

**TOWN OF GRANITE
GRANITE, OKLAHOMA**

**AGREED UPON PROCEDURES
AND ACCOMPANYING
PRACTITIONER'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2023**



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Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Practitioner's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Granite
Granite, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

We have performed the procedures enumerated below as defined within the applicable state laws of the State of Oklahoma solely to assist the Town of Granite, Oklahoma (the "Town") and Utility Fund 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 is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting its financial accountability requirements as prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1-.3. 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 Granite as of and for the fiscal year ended June 30, 2023:

- I. **Procedures Performed:** Prepare a schedule of changes in fund balances for each fund from the Town's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit I. No instances of noncompliance noted.

- II. **Procedures Performed:** Prepare a budget and actual financial schedule for the General Fund and any other significant funds listing separately each federal fund and compare the actual expenditures reported to the authorized appropriations to report any noted instances on noncompliance with the appropriation limitations.

Findings: See Exhibit II. No instances of noncompliance noted.

- III. **Procedures Performed:** Agree 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 instances of noncompliance noted.

- IV. **Procedures Performed:** Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: RSM noted the following based upon the procedures performed:

- The Town's reconciled cash balances with First National Bank (now Sovereign Bank) on June 30, 2023, were \$1,028,786.56, with \$500,000 of FDIC insurance coverage and 413,067.01 covered through ICS accounts. This left the Town with \$115,719.55 in cash balances uninsured.
- The Town's reconciled cash balances with Great Plains bank on June 30, 2023 were 448,995.89 with \$250,000 in FDIC coverage. This left the Town with \$198,995.89 in cash balances uninsured.

Recommendation: The Town should compare reconciled cash balances with pledged collateral monthly. For any amounts over the FDIC coverage, additional collateral should be obtained. As of January 26, 2024, Sovereign Bank (formerly First National Bank) is in process of changing the ICS sweep accounts to cover the Town's balances. As of December 31, 2023 Great Plains Bank issued a FHLB LOC in the amount of \$250,000 to cover the Town's deposits.

- V. **Procedures Performed:** Compare use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. **Procedures Performed:** Compare the accounting for the Town's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VII. **Procedures Performed:** Compare the Town's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No such compliance requirements were identified that were applicable to the Town.

As to the Granite Utility Fund, as of and for the year ended June 30, 2023:

- I. **Procedures Performed:** Prepare a schedule of revenues, expenditures, and changes in fund balance-cash basis from the Utility Fund's trial balances and compare the schedule results to the statutory prohibition of creating fund balance deficits to report any noted instances of noncompliance.

Findings: See Exhibit III. No instances of noncompliance noted.

- II. **Procedures Performed:** Agree the Utility Fund'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 noted.

- III. **Procedures Performed:** Compare the Utility Fund's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: RSM noted the following based upon the procedures performed:

- The Town's reconciled cash balances with First National Bank (now Sovereign Bank) on June 30, 2023, were \$1,028,786.56, with \$500,000 of FDIC insurance coverage and 413,067.01 covered through ICS accounts. This left the Town with \$115,719.55 in cash balances uninsured.
- The Town's reconciled cash balances with Great Plains bank on June 30, 2023 were 448,995.89 with \$250,000 in FDIC coverage. This left the Town with \$198,995.89 in cash balances uninsured.

Recommendation: The Town should compare reconciled cash balances with pledged collateral monthly. For any amounts over the FDIC coverage, additional collateral should be obtained. As of January 26, 2024, Sovereign Bank (formerly First National Bank) is in process of changing the ICS sweep accounts to cover the Town's balances. As of December 31, 2023 Great Plains Bank issued a FHLB LOC in the amount of \$250,000 to cover the Town's deposits.

- IV. **Procedures Performed:** Compare the Utility Fund's use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- V. **Procedures Performed:** Compare the accounting for the Utility Fund's activities by fund to the legal and contractual requirements for separate funds to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

- VI. **Procedures Performed:** Compare the Utility Fund's account balances in reserve accounts to contractually required balances and debt service coverage requirements of bond indentures to the actual coverage to report any noted instances of noncompliance.

Findings: No instances of noncompliance noted.

We were engaged by the Town to perform this agree-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the additional 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, to meet the requirements prescribed in Oklahoma Statutes 11-17.105-.107 and 60-180.1.-3. 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 to meet our 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 those specified parties.



rsmmeacham
CPA - ADVISORS

Clinton, Oklahoma
September 28, 2024

EXHIBIT I

**TOWN OF GRANITE, OKLAHOMA
SUMMARY OF CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Beginning of Year Fund Balance	Prior Period Adjustments		Current Year Change	End of Year Fund Balance
TOWN OF GRANITE, OK					
General Fund	\$ 307,961	104,373	*	167,971	\$ 580,305
Public Works Authority	\$ 690,183	101,318	*	79,649	\$ 871,150

**adjustments related to intercompany differences*

EXHIBIT II

TOWN OF GRANITE, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE - MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Approved Estimate of Needs	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 379,157	\$ 307,961	
Resources (Inflows):			
Sales Tax	126,215	126,214	(1)
Sales Tax - Police & Fire Restriction	63,107	63,107	-
Use Tax	36,442	36,442	-
Tobacco Tax	1,284	1,284	-
Beverage Tax	44,292	46,074	1,782
Franchise Tax	-	1,227	1,227
Police Fines	2,750	4,980	2,230
Charges for Services	66,427	13,535	(52,892)
Swimming Pool	814	1,692	878
Fire Income	3,450	3,975	525
Grant Income	184,572	186,673	2,101
Donations	2,300	3,055	755
Sales of Assets	19,021	19,021	-
Interest Income	723	2,784	2,061
Miscellaneous Income	32,837	86,192	53,355
Transfer In - Utility Fund	200,000	305,992	105,992
Total current year resources	<u>784,234</u>	<u>902,247</u>	<u>118,013</u>
Amounts available for appropriation	<u>\$ 1,163,391</u>	<u>\$ 1,210,208</u>	
Charges to Appropriations (Outflows):			
General Government:			
General Government Dept.	203,193	92,687	110,506
Police Dept.	434,109	416,239	17,870
Fire Dept.	78,341	73,994	4,347
Ambulance	55,000	54,198	802
Street Dept.	25,000	15,079	9,921
Park & Pool Dept.	63,667	46,396	17,271
Cemetery Maintenance	7,500	4,386	3,114
Senior Citizens	20,000	16,985	3,015
Community Events	7,500	5,877	1,623
Library	10,000	5,561	4,439
Animal Welfare	3,500	2,874	626
Total General Government	<u>907,810</u>	<u>734,276</u>	<u>173,534</u>
Total Charges to Appropriations	<u>907,810</u>	<u>734,276</u>	<u>173,534</u>
Change in Fund Balance	(123,576)	167,971	(291,547)
Prior Period Adjustment - Modified Cash Basis	-	104,373	
Ending Budgetary Fund Balance	<u><u>\$ 255,581</u></u>	<u><u>\$ 580,305</u></u>	

EXHIBIT III

TOWN OF GRANITE, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
UTILITY FUND
FOR THE YEAR ENDED JUNE 30, 2023

Operating Revenues:

Charges for services:

Sewer	\$ 51,218
Water	193,643
Trash	159,281
Gas	319,304
Electric	864,688
Penalties	17,772
Other Utility Revenues	4,164
Total Operating Revenues	<u>1,610,070</u>

Operating Expenses:

Sewer	10,085
Water	190,434
Trash	160,457
Gas	181,568
Electric	568,583
Total Operating Expenses	<u>1,111,127</u>

Net Operating Income \$ 498,943

Non-Operating Revenues/(Expenses):

Interest Income	23,094
Sale of Assets	19,021
Grant Income	42,785
Grant Expenses	(42,785)
Reimbursements	100,000
Admin	(260,908)
Transfer Out to General Fund	(300,501)
Total Non-Operating Revenues/(Expenses)	<u>(419,294)</u>

Change in Fund Balance \$ 79,649

Fund Balance - Beginning - Restated 791,501

Fund Balance - Ending \$ 871,150