

ACCOUNTANT'S AUDIT REPORT

TOWN OF RYAN, OK

JUNE 30, 2013

BY



**Town of Ryan
Ryan, Oklahoma
Year Ended June 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Town of Ryan
Ryan, Oklahoma

We have audited the accompanying financial statements of Town of Ryan, State of Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City'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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified cash basis of the governmental activities and the business-type activities of the Town of Ryan, State of Oklahoma, as of June 30, 2013, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Disclaimer of Opinion on Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Ryan, State of Oklahoma's basic financial statements. The Town has not presented the Management's Discussion and Analysis required by the Government Accounting Standards Board (GASB), that GASB has determined is necessary to supplement the basic financial statements.

Furrh and Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

Lawton, Oklahoma

March 25, 2014

Town of Ryan, OK
Statement of Net Assets
(Modified Cash Basis)
June 30, 2013

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<u>Assets</u>			
Cash (Unrestricted)	\$ 187,029	\$ 244,801	\$ 431,830
Cash (Restricted)	117,544	0	117,544
Certificates of Deposit (Restricted)	15,000	0	15,000
Capital Assets	157,370	1,471,036	1,628,406
Accumulated Depreciation	(102,878)	(704,446)	(807,324)
	\$ 374,065	\$ 1,011,391	\$ 1,385,456
<u>Liabilities</u>			
Meter Deposits	\$ 86,650	\$ 0	\$ 86,650
Notes Payable	0	42,786	42,786
Accounts Payable	0	11,050	11,050
Payroll Taxes Payable	2,091	5,470	7,561
Accrued Pension Payable	3,240	3,930	7,170
Accrued Compensated Absences Payable	0	2,990	2,990
Total Liabilities	91,981	66,226	158,207
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	54,492	723,804	778,296
Unrestricted	227,592	221,361	448,953
Total Net Assets	282,084	945,165	1,227,249
Total Liabilities and Net Assets	\$ 374,065	\$ 1,011,391	\$ 1,385,456

Please see accompanying notes to the financial statements.

Town of Ryan, OK

Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2013

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total
Governmental Activities:							
General Government	\$ 57,124	\$ 0	\$ 0	\$ 0	\$ (57,124)	\$ 0	\$ (57,124)
Public Safety - Police	67,893	3,800	0	0	(64,093)	0	(64,093)
Public Safety - Fire	29,421	6,925	4,484	0	(18,012)	0	(18,012)
Streets	1,790	0	0	0	(1,790)	0	(1,790)
Cemetery	5,841	780	0	0	(5,061)	0	(5,061)
Total Governmental Activities	162,069	11,505	4,484	0	(146,080)	0	(146,080)
Business-Type Activities:							
Electric	684,962	629,282	0	0	0	(55,680)	(55,680)
Water	156,623	118,175	0	0	0	(38,448)	(38,448)
Garbage	157,010	117,842	0	0	0	(39,168)	(39,168)
Total Business-Type Activities	998,595	865,299	0	0	0	(133,296)	(133,296)
General Revenue							
Taxes:							
Sales Tax					78,645	0	78,645
Alcoholic Beverage Tax					13,388	0	13,388
Vehicle License Tax					5,799	0	5,799
Franchise Tax					2,338	0	2,338
Gasoline Tax					1,513	0	1,513
Contributions					375	0	375
Interest					303	1,587	1,890
Miscellaneous					125	14,843	14,968
Net Transfers					13,602	(13,602)	0
Total General Revenue					116,088	2,828	118,916
Change in Net Assets							
Net Assets, June 30, 2012							
					(29,992)	(130,468)	(160,460)
Net Assets, June 30, 2013							
					312,076	1,075,633	1,387,709
					\$ 282,084	\$ 945,165	\$ 1,227,249

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2013

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents (Unrestricted)	\$ 113,510	\$ 73,519	\$ 187,029
Cash and Cash Equivalents (Restricted)	0	117,544	117,544
Certificates of Deposit (Restricted)	0	15,000	15,000
	\$ 113,510	\$ 206,063	\$ 319,573
 <u>Liabilities and Fund Balances</u>			
Liabilities			
Meter Deposit Liability	\$ 0	\$ 86,650	\$ 86,650
Accrued Pension Payable	3,240	0	3,240
Payroll Taxes Payable	2,091	0	2,091
	5,331	86,650	91,981
 Fund Balances			
Unreserved	108,179	119,413	227,592
	\$ 113,510	\$ 206,063	

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 \$157,370
Net of Accumulated Depreciation of \$102,878 are not
financial resources and, therefore, are not reported in the funds

54,492

Net Assets of Governmental Activities

\$ 282,084

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, 2013

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 94,371	\$ 7,312	\$ 101,683
Fire Service	6,925	0	6,925
Police Fines	3,225	575	3,800
Cemetery Lot Sales	394	386	780
Contributions	375	0	375
Interest Earned	180	123	303
Miscellaneous Revenue	125	0	125
Total Revenue	<u>105,595</u>	<u>8,396</u>	<u>113,991</u>
<u>Expenditures</u>			
Public Safety - Police	69,412	0	69,412
General Government	56,715	409	57,124
Public Safety - Fire	29,421	0	29,421
Cemetery	1,342	4,499	5,841
Streets	0	1,790	1,790
Total Expenditures	<u>156,890</u>	<u>6,698</u>	<u>163,588</u>
<u>Revenue Over (Under) Expenditures</u>	(51,295)	1,698	(49,597)
<u>Other Financing Sources (Uses)</u>			
Transfers In	13,602	9,025	22,627
Transfers Out	(9,025)	0	(9,025)
State Grant Revenue	4,484	0	4,484
Total Other Financing Sources (Uses)	<u>9,061</u>	<u>9,025</u>	<u>18,086</u>
<u>Net Change In Fund Balance</u>	(42,234)	10,723	(31,511)
<u>Fund Balance, June 30, 2012</u>	<u>150,413</u>	<u>108,690</u>	<u>259,103</u>
<u>Fund Balance, June 30, 2013</u>	<u>\$ 108,179</u>	<u>\$ 119,413</u>	<u>\$ 227,592</u>

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, 2013

Reconciliation to the Statement of Activities

Net Change in Fund Balance - Total Governmental Funds	\$	(31,511)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital Assets Purchased Capitalized		4,499
Depreciation Expense		<u>(13,186)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(40,198)</u></u>

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, 2013

Assets

Current Assets	
Cash and Cash Equivalents	\$ 244,801
Noncurrent Assets	
Capital Assets	1,471,036
Accumulated Depreciation	<u>(704,446)</u>
Total Noncurrent Assets	<u>766,590</u>
Total Assets	<u><u>\$ 1,011,391</u></u>

Liabilities

Current Liabilities	
Notes Payables	\$ 42,786
Accounts Payable	11,050
Payroll Taxes Payable	5,470
Accrued Pension Payable	3,930
Accrued Compensated Absences Payable	<u>2,990</u>
Total Liabilities	66,226

Net Assets

Invested in Capital Assets, Net of Related Debt	723,804
Unrestricted	<u>221,361</u>
Total Net Assets	945,165
Total Liabilities and Net Assets	<u><u>\$ 1,011,391</u></u>

Please see accompanying notes to financial statements.

Town of Ryan, OK

Ryan Utilities Authority

Enterprise Fund

Statement of Revenue, Expense, and Changes in Fund Net Assets

(Modified Cash Basis)

Year Ended June 30, 2013

Operating Revenue

Charges for Services		
Electricity	\$ 629,282	
Water	118,175	
Garbage	80,381	
Sewer	37,461	
Miscellaneous Revenue	14,843	
Total Operating Revenue		\$ 880,142

Operating Expense

Power Purchased	379,144	
Personal Services	262,359	
Landfill Charges	86,909	
Water Purchased	86,695	
Maintenance and Operation	60,031	
Depreciation	52,428	
Miscellaneous Expense	36,430	
Insurance Expense	21,495	
Total Operating Expense		985,491
Operating Income		(105,349)

Nonoperating Revenue (Expense)

Investment Income	1,587	
Interest Expense	(13,104)	
Total Nonoperating Revenue (Expense)		(11,517)

Net Income Before Contributions and Transfers (116,866)

Capital Contributions and Transfers

Transfer to Town	(13,602)	
Total Capital Contributions and Transfers		(13,602)

Change in Net Assets (130,468)

Total Net Assets, June 30, 2012 1,075,633

Total Net Assets, June 30, 2013 \$ 945,165

Please see accompanying notes to the financial statements.

Town of Ryan, OK
Ryan Utilities Authority
Statement of Cash Flows
(Modified Cash Basis)
Enterprise Fund
Year Ended June 30, 2013

Cash Flows from Operating Activities

Receipts from Customers	\$ 865,299
Miscellaneous Revenue	14,843
Payments to Suppliers	(659,654)
Payments to Employees	(262,359)
Net Cash Provided by Operating Activities	(41,871)

Cash Flows from Noncapital Financing Activities

Transfers to Town	(13,602)
Net Cash Provided (Used) by Noncapital Financing Activities	(13,602)

Cash Flows from Capital and Related Financing Activities

Capital Assets Purchased	(35,613)
Principal Paid on Capital Debt	(43,482)
Interest Paid on Capital Debt	(13,104)
Net Cash Provided (Used) by Capital and Related Financing Activities	(92,199)

Cash Flows from Investing Activities

Interest Income	1,587
Net Cash Provided by Investing Activities	1,587

Net Increase (Decrease) in Cash and Cash Equivalents (146,085)

Cash and Cash Equivalents - June 30, 2012 390,886

Cash and Cash Equivalents - June 30, 2013 \$ 244,801

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ (12,342)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	52,428
Increase / (Decrease) in Accounts Payable	11,050
Increase / (Decrease) in Payroll Liabilities	12,390
Net Cash Provided by Operating Activities	\$ 63,526

Please see accompanying notes to the financial statements.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

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.

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, 2013

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, 2013

Changes in fixed assets are summarized below:

<u>Governmental Funds</u>	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance as of 06/30/2012	\$ 152,871	\$ 89,692
Additions	4,499	13,186
Subtotal	<u>157,370</u>	<u>102,878</u>
Disposals	<u>0</u>	<u>0</u>
Balance as of 06/30/2013	<u><u>\$ 157,370</u></u>	<u><u>\$ 102,878</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 \$13,186, 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, 2013, was \$52,428 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, 2013

	Balance 06/30/12	Additions	Disposals	Balance 06/30/13
Cost				
Buildings	\$ 145,880	\$ 0	\$ 0	\$ 145,880
Utility System	1,041,164	0	0	1,041,164
Machinery and Equipment	155,707	35,613	0	191,320
Autos and Trucks	81,672	0	0	81,672
Office Equipment	11,000	0	0	11,000
Total	\$ 1,435,423	\$ 35,613	\$ 0	\$ 1,471,036
Accumulated Depreciation				
Buildings	\$ 72,697	\$ 3,737	\$ 0	\$ 76,434
Utility System	419,846	29,721	0	449,567
Machinery and Equipment	121,647	10,414	0	132,061
Autos and Trucks	27,755	388	0	28,143
Office Equipment	10,073	8,168	0	18,241
Total	\$ 652,018	\$ 52,428	\$ 0	\$ 704,446

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 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

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

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, 2013, was approximately \$2,989.

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.

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.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

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, 2013	16.5	\$ 22,848	3.5	\$ 4,847
YE June 30, 2012	16.5	23,677	3.5	5,025
YE June 30, 2011	16.5	23,303	3.5	4,943
Total		\$ 69,828		\$ 14,815

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, 2013, was \$1,560.

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, 2013

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, 2013

Cash and investments include the following accounts:

First State Bank, Ryan, Oklahoma:	
General Account - Checking	\$ 180,134 *
Fire Equipment Account - Savings	26 *
Court Fund - Savings	2,064 *
Meter Deposit Fund - Checking	117,544 *
Meter Deposit Fund - Certificate of Deposit	15,000 *
Enterprise Fund - Savings	71,095 *
Cemetery Care Fund - Savings	4,805 *
Peoples Bank & Trust Co., Ryan, Oklahoma:	
Enterprise Fund - Checking	<u>173,706 *</u>
Total	<u><u>\$ 564,374</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	\$ 319,573	\$ 0	\$ 0	\$ 319,573
Ryan Util. Auth.	<u>244,801</u>	<u>0</u>	<u>0</u>	<u>244,801</u>
 Total	 <u><u>\$ 564,374</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 564,374</u></u>

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

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><u>\$ 86,650</u></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, 2013, was \$25,571. 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>
7/01/13-9/30/13	<u>25,703</u>	<u>132</u>	<u>25,571</u>
Total	<u><u>\$ 25,703</u></u>	<u><u>\$ 132</u></u>	<u><u>\$ 25,571</u></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 6/30/12	\$ 88,650
Additions	0
Principal Payments	<u>(63,079)</u>
Balance 6/30/13	<u><u>\$ 25,571</u></u>

Note 14 - Supplemental Disclosure of Cash Flow Information

Net interest cost of the Enterprise Fund for the year ended June 30, 2013, was \$13,104 which was charged to current operations.

Town of Ryan, Oklahoma
Notes to Basic Financial Statements
June 30, 2013

Note 15 - Grant Revenue and Expenditures

The Town received operational grants from U.S. Forestry Service (Rural Fire Grants) in the amount of \$4,484.

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



**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***

Board of Trustees
Town of Ryan
Ryan, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the business-type activities of Town of Ryan, State of Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Town of Ryan, State of Oklahoma's basic financial statements, and have issued our report thereon dated March 25, 2014.

Internal Control Over Financial Reporting

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

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

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

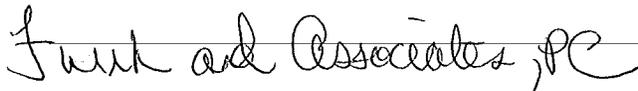
not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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



FURRH & ASSOCIATES, PC
Certified Public Accountants
Lawton, Oklahoma
March 25, 2014

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, 2013

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Sales Tax	\$ 86,796	\$ 78,645	\$ 8,151
Police Fines	16,000	3,225	12,775
Alcohol Beverage Tax	12,000	13,388	(1,388)
Franchise Tax	6,000	2,338	3,662
Fire Service	5,300	6,925	(1,625)
Cemetery Lot Sales	3,500	394	3,106
Miscellaneous Revenue	1,500	125	1,375
Interest Earned	600	180	420
Contributions	0	375	(375)
Total Revenue	<u>131,696</u>	<u>105,595</u>	<u>26,101</u>
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	62,000	39,292	22,708
Materials and Supplies	6,000	4,012	1,988
Other Services and Charges	27,000	13,411	13,589
Capital Outlay	10,000	0	10,000
Total General Government	<u>105,000</u>	<u>56,715</u>	<u>48,285</u>
<u>Police Department</u>			
Personal Services	31,625	48,190	(16,565)
Materials and Supplies	9,000	4,905	4,095
Other Services and Charges	35,000	16,317	18,683
Capital Outlay	7,912	0	7,912
Total Police Department	<u>83,537</u>	<u>69,412</u>	<u>14,125</u>
<u>Fire Department</u>			
Personal Services	4,000	2,588	1,412
Materials and Supplies	13,000	15,695	(2,695)
Other Services and Charges	8,000	11,138	(3,138)
Capital Outlay	0	0	0
Total Fire Department	<u>\$ 25,000</u>	<u>\$ 29,421</u>	<u>\$ (4,421)</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, 2013

	Original / Final Budget	Actual	(Over) Under Budget
<u>Cemetery</u>			
Materials and Supplies	\$ 2,000	\$ 0	\$ 2,000
Other Services and Charges	2,000	1,342	658
	4,000	1,342	2,658
 Total Cemetery			
	217,537	156,890	60,647
 Total Expenditures			
	(85,841)	(51,295)	(34,546)
<u>Revenue Over (Under) Expenditures</u>			
<u>Other Financing Sources (Uses)</u>			
Transfer from Enterprise Fund	75,000	13,602	61,398
Transfer to Senior Citizen Center	(4,800)	(9,025)	4,225
State Grant Revenue	0	4,484	(4,484)
	70,200	9,061	61,139
 Total Other Financing Sources (Uses)			
	(15,641)	(42,234)	26,593
<u>Revenue and Other Financing Sources Over (Under) Expenditures & Other Uses</u>			
	15,641	150,413	(134,772)
<u>Fund Balance, June 30, 2012</u>			
	\$ 0	\$ 108,179	\$ (108,179)
<u>Fund Balance, June 30, 2013</u>			

Please see accompanying notes to the financial statements.

Town of Ryan, Oklahoma
Notes to Required Supplemental Information
June 30, 2013

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, 2013.

Town of Ryan, OK
Combining Balance Sheet
(Modified Cash Basis)
Nonmajor Governmental Funds
June 30, 2013

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Street and Alley Fund	Court Fund	Meter Deposit Fund	Cemetery Care Fund	Total	
<u>Assets</u>						
Cash - First State Bank - Restricted	\$ 0	\$ 0	\$ 117,544	\$ 0	\$ 117,544	
Cash - First State Bank - Unrestricted	66,650	2,064	0	0	68,714	
Certificates of Deposit - First State Bank - Restricted	0	0	15,000	0	15,000	
Savings Account - First State Bank - Unrestricted	0	0	0	4,805	4,805	
Total Assets	<u>\$ 66,650</u>	<u>\$ 2,064</u>	<u>\$ 132,544</u>	<u>\$ 4,805</u>	<u>\$ 206,063</u>	
<u>Liabilities</u>						
Meter Deposit Liability	\$ 0	\$ 0	\$ 86,650	\$ 0	\$ 86,650	
<u>Fund Equity</u>						
Fund Balance	66,650	2,064	45,894	4,805	119,413	
Unreserved						
Total Liabilities and Fund Equity	<u>\$ 66,650</u>	<u>\$ 2,064</u>	<u>\$ 132,544</u>	<u>\$ 4,805</u>	<u>\$ 206,063</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, 2013

	<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	\$ 5,799	\$ 0	\$ 0	\$ 0	\$ 5,799
Gasoline Tax	1,513	0	0	0	1,513
Police Fines	0	575	0	0	575
Cemetery Lot Sales	0	0	0	386	386
Interest Earned	0	4	108	11	123
Total Revenue	7,312	579	108	397	8,396
<u>Expenditures</u>					
Capital Outlay	0	0	0	4,499	4,499
Materials and Supplies	1,790	0	0	0	1,790
Other Services and Charges	0	409	0	0	409
Interfund Transfers	696	(296)	(4,926)	(4,499)	(9,025)
Total Expenditures	2,486	113	(4,926)	0	(2,327)
<u>Revenue Over (Under) Expenditures</u>	4,826	466	5,034	397	10,723
<u>Fund Balance, June 30, 2012</u>	61,824	1,598	40,860	4,408	108,690
<u>Fund Balance, June 30, 2013</u>	\$ 66,650	\$ 2,064	\$ 45,894	\$ 4,805	\$ 119,413

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, 2013

	Street and Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Vehicle Tax	\$ 5,805	\$ 5,799	\$ 6
Gasoline Tax	1,400	1,513	(113)
Total Revenue	7,205	7,312	(107)
<u>Expenditures</u>			
Other Services and Charges	27,343	0	27,343
Material and Supplies	27,000	1,790	25,210
Total Expenditures	54,343	1,790	52,553
Interfund Transfers	0	(696)	696
<u>Revenue Over (Under) Expenditures</u>	(47,138)	4,826	(51,964)
<u>Fund Balance, June 30, 2012</u>	47,138	61,824	(14,686)
<u>Fund Balance, June 30, 2013</u>	\$ 0	\$ 66,650	\$ (66,650)

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, 2013

	Court Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Police Fines	\$ 0	\$ 575	\$ (575)
Interest Earned	0	4	(4)
Total Revenue	0	579	(579)
<u>Expenditures</u>			
Other Services and Charges	0	409	(409)
Total Expenditures	0	409	(409)
<hr/>			
Interfund Transfers	0	296	(296)
<u>Revenue Over (Under) Expenditures</u>	0	466	(466)
<u>Fund Balance, June 30, 2012</u>	0	1,598	(1,598)
<u>Fund Balance, June 30, 2013</u>	\$ 0	\$ 2,064	\$ (2,064)

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, 2013

	Meter Deposit Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Interest Earned	\$ 0	\$ 108	\$ (108)
Total Revenue	0	108	(108)
<u>Expenditures</u>			
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Interfund Transfers	0	4,926	(4,926)
<u>Revenue Over (Under) Expenditures</u>	0	5,034	(5,034)
<u>Fund Balance, June 30, 2012</u>	0	40,860	(40,860)
<u>Fund Balance, June 30, 2013</u>	\$ 0	\$ 45,894	\$ (45,894)

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, 2013

	Cemetery Care Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Cemetery Lot Sales	\$ 500	\$ 386	\$ 114
Interest Earned	100	11	89
Total Revenue	600	397	203
<u>Expenditures</u>			
Capital Outlay	6,529	4,499	2,030
Total Expenditures	6,529	4,499	2,030
Interfund Transfers	0	4,499	(4,499)
<u>Revenue Over (Under) Expenditures</u>	(5,929)	397	(6,326)
<u>Fund Balance, June 30, 2012</u>	5,929	4,408	1,521
<u>Fund Balance, June 30, 2013</u>	\$ 0	\$ 4,805	\$ (4,805)

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, 2013

	Budget	Current Year	(Over) Under Budget
<u>Revenue</u>			
US Forestry Dept Grant	\$ 4,484	\$ 4,484	\$ 0
<u>Expenditures</u>			
Supplies	4,484	0	4,484
Total Expenditures	4,484	0	4,484
<u>Revenue Over (Under) Expenditures</u>	\$ 0	\$ 4,484	\$ 4,484

Please see accompanying notes to the financial statements.