>26,429.55</u>	<u>26,429.55</u>
Noncurrent liabilities:			
Bonds and notes	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>26,429.55</u>	<u>26,429.55</u>
NET POSITION			
Invested in capital assets, net of related debt	453,365.38	345,788.59	799,153.97
Restricted	23,931.60	-	23,931.60
Unrestricted	<u>249,153.37</u>	<u>179,955.66</u>	<u>429,109.03</u>
Total net position	<u>726,450.35</u>	<u>525,744.25</u>	<u>1,252,194.60</u>
Total liabilities and net position	<u><u>\$ 726,450.35</u></u>	<u><u>\$ 552,173.80</u></u>	<u><u>\$ 1,278,624.15</u></u>

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

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Primary government						
Governmental activities:						
General Government	227,491.69	82,056.74	59,636.00	(85,798.95)	-	(85,798.95)
Fire Department	68,902.04	3,250.00	31,629.53	(34,022.51)	-	(34,022.51)
Total governmental activities	296,393.73	85,306.74	91,265.53	(119,821.46)	-	(119,821.46)
Business-type activities						
Water & Sewer Department	273,328.10	241,845.36	63,743.00	-	32,260.26	32,260.26
Total business-type activities	273,328.10	241,845.36	63,743.00	-	32,260.26	32,260.26
Total primary government	<u>\$ 569,721.83</u>	<u>\$ 327,152.10</u>	<u>\$ 155,008.53</u>	<u>\$ (119,821.46)</u>	<u>\$ 32,260.26</u>	<u>\$ (87,561.20)</u>
General revenues:						
Taxes:						
Sales taxes				62,643.22	-	62,643.22
Other taxes				53,752.26	-	53,752.26
Interest income				1,145.20	-	1,145.20
Transfers in/out				26,444.83	(26,444.83)	-
Total general revenues				143,985.51	(26,444.83)	117,540.68
Change in net position				24,164.05	5,815.43	29,979.48
Net position - beginning				702,286.30	519,928.82	1,222,215.12
Net position - ending				<u>\$ 726,450.35</u>	<u>\$ 525,744.25</u>	<u>\$ 1,252,194.60</u>

The accompanying notes are an integral part of these financial statements

Town of Ravia, Oklahoma
Balance Sheet
Governmental Funds - Modified Cash Basis
June 30, 2024

	General Fund	Volunteer Fire Fund	Cemetery Fund	Total Governmental Funds
ASSETS				
Cash in bank	181,891.71	67,261.66	-	249,153.37
Cash in bank - Restricted	-	-	23,931.60	23,931.60
Total assets	<u>\$ 181,891.71</u>	<u>\$ 67,261.66</u>	<u>\$ 23,931.60</u>	<u>\$ 273,084.97</u>
LIABILITIES				
Accounts payable	-	-	-	-
FUND BALANCES				
Restricted	-	-	23,931.60	23,931.60
Unassigned	181,891.71	67,261.66	-	249,153.37
Total fund balances	<u>181,891.71</u>	<u>67,261.66</u>	<u>23,931.60</u>	<u>273,084.97</u>
Total liabilities and fund balances	<u>\$ 181,891.71</u>	<u>\$ 67,261.66</u>	<u>\$ 23,931.60</u>	<u>\$ 273,084.97</u>

***Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
June 30, 2024***

Total Governmental Fund Balances \$ 273,084.97

*Amounts reported for governmental activities in the
statement of net position are different because:*

*Capital assets used in governmental activities are
not financial resources and therefore are not
reported in the funds.* 453,365.38

Net Position of Governmental Activities \$ 726,450.35

Town of Ravia, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Modified Cash Basis
For the Year Ended June 30, 2024

	General Fund	Volunteer Fire Fund	Cemetery Fund	Total Governmental Funds
Revenues:				
Taxes	97,134.66	19,260.82	-	116,395.48
Charges for services	70,138.50	3,100.00	-	73,238.50
Donations	-	150.00	-	150.00
Grants	59,636.00	31,629.53	-	91,265.53
Interest	741.06	185.66	218.48	1,145.20
Other	11,918.24	-	-	11,918.24
Total revenues	239,568.46	54,326.01	218.48	294,112.95
Expenditures:				
Personnel Services	54,753.04	-	-	54,753.04
Maintenance & Operations	177,345.92	22,959.05	-	200,304.97
Capital Outlay	-	32,055.00	4,298.99	36,353.99
Total expenditures	232,098.96	55,014.05	4,298.99	291,412.00
Excess revenues over (under) expenditures	7,469.50	(688.04)	(4,080.51)	2,700.95
Transfers (In) Out	(13,202.25)	(13,242.58)	-	(26,444.83)
Excess revenues over (under) expenditures after Transfers	20,671.75	12,554.54	(4,080.51)	29,145.78
Fund balances at beginning of year	161,219.96	54,707.12	28,012.11	243,939.19
Fund balances at end of year	\$ 181,891.71	\$ 67,261.66	\$ 23,931.60	\$ 273,084.97

***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, 2024***

Net change in fund balances-total government funds	\$ 29,145.78
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 statements	36,353.99
Depreciation expense recorded in the government wide financial statements but not recorded in the individual fund financial statements	(41,335.72)
Change in net position of governmental activities	\$ 24,164.05

Town of Ravia, Oklahoma
Statement of Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2024

ASSETS

Current assets:

Cash in bank - unrestricted	140,018.17
Cash in bank - restricted	<u>66,367.04</u>
Total current assets	206,385.21

Noncurrent assets:

Net capital assets	<u>345,788.59</u>
Total noncurrent assets	<u>345,788.59</u>
Total assets	<u><u>\$ 552,173.80</u></u>

LIABILITIES

Current liabilities:

Accounts payable	-
Meter deposits	<u>26,429.55</u>
Total current liabilities	26,429.55

Noncurrent liabilities:

Bonds and notes	<u>-</u>
Total noncurrent liabilities	<u>-</u>
Total liabilities	26,429.55

NET POSITION

Invested in capital assets, net of related debt	345,788.59
Unrestricted	<u>179,955.66</u>
Total net position	<u>525,744.25</u>
Total liabilities and net position	<u><u>\$ 552,173.80</u></u>

Town of Ravia, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund Type - Modified Cash Basis
For the Year Ended June 30, 2024

Operating Revenues:	
Water sales	\$ 144,822.35
Sewer fees	83,296.93
Lease Revenue	7,224.66
Miscellaneous	<u>6,501.42</u>
Total operating revenues	241,845.36
 Operating Expenses:	
Personnel Services	124,715.46
Maintenance & Operations	101,939.94
Depreciation	<u>46,672.70</u>
Total operating expenses	<u>273,328.10</u>
 Operating income (loss)	(31,482.74)
 Non-operating revenues (expenses):	
Grant revenues	<u>63,743.00</u>
Net non-operating revenues (expenses)	<u>63,743.00</u>
 Change in net assets before transfers	32,260.26
 Transfers in/out	<u>(26,444.83)</u>
 Change in net assets after transfers	5,815.43
 Net assets at beginning of year	<u>519,928.82</u>
 Net assets at end of year	<u><u>\$ 525,744.25</u></u>

The accompanying notes are an integral part of these financial statements

Town of Ravia
Statement of Cash Flows - Proprietary Fund
Modified Cash Basis
For the Year Ending June 30, 2024

Cash flows from operating activities	
Cash received from customers	\$ 241,845.36
Cash received from operating grant	63,743.00
Cash paid to employees	(124,715.46)
Cash paid to suppliers	(128,384.77)
Net cash provided by operating activities	<u>52,488.13</u>
Cash flows from capital and related financing activities	
Purchase of fixed assets	(53,511.41)
Increase (decrease) in meter deposit liability	4,868.50
Net cash provided (used) for capital and related financing activities	<u>(48,642.91)</u>
Net increase (decrease) in cash and cash equivalents	3,845.22
Cash and cash equivalents at beginning of year	<u>202,539.99</u>
Cash and cash equivalents at end of year	<u><u>\$ 206,385.21</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	5,815.43
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation expense	46,672.70
Net cash provided (used) by operating activities	<u><u>\$ 52,488.13</u></u>

The accompanying notes are an integral part of these financial statements

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

Note 1. Summary of Significant Accounting Policies

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). These modified cash-basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

1.A. FINANCIAL REPORTING ENTITY

The Town of Ravia, Oklahoma is a statutory Town Government under Oklahoma Statutes. The Town provides the following services: public safety, streets and highways, sanitation, public improvements, utilities 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, 2024, the Town has one component unit, the Ravia Public Works Authority.

1.B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole within the limitations of the modified cash basis of accounting. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or part, by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two major categories: governmental and proprietary. The Town presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described subsequently:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of the specific revenue sources that are either restricted or committed to expenditures for specified purposes other than debt service or capital projects. The reporting entity includes the following special revenue funds, all of which are reported as nonmajor funds: Fire Protection & Cemetery.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund: Ravia PWA.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe what transactions or events are recorded within the various financial statements. Basis of accounting refers to when and how transactions or events are recorded, regardless of the measurement focus applied.

MEASUREMENT FOCUS

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as subsequently defined in item (b).

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

- a. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These

funds use fund balance as their measure of available spendable financial resources at the end of the period.

- b. The proprietary fund utilizes an economic resources measurement focus within the limitations of the modified cash basis of accounting. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), net financial position, and cash flows. All assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or nonfinancial) associated with their activities are generally reported within the limitations of the modified cash basis of accounting.

BASIS OF ACCOUNTING

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting, and the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

1.D. FINANCIAL POSITION

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents.

INVESTMENTS

Investments classified in the financial statements consist entirely of certificates of deposit acquired with cash whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

CAPITAL ASSETS

The Town's modified cash basis of accounting reports capital assets resulting from cash transactions or events and reports depreciation, when appropriate. The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable.

Depreciation of all exhaustible capital assets arising from cash transactions or events is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40-50 years
Improvements other than buildings	10-25 years
Machinery, furniture, and equipment	3-20 years
Utility property and improvements	10-50 years
Infrastructure	25-50 years

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

LONG-TERM DEBT

All long-term bonds, notes, and other debt arising from cash transactions or events to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Long-term debt arising from cash transactions or events of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest is reported as expenditures. The accounting for proprietary funds is the same in the fund financial statements as the treatment in the government-wide statements.

NET POSITION/FUND BALANCE CLASSIFICATIONS

Government-Wide Statements

Net Position is classified and displayed in three components:

1. *Net investment in capital assets.* Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

2. *Restricted.* Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. *Unrestricted.* Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Town's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

Nonspendable. Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

Restricted. Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislation.

Committed. Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority. (In the case of the Town of Example, commitments are evidenced by adoption of an ordinance by the Town Council.)

Assigned. Amounts constrained by the Town's intent to be used for specific purposes but that are neither restricted nor committed. (In the case of the Town of Example, assignments are evidenced either by resolution of the Town Council or by the Town Manager in written form as approved by vote of the Town Council pursuant to Town policy.)

Unassigned. The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

It is the Town's policy to first use restricted fund balances prior to the use of unrestricted fund balances when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available. It is also Town policy to use committed fund balances before assigned fund balances and assigned fund balances before unassigned amounts when an expenditure is incurred for purposes for which amounts in those classifications are available to be used.

The Town has no formal minimum fund balance policies or any formal stabilization arrangements in place.

Proprietary Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

PROGRAM REVENUES

In the Statement of Activities, modified cash-basis revenues that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town has the following program revenues in each activity: General Government, Streets, and Public Works.

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue even if restricted for a specific purpose.

OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

GASB 34 IMPLEMENTATION

The Town has implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2004.

1.G. USE OF ESTIMATES

The preparation of financial statements in conformity with the modified cash basis of accounting used by the Town requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the Town and its component units are subject to various federal, state, and local laws and contractual regulations. The following instances of noncompliance are considered material to the financial statements.

NOTE 3. 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 Ravia is considered a separate entity from the Ravia 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 Ravia'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 Ravia Public Works Authority. The remaining funds would be category 3.

NOTE 4. 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	\$ 44,700.00	-	-	\$ 44,700.00
Buildings & Improvements	525,504.28	-	-	525,504.28
Furniture & Fixtures	38,794.37	-	-	38,794.37
Vehicles and Equipment	801,833.00	36,353.99	-	838,186.99
Total	1,410,831.65			1,447,185.64
Accumulated Depreciation	(952,484.54)	(41,335.72)	-	(993,820.26)
Net Assets	<u>\$ 458,347.11</u>			<u>\$ 453,365.38</u>

As of June 30, 2024, 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 of \$41,336 for the governmental funds was recorded.

Proprietary Funds

	Beginning Balance	Increases	Decreases	Ending Balance
Water & Sewer System	\$ 1,568,537.10	20,187.90	-	\$ 1,588,725.00
Vehicles and Equipment	246,781.33	33,323.51	-	280,104.84
Total	1,815,318.43			1,868,829.84
Accumulated Depreciation	(1,476,368.55)	(46,672.70)	-	(1,523,041.25)
Net Assets	<u>\$ 338,949.88</u>			<u>\$ 345,788.59</u>

As of June 30, 2024, the proprietary 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 of \$46,673 for the proprietary funds was recorded.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 6, 2024, which is the date the financial statements were issued.

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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 Ravia

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 Ravia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Ravia's basic financial statements, and have issued our report thereon dated December 6, 2024.

The report was a special report on the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Ravia'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 Ravia's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Ravia's internal control.

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

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

weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2024-1 & 2024-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Ravia'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.

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.

Russell + Williams CPAs, P.C.

Oklahoma City, Oklahoma
December 6, 2024

Schedule of Findings and Responses

2024-1 Segregation of Duties (Repeat Finding)

CONDITION: Due to the limited number of personnel involved in the operation of the fiscal office, most of those aspects of internal control which rely upon an adequate segregation of duties are, for all practical purposes, missing in the organization.

CRITERIA: Adequate segregation of duties is a critical factor within an organization's internal control to separate custody, recording and reporting functions of the financial process.

CAUSE OF CONDITION: Limited Staff and inadequate internal controls.

EFFECT OF CONDITION: The Town is vulnerable to misappropriation.

RECOMMENDATION: We recognize that the organization's administration is not large enough to make the employment of additional persons, for the purpose of segregating duties, practical from a cost-benefit standpoint. However, we recommend at a minimum increased oversight by the Town Trustees to minimize the effects of the separation of duties issued. We also recommend that cash not be accepted at Town Hall.

MANAGEMENT RESPONSE: Increase oversight of separation of duties by Town Trustees.

2024-2 Ineffective Controls over Processing and Reporting Financial Information (Repeat Finding)

CONDITION: The lack of emphasis placed on financial reporting by the Town adversely effects recording, processing, and reporting financial information to the extent of non-compliance with applicable reporting standards and statutes governing such reporting.

CRITERIA: When properly designed and implemented, internal control processes for financial reporting provided reasonable assurance that complete and accurate financial information is readily available and prepared in accordance with applicable standards.

CAUSE OF CONDITION: The training necessary to process transactions and provide financial information necessary to meet reporting and statutory requirements has not been attained.

EFFECT OF CONDITION: The financial information and processing controls used by the Town are incomplete or inaccurate as a result. The Town relies heavily on accurate financial information for planning, budgeting and other various purposes; incomplete or inaccurate financial information combined with limited processing controls does not allow the Town to maintain the financial records necessary to monitor budgets, provide accurate and timely financial information or remain in compliance with applicable reporting standards and statutes governing publicly held funds.

RECOMMENDATION: We recognize that the employment of a full-time financial professional would be cost prohibitive for the Town. However, we recommend the Town invest in training those responsible for financial and compliance reporting and cross-train employees to prevent any potential non-compliance during unexpected absences. Additionally, the Town should consider retaining the services of a professional to routinely inspect and verify the Town's financial information and compliance reporting is complete, accurate and timely.

MANAGEMENT RESPONSE: Extra training on financial reporting by CPA.