

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UP ON PROCEDURES

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

THE TOWN OF HARDESTY, OKLAHOMA

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2023



Independent Accountant's Report

To the Specified Users of the Report:

Board of Trustees of the Town of Hardesty Hardesty, Oklahoma

Board of Trustees of the Hardesty Municipal Authority Hardesty, Oklahoma

Oklahoma Office of State Auditor and Inspector Oklahoma City, Oklahoma

Report on Applying Agreed-Upon Procedures

We have performed the procedures enumerated below which were agreed to by the specified users of the report as identified above, and as defined within the applicable state laws of the State of Oklahoma solely to assist the Town and Municipal Authority in meeting its financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2023. Management of the Town of Hardesty (the Town) and the Hardesty Municipal Authority (the Authority) are responsible for the Town's and the Authority's financial accountability and its compliance with those legal and contractual requirements.

The Town and the Authority has agreed to and acknowledge that the procedures performed are appropriate to meet the intended purpose of meeting their financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2023. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedures and Findings

As to the Town of Hardesty as of and for the fiscal year ended June 30, 2023:

1. **Procedures Performed**: From the Town's trial balances, we prepared a cash basis schedule of changes in fund balances for each fund (see accompanying Exhibit 1) and compared the schedule results to the statutory prohibition of creating fund balance deficits to report any observed instances of noncompliance.

Findings: No instances of noncompliance observed.

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Town of Hardesty and Hardesty Municipal Authority Page 2

2. **Procedures Performed**: From the Town's trial balances, we prepared a cash basis budget and actual financial schedule for the General Fund (see accompanying Exhibit 2) and compared the actual expenditures reported to the authorized appropriations to report any observed instances of noncompliance with the appropriation limitations.

Findings: The Town exceeded the approved budget at the legal level of control in the General Fund as follows:

General Government – personal services	\$5,833
General Government – materials and supplies	\$698
General Government – other services and charges	\$4,115
Street and Alley – materials and supplies	\$156
Fire Department – personal services	\$420
Fire Department – Materials and supplies	\$501

3. **Procedures Performed**: We agreed the Town's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No significant or unusual reconciling items were observed that did not clear on a timely basis.

4. **Procedures Performed:** We compared the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: At June 30, 2023, all deposits were covered by FDIC.

5. **Procedures Performed:** We compared the Town's use of material restricted revenues and resources to their restrictions to report any observed instances of noncompliance.

Findings: Per State Statute 11 Section 36-114, motor vehicle tax and gas excise tax are to be expended only for construction, maintenance, repair, improvement, or lighting of streets and alleys. In FY 2023, these revenues exceeded the street expenditures paid from the General Fund by \$1,222 with additional street expenditures paid from the Hardesty Municipal Authority (HMA) in an estimated amount of \$9,262. The General Fund should reimburse the HMA for the street related expenditures at the minimum amount of \$1,222 for FY 2023. It is recommended that management calculate how much the General Fund may owe the HMA from previous years for street related expenditures.

6. **Procedures Performed:** We compared the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any observed instances of noncompliance.

Findings: No instances of noncompliance were observed.

7. **Procedures Performed:** A search for Town debt agreements was performed to identify any contractually required reserve balances and debt service requirements of bond indentures for the purpose of determining contract compliance.

Town of Hardesty and Hardesty Municipal Authority Page 3

Findings: The Town had no debt, therefore no debt service coverage requirements of bond indentures were applicable.

As to the Hardesty Municipal Authority, as of and for the fiscal year ended June 30, 2023:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenses and changes in fund balances – cash basis for the Authority (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any observed instances of noncompliance.

Findings: No instances of noncompliance were observed.

2. **Procedures Performed:** We agreed the Authority's material bank account balances to bank statements, and traced the timely clearance of significant reconciling items to report any significant or unusual instances of reconciling items that have not cleared.

Findings: No instances of noncompliance were observed.

3. **Procedures Performed:** We compared the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: At June 30, 2023, all deposits were covered by FDIC.

4. **Procedures Performed:** We compared the Authority's use of material restricted revenues and resources to their restrictions to report any observed instances of noncompliance.

Findings: No instances of noncompliance were observed.

5. **Procedures Performed:** We compared the accounting for the Authority's activities by fund to the legal and contractual requirements for separate funds to report any observed instances of noncompliance.

Findings: No instances of noncompliance were observed.

6. **Procedures Performed:** A search for Authority debt agreements was performed to identify any contractually required reserve balances and/or debt service coverage requirements of bond indentures for the purposes of determining contract compliance.

Findings: The Authority has Rural Development loans with a required debt service reserve balance of \$14,136. The required debt service reserve balance was met at June 30, 2023.

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Town of Hardesty and Hardesty Municipal Authority Page 4

As to the Town of Hardesty and Hardesty Municipal Authority grant programs, as of and for the fiscal year ended June 30, 2023:

1. **Procedures Performed:** From the Town and Authority's trial balances, we prepared a schedule of grant activity for each grant/contract (see accompanying Exhibit 4) and compared the receipts and disbursements to grant agreements and supporting information to report any observed instances of noncompliance with the grant agreement.

Findings: No instances of noncompliance were observed.

We were engaged to conduct this agreed-upon procedures engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants to meet the requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Town or the Authority meeting their financial accountability requirements as prescribed by applicable Oklahoma law and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified users, as identified above, and is not intended to be and should not be used by anyone other than these specified parties.

Crawford & Associates, P.C.

Crawford & associates, P. C.

May 14, 2024

EXHIBIT 1 TOWN OF HARDESTY AND PUBLIC TRUST SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS FOR THE YEAR ENDED JUNE 30, 2023

	Restated, Beginning of Year Fund Balances		<u>F</u>	<u>Revenues</u>	Expenses		End of Year Fund Balances	
TOWN:								
General Fund	\$	88,664	\$	106,274	\$	(77,114)	\$	117,824
Town Subtotal		88,664		106,274	_	(77,114)		117,824
PUBLIC WORKS AUTHORITY:								
Hardesty Municipal Authority		145,749		214,283		(225,025)		135,007
PWA Subtotal		145,749		214,283		(225,025)		135,007
Overall Totals	\$	234,413	\$	320,557	\$	(302,139)	\$	252,831

Note: The beginning fund balance for the Hardesty Municipal Authority was restated to include the Service Deposit Account and the USDA Reserve Account.

	Budgeted Amounts Original Final		Actual	Variance with Final Budget Positive (Negative)	
			Amounts		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 88,664	\$ 88,664	
Resources (Inflows):					
Taxes:					
Sales tax - general	25,000	25,000	31,246	6,246	
Sales tax - fire department	6,250	6,250	10,415	4,165	
Use tax	14,000	14,000	13,821	(179)	
Franchise tax	4,300	4,300	4,967	667	
Total Taxes	49,550	49,550	60,449	10,899	
Intergovernmental:					
Gas tax	400	400	494	94	
Motor vehicle tax	2,000	2,000	1,424	(576)	
Cigarette tax	210	210	271	61	
Alcoholic beverage tax	6,000	6,000	4,760	(1,240)	
Grant Revenue	73,312	73,312	30,403	(42,909)	
Total Intergovernmental	81,922	81,922	37,352	(44,570)	
Investment Income	1,065	1,065	1,592	527	
Miscellaneous Income:					
Donations - fire department	1,500	1,500	1,250	(250)	
Court fees	100	100	-	(100)	
Code enforcement	2,000	2,000	2,170	170	
Other	120	120	3,461	3,341	
Total Miscellaneous	3,720	3,720	6,881	3,161	
Total Resources (Inflows)	136,257	136,257	106,274	(29,983)	
Amounts available for appropriation	136,257	136,257	194,938	58,681	
Charges to Appropriations (Outflows):					
General Government:					
Personal services	30,350	30,350	36,183	(5,833)	
Materials and supplies	1,100	1,100	1,798	(698)	
Other services and charges	21,000	21,000	25,115	(4,115)	
Total General Government	52,450	52,450	63,096	(10,646)	

(Continued)

	Budgeted Amounts Original Final		Actual	Variance with Final Budget		
			Amounts	Positive (Negative)		
Street and Alley:						
Materials and supplies	-	-	156	(156)		
Other services and charges	600	600	540	60		
Total Street and Alley	600	600	696	(96)		
Fire Department:						
Personal services	-	-	420	(420)		
Materials and supplies	8,000	8,000	8,501	(501)		
Other services and charges	9,225	9,225	4,401	4,824		
Total Fire Department	17,225	17,225	13,322	3,903		
Code Enforcement:						
Other services and charges	2,350	2,350	-	2,350		
Total Code Enforcement	2,350	2,350		2,350		
Grant expenditures	60,000	60,000		60,000		
Total Charges to Appropriations	132,625	132,625	77,114	55,511		
Ending Budgetary Fund Balance	\$ 3,632	\$ 3,632	\$ 117,824	\$ 114,192		

Operating Revenues:	
Charges for services:	
Sewer	\$ 28,260
Sanitation	37,521
Water	52,152
Gas	87,027
Late fees	5,392
Other income	3,760
Total Operating Revenues	214,112
Operating Expenses:	
Admin	43,044
Sewer	3,407
Sanitation	30,931
Water	24,645
Gas	108,862_
Total Operating Expenses	210,889
Operating Income	3,223
Non-Operating Revenues (Expenses):	
Investment income	171
Debt service - principal	(8,387)
Debt service - interest	(5,749)
Total Non-Operating Revenues (Expenses)	(13,965)
Change in fund balance	(10,742)
Fund Balance - beginning, restated	145,749
*Fund Balance - ending	\$ 135,007

^{*}Ending fund balance includes Rural Development reserve account balance of \$17,205 held in a savings account.

TOWN OF HARDESTY, OKLAHOMA SCHEDULE OF GRANT ACTIVITY - CASH BASIS Year Ended June 30, 2023

	Assista	Fire Management Assistance Grant (FMAG)		Coronavirus State and Local Fiscal Recovery Funds		Rural Fire Grant	
Awarding agency		Emergency nent Agency	U.S. Department of Treasury		Oklahoma Department of Agriculture		
ALN	97	97.046		21.027		N/A	
Award Amount	\$	1,837	\$	36,852	\$	10,053	
Program Budget		1,837		36,852		10,053	
Current Year Activity:							
Current Year Receipts:							
Received from agency Received from local match		1,837		18,513		10,053	
Total current year receipts		1,837		18,513		10,053	
Current Year Disbursements		-		-		10,053	
Beginning of Year Unexpended Grant Funds (Due from Agency)		(1,837)		<u>-</u>			
End of Year Unexpended Grant Funds				18,513			
Program To-Date Activity:							
Program To-Date Receipts:							
Received from agency Received from local match		1,837		36,852		10,053	
Total program To-Date Receipts		1,837		36,852		10,053	
Program To-Date Disbursements		1,837		10,900		10,053	
Program To-Date Unexpended Grant Funds (Due from Agency)	\$		\$	25,952	\$		

Notes: The Town received reimbursement for assisting in a large fire several years ago. At the time of the fires, it is uncertain they will receive any reimbursement, therefore, the expenditures were not included on the grant schedule in the past.

The Town was a co-recipient with Texas County of REAP Grant #TX23-3 in the amount of \$75,058 for a HEMTT Fire Truck. The financial transactions are being managed by Texas County. Since this schedule is prepared on the cash basis of accounting, it is not included.