

TOWN OF GRANITE, OKLAHOMA
Annual Financial Statements and
Independent Auditor's Report
Fiscal Year June 30, 2016

TOWN OF GRANITE, OKLAHOMA
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For the Year Ended June 30, 2016

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Scott Northrip

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INDEPENDENT AUDITOR'S REPORT

To the Council of
Town of Granite, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business type activities, and the aggregate remaining fund information of Town of Granite, Oklahoma, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises the Town'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 accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

MEMBER:

AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report – Continued

Opinions

As described in Note A2, Town of Granite, Oklahoma, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note E1, Town of Granite, Oklahoma did not report capital assets in the financial information as well as depreciate the assets over its estimated useful life before July 1, 2003 for the general fixed assets as well as the business-type activity assets. Accounting principles generally accepted in the United States of America require that those assets be capitalized and depreciated. The capitalization of the assets and the depreciation of them would affect the financial statement but the amount by which this departure would affect the financial information could not be reasonably determined.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Town of Granite, Oklahoma, as of and for the year ended June 30, 2016, and the cash flows of its business-type activities for the year ended on the basis of accounting described in Note A2, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As described in Note A2, the City has not 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 amended and interpreted, as of June 30, 2004.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 21 and 22 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Granite, Oklahoma's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Independent Auditor's Report – Continued

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Scott Northrip, CPA

Scott Northrip, CPA

October 28, 2016

TOWN OF GRANITE, OKLAHOMA

Total Government Statement of Net Position (Modified Cash Basis)

As of June 30, 2016

	Governmental Funds	Proprietary Funds	Fiduciary Funds	TOTAL
ASSETS:				
Cash & Cash Equivalents	\$ 202,692	\$ 163,417	\$ 31,659	\$ 397,768
Investments		651,968	165,629	817,597
Accounts Receivable	37,343	123,575		160,918
Prepaid Insurance	8,313	5,508		13,821
Capital Assets:				
Capital Assets, net of depreciation	974,730	1,623,089		2,597,819
TOTAL ASSETS	\$ 1,223,078	\$ 2,567,557	\$ 197,288	\$ 3,987,923
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts Payable	\$ 41,265	\$ 66,072		\$ 107,337
Deposits Payable from Rest. Assets			123,373	123,373
TOTAL LIABILITIES	\$ 41,265	\$ 66,072	\$ 123,373	\$ 230,710
Net Position:				
Restricted for:				
Invested in capital assets	\$ 974,730	\$ 1,623,089		\$ 2,597,819
Restricted Fund Balance	56,172			56,172
Unrestricted Fund Balance	150,911	878,396	73,915	1,103,222
TOTAL NET POSITION	\$ 1,181,813	\$ 2,501,485	\$ 73,915	\$ 3,757,213
TOTAL LIABILITIES AND NET POSITION	\$ 1,223,078	\$ 2,567,557	\$ 197,288	\$ 3,987,923

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA

Total Governmental Statement of Activities & Fund Balance (Modified Cash Basis)

For the Year Ended June 30, 2016

	Governmental Funds	Proprietary Funds	Fiduciary Funds	TOTAL
REVENUES:				
Taxes	\$ 212,120	\$ -	\$ -	\$ 212,120
Charges for Services	17,287	1,439,019	585	1,456,891
Capital & Operating Grants	13,476			13,476
Rentals	16,321			16,321
Donations	555			555
Investment Revenues	77	5,408	1,295	6,780
Miscellaneous Revenues	21,479	20,141		41,620
TOTAL REVENUES	\$ 281,315	\$ 1,464,568	\$ 1,880	\$ 1,747,763
EXPENDITURES:				
Managerial Salaries	\$ 30,919	\$ 305,538	\$ -	\$ 336,457
Legal Salaries	8,556			8,556
General Government	35,854			35,854
Police Department	210,730			210,730
Fire Department	17,923			17,923
Ambulance	12,000			12,000
Street Department	77,683			77,683
Park Department	21,881			21,881
Cemetery	8,301			8,301
Senior Citizens	12,838			12,838
Library	9,307			9,307
Community Events	5,098			5,098
Maintenance & Operations		140,858	343	141,201
Other				
Purchases for Resale		710,586		710,586
Depreciation	88,861	112,076		200,937
TOTAL EXPENDITURES	\$ 539,951	\$ 1,269,068	\$ 343	\$ 1,809,352
EXCESS (DEFICIENCY) OF REVENUES	\$ (258,636)	\$ 195,510	\$ 1,537	\$ (61,589)
OTHER SOURCES (USES):				
Transfers In	\$ 200,402	\$ 513	\$ -	\$ 200,915
Transfers Out		(200,000)	(915)	(200,915)
TOTAL OTHER SOURCES (USES)	\$ 200,402	\$ (199,487)	\$ (915)	\$ -
NET CHANGES IN FUND BALANCES	\$ (58,234)	\$ (3,977)	\$ 622	\$ (61,589)
Fund Balances - Beginning	1,240,047	2,505,462	73,293	3,818,802
FUND BALANCES - ENDING	\$ 1,181,813	\$ 2,501,485	\$ 73,915	\$ 3,757,213

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA
Footnotes to the Statements of Net Position & Activities
For the Year Ended June 30, 2016

- A1. The Town of Granite, Oklahoma's financial reporting entity includes the primary government and utility authority. The Town operates under a mayor and council form of government by a five member council elected by the citizens.
- A2. The statements of net position and activities are reported on a modified cash basis of accounting. This modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles. These modifications include adjustments for the following balances arising from cash transactions:
- capital assets and the depreciation of those assets, where applicable
 - long-term debt
 - cash-based inter-fund receivables and payables
 - investments
 - utility deposit liabilities

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues and certain liabilities and their related expenses are not recorded in these financial statements.

For business-type activities, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as they apply to the modified cash basis, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The Town has not implemented the new accounting and financial reporting provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. These new standards have changed the format and content of the financial Statements from that used in periods prior to June 30, 2004.

- A3. Cash and cash equivalents includes all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three months or less.
- A4. Investments consist of long-term certificates of deposit and are reported at cost.
- A5. Capital assets are reported as assets net of accumulated depreciation. Capital outlays are not reported as an expenditure and depreciation is reported on statement of activities.
- A6. The Town of Granite had zero long-term debt as of June 30, 2016.
- A7. Fund balance or net position is displayed in three components:
- a. *Invested in capital assets, net of related debt* – 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.
 - b. *Restricted fund balance* – consists of net assets with constraints placed on the use either by an external group such as creditors, grantors, contributors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation.
 - c. *Unrestricted fund balance* – all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

TOWN OF GRANITE, OKLAHOMA
Footnotes to the Statements of Net Position & Activities - Continued
For the Year Ended June 30, 2016

- A8. The Town is not a party to any legal proceedings which normally occur in the course of government operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an advalorem tax over a three-year period by a Town Sinking Fund for the payment of any court assessed judgment rendered against the Town. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Town and the State statute relating to judgments, the Town feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Town.
- A9. The Town's policy is to eliminate inter-fund receivables and payables between funds in the statement of net position to avoid the grossing up of balances.
- A10. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF GRANITE, OKLAHOMA

Governmental Funds Statement of Net Position (Modified Cash Basis)
As of June 30, 2016

	<u>General</u>	<u>Special Revenue Fund</u>	<u>TOTAL GOVERNMENT FUNDS</u>
ASSETS:			
Cash & Cash Equivalents	\$ 149,588	\$ 53,104	\$ 202,692
Taxes Receivable	34,275	3,068	37,343
Prepaid Insurance	8,313	-	8,313
TOTAL ASSETS	\$ 192,176	\$ 56,172	\$ 248,348
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable:	\$ 41,265	\$ -	\$ 41,265
Due to others			-
TOTAL LIABILITIES	\$ 41,265	\$ -	\$ 41,265
Net Position:			
Restricted Fund Balance	-	56,172	56,172
Unreserved Fund Balance	150,911		150,911
TOTAL NET POSITION	\$ 150,911	\$ 56,172	\$ 207,083
TOTAL LIABILITIES AND NET POSITION	\$ 192,176	\$ 56,172	\$ 248,348

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA

Governmental Funds Statement of Activities & Fund Balance (Modified Cash Basis)
For the Year Ended June 30, 2016

	General	Special Revenue Fund	TOTAL GOVERNMENT FUNDS
REVENUES:			
Taxes	\$ 193,536	\$ 18,584	\$ 212,120
Charges for Services	17,287		17,287
Capital & Operating Grants	13,476		13,476
Rentals	16,321		16,321
Donations	555		555
Investment Revenues	33	44	77
Miscellaneous Revenues	21,479		21,479
TOTAL REVENUES	\$ 282,687	\$ 18,628	\$ 281,315
EXPENDITURES:			
Managerial Salaries	\$ 30,919	-	\$ 30,919
Legal Salaries	8,556		8,556
General Government	35,854		35,854
Police Department	210,730		210,730
Fire Department	17,923		17,923
Ambulance	12,000		12,000
Street Department	70,432		70,432
Park Department	21,881		21,881
Cemetary	8,301		8,301
Senior Citizens	12,838		12,838
Library	9,307		9,307
Community Events	5,098		5,098
Maintenance & Operations		7,251	7,251
Capital Outlay	44,923		44,923
TOTAL EXPENDITURES	\$ 488,762	\$ 7,251	\$ 496,013
EXCESS (DEFICIENCY) OF REVENUES	\$ (226,075)	\$ 11,377	\$ (214,698)
OTHER SOURCES (USES):			
Transfers In	\$ 200,402		\$ 200,402
Transfers Out			-
TOTAL OTHER SOURCES (USES)	\$ 200,402	\$ -	\$ 200,402
NET CHANGES IN FUND BALANCES	\$ (25,673)	\$ 11,377	\$ (14,296)
Fund Balances - Beginning	176,584	44,795	221,379
FUND BALANCES - ENDING	\$ 150,911	\$ 56,172	\$ 207,083

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA
Footnotes to Governmental Funds Financial Statements
For the Year Ended June 30, 2016

B1. The Town's governmental funds are comprised of the following funds:

Non-Major Funds:

- General Fund – accounts for all activities of administering and maintaining the City

- Special Revenue Fund – This consists of the Street & Alley Fund which is used to account for designated revenue sources

B2. The governmental funds are reported on a modified cash basis of accounting, as described in footnote A2, and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheet or statement of net position. The statement of activities present sources and uses of available spendable financial resources during a given period. These fund financial statement use fund balance or net position as their measure of available spendable financial resources at the end of the period.

B3. Sales tax revenues represents a three (3) cent local tax on each dollar of taxable sales within the Town.

B4. The Town presently levies no property tax. In accordance with state law, a municipality may only levy a property tax to retire general obligation debt approved by the voters or to pay judgments rendered against the Town.

B5. As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences and compensatory time earned but unpaid at year end, and any employer-related costs earned and unpaid, are not reflected in the financial statements.

B6. Capital Outlays are reported as cash transactions on the statement of activities and no depreciation is reported.

TOWN OF GRANITE, OKLAHOMA

Proprietary Funds Statement of Net Position (Modified Cash Basis)

As of June 30, 2016

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$ 163,417
Investments	651,968
Accounts Receivable	123,575
Prepaid Insurance	5,508
Total Current Assets	<u>\$ 944,468</u>

Noncurrent Assets:

Capital Assets:	
Other Capital Assets, net of depreciation	<u>\$ 1,623,089</u>
Total Noncurrent Assets	<u>\$ 1,623,089</u>

TOTAL ASSETS

\$ 2,567,557

LIABILITIES AND NET POSITION:

Current Liabilities:

Accounts Payable	\$ 66,072
Total Current Liabilities	<u>\$ 66,072</u>

Net Position:

Restricted for:	
Invested in capital assets, net of debt	\$ 1,623,089
Unrestricted Fund Balance	<u>878,396</u>

Total Net Position

\$ 2,501,485

TOTAL LIABILITIES AND NET POSITION

\$ 2,567,557

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA

Proprietary Funds Statement of Activities & Fund Balance (Modified Cash Basis)
For the Year Ended June 30, 2016

OPERATING REVENUES:

Water Sales		\$	196,152
Gas Sales			306,763
Electric Sales			736,334
Trash Sales			129,982
Sewer Sales			42,519
Penalties			19,408
Other Revenues			7,861
Total Operating Revenues		\$	<u>1,439,019</u>

OPERATING EXPENSES:

Water	Personnel	\$	99,541
	Maintenance & Operations		35,631
	Purchases		134,655
	Depreciation		56,269
Gas	Personnel		90,242
	Maintenance & Operations		20,407
	Purchases		87,773
	Depreciation		13,176
Electricity	Personnel		111,309
	Maintenance & Operations		57,261
	Purchases		370,729
	Depreciation		18,208
Sewer	Personnel		4,446
	Maintenance & Operations		6,965
	Purchases		19,904
	Depreciation		24,423
Sanitation	Contract Services		118,119
Total Operating Expenses		\$	<u>1,269,058</u>

OPERATING INCOME (LOSS)

\$ 169,961

OTHER REVENUES (EXPENSES):

Investment Revenues		\$	5,408
Electric Awards			20,141
Total Other Revenues(Expenses)		\$	<u>25,549</u>

NET INCOME (LOSS) BEFORE TRANSFERS

\$ 195,510

Transfers In			513
Transfers Out			(200,000)
CHANGES IN NET POSITION		\$	<u>(3,977)</u>

Net Position - Beginning 2,505,462

NET POSITION - ENDING **2,501,485**

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA

Proprietary Funds Statement of Cash Flows (Modified Cash Basis)

As of June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 1,438,075
Payments to suppliers	(849,289)
Payments to employees	(305,538)

Net Cash Provided from Operating Activities \$ 283,248

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers from Other Funds	513
Transfers to Other Funds	(200,000)

Net Cash Provided from Noncapital Financing Activities \$ (199,487)

CASH FLOWS FROM INVESTING ACTIVITIES:

Awards	\$ 20,141
Interest Collected	5,408

Cash Flows from Investing Activities \$ 25,549

INCREASE (DECREASE) IN CASH \$ 109,310

Cash Balance, July 1, 2015 706,076

Cash Balance, June 30, 2016 \$ 815,386

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating Income \$ 169,961

Adjustments to reconcile operating income to net cash provided by operating activities:

Depreciation \$ 112,076

Change in assets & liabilities:

Decrease (Increase) in accounts receivable (944)

Decrease (Increase) in prepaid expenses 1,504

(Decrease) Increase in payables 651

Total Adjustments 113,287

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 283,248

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA
Footnotes to Proprietary Funds Financial Statements
For the Year Ended June 30, 2016

- C1. The proprietary funds consist primarily of the Utilities Authority generally receives funds through the services of providing the different utilities to the customers of the Town. The proprietary funds are reported on the modified cash basis of accounting and an economic resources measurement focus.
- C2. The proprietary funds are reported on a modified cash basis, as defined in footnote A2, and economic resources measurement focus. Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied as applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.
- C3. For the purpose of the cash flow statement, cash and cash equivalents includes all demand, savings accounts, and certificates of deposit.
- C4. As a result of the Town's use of the modified cash basis of accounting, accrued liabilities related to compensated absences and compensatory time earned but unpaid at year end, and any employer-related costs earned and unpaid, are not reflected in the financial statements.
- C5. The proprietary fund does not have any long-term debt during the year being audited.

TOWN OF GRANITE, OKLAHOMA

Fiduciary Funds Combined Statement of Net Position (Modified Cash Basis)
As of June 30, 2016

	Police Trng Fund	Cemetery Fund	Meter Dep Fund	TOTAL
ASSETS:				
Cash & Cash Equivalents	\$ 1,237	\$ 13,535	\$ 16,887	\$ 31,659
Investments	-	50,251	115,378	165,629
TOTAL ASSETS	\$ 1,237	\$ 63,786	\$ 132,265	\$ 197,288
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Deposits Payable	-	-	\$ 123,373	\$ 123,373
TOTAL LIABILITIES	-	-	\$ 123,373	\$ 123,373
Net Position:				
Unrestricted Fund Balance	\$ 1,237	\$ 63,786	\$ 8,892	\$ 73,915
TOTAL NET POSITION	\$ 1,237	\$ 63,786	\$ 8,892	\$ 73,915
TOTAL LIABILITIES AND NET POSITION	\$ 1,237	\$ 63,786	\$ 132,265	\$ 197,288

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA

Fiduciary Funds Combined Statement of Activities & Changes in Fund Balance (Modified Cash Basis)
As of June 30, 2016

	Police Trng Fund	Cemetery Fund	Meter Dep Fund	TOTAL
REVENUES:				
Deposits at Statutory Rates	\$ 285	\$ -	\$ -	\$ 285
Cemetery Lot Sales		300	-	300
Interest Income		406	890	1,296
TOTAL REVENUES	\$ 285	\$ 706	\$ 890	\$ 1,881
EXPENDITURES:				
Remitted to Cleet/Main & Oper	\$ 279	\$ -	\$ 65	\$ 344
TOTAL EXPENDITURES	\$ 279	\$ -	\$ 65	\$ 344
EXCESS (DEFICIENCY) OF REVENUES	\$ 6	\$ 706	\$ 825	\$ 1,537
OTHER SOURCES (USES):				
Transfers Out	\$ -	\$ (402)	\$ (513)	\$ (915)
NET CHANGES IN FUND BALANCE	\$ 6	\$ 304	\$ 312	\$ 622
Fund Balances - Beginning	1231	63,482	8,580	73,293
FUND BALANCES - ENDING	\$ 1,237	\$ 63,786	\$ 8,892	\$ 73,915

See accompanying notes to the financial statements.

TOWN OF GRANITE, OKLAHOMA
Footnotes to Fiduciary Funds Financial Statements
For the Year Ended June 30, 2016

D1. The Town's fiduciary funds are comprised of the following funds:

Non-Major Funds:

- Police Training – accounts for all activities of training the police

- Cemetery – accounts for all activities of cemetery lot sales

- Meter Deposit – accounts for all activities of meter deposits

D2. The fiduciary funds are reported on a modified cash basis of accounting, as described in footnote A2, and current financial resources measurement focus. Only current financial assets and liabilities are generally included on the fund balance sheet or statement of net position. The statement of activities present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance or net position as their measure of available spendable financial resources at the end of the period.

TOWN OF GRANITE, OKLAHOMA
Schedule of Deposits and Investments
For the Year Ended June 30, 2016

Footnotes to Schedule of Deposits and Investments:

- E1. *Custody Credit Risk* – deposits in financial institutions, reported as cash & cash equivalents and investments, were insured by depository insurance and/or secured with collateral held by the Town's agent in its name.
- E2. *Deposit categories of credit risk*
- (a) Insured or collateralized with securities held by the Town's name.
 - (b) Collateralized with securities held by the pledging financial institution's trust department of agent in the Town's name.
 - (c) Uncollateralized.

	<u>Category</u>			
(a)	(b)	(c)	Balance	
\$500,000	\$715,165	\$ 200	\$1,215,365	

Reported in:

General Fund	\$ 149,588
Special Revenue Fund	53,104
Enterprise Fund	815,385
Trust and Agency	<u>197,288</u>
	<u>\$1,215,365</u>

TOWN OF GRANITE, OKLAHOMA
SCHEDULE OF CAPITAL ASSETS:

GENERAL FIXED ASSETS GROUP For the Year 6/30/2016	Balance 7-1-2015	Additions	Deletions	Balance 6-30-2016
Land & Improvements	\$ 208,662	\$ 4,850	\$ -	\$ 213,512
Buildings & Improvements	\$ 1,202,548	\$ 35,653	\$ -	\$ 1,238,201
Machinery & Equipment	\$ 688,833	\$ 4,420	\$ -	\$ 693,253
TOTAL	\$ 2,100,043	\$ 44,923	\$ -	\$ 2,144,966
ACCUMULATED DEPRECIATION:				
Land & Improvements	\$ 33,478	\$ 12,749	\$ -	\$ 46,227
Buildings & Improvements	\$ 492,189	\$ 42,102	\$ -	\$ 534,291
Machinery & Equipment	\$ 555,708	\$ 34,010	\$ -	\$ 589,718
TOTAL ACCUM. DEP.	\$ 1,081,375	\$ 88,861	\$ -	\$ 1,170,236
NET FIXED ASSETS	\$ 1,018,668	\$ (43,938)	\$ -	\$ 974,730
PROPRIETARY FUNDS: For the Year 6/30/2016	Balance 7-1-2015	Additions	Deletions	Balance 6-30-2016
Water System	\$ 1,691,250	\$ -	\$ -	\$ 1,691,250
Gas System	\$ 498,300	\$ -	\$ -	\$ 498,300
Electric System	\$ 687,660	\$ -	\$ -	\$ 687,660
Sewer System	\$ 839,455	\$ -	\$ -	\$ 839,455
TOTAL	\$ 3,716,665	\$ -	\$ -	\$ 3,716,665
ACCUMULATED DEPRECIATION:				
Water System	\$ 989,423	\$ 56,269	\$ -	\$ 1,045,692
Gas System	\$ 277,633	\$ 13,177	\$ -	\$ 290,810
Electric System	\$ 482,373	\$ 18,208	\$ -	\$ 500,581
Sewer System	\$ 232,071	\$ 24,422	\$ -	\$ 256,493
TOTAL ACCUM. DEP.	\$ 1,981,500	\$ 112,076	\$ -	\$ 2,093,576
NET FIXED ASSETS	\$ 1,735,165	\$ (112,076)	\$ -	\$ 1,623,089

TOWN OF GRANITE, OKLAHOMA

SCHEDULE OF CAPITAL ASSETS:

For the Year Ending June 30, 2016

Footnotes to the Schedule of Capital Assets:

F1. Capital assets are reported at actual or estimated historical cost at the time of the cash transaction. Prior to July 1, 2003, governmental funds' infrastructure assets, such as streets, drainage systems, and traffic signal systems were not included. Infrastructure assets acquired since July 1, 2003 are recorded at cost.

F2. Depreciable capital assets are depreciated on a straight-line basis over their estimated useful life. A capitalization threshold of \$500 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Buildings	20-50 years
Improvements other than buildings	10-25 years
Machinery, furniture and equipment	3-10 years
Utility property and improvements	5-50 years
Infrastructure	5-50 years

TOWN OF GRANITE, OKLAHOMA

Budgetary Comparison Schedule of General Fund (Modified Cash Basis)
For the Year Ended June 30, 2016

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 136,805	\$ 136,805	\$ 136,805	\$ -
RESOURCES (INFLOWS):				
TAXES:				
Sales Tax	\$ 132,082	\$ 132,082	\$ 152,970	\$ 20,888
Alcohol Beverage Tax	24,882	24,882	26,872	1,990
Cigarette & Use Tax	9,145	9,145	12,964	3,819
Total Taxes	\$ 166,109	\$ 166,109	\$ 192,806	\$ 26,697
CHARGES FOR SERVICES:				
Rentals	\$ 9,073	\$ 9,073	\$ 16,321	\$ 7,248
Swimming Pool	2,228	2,228	2,160	(68)
Fire Truck Fees	1,346	1,346	5,805	4,459
Police Fines	6,887	6,887	4,307	(2,580)
Other Revenue	39,795	39,795	27,225	(12,570)
Total Charges for Services	\$ 59,329	\$ 59,329	\$ 55,818	\$ (3,511)
GRANTS	\$ 5,467	\$ 5,467	\$ 13,476	\$ 8,009
DONATIONS	\$ -	\$ -	\$ 555	\$ 555
INVESTMENT REVENUES	\$ 170	\$ 170	\$ 32	\$ (138)
TRANSFERS FROM OTHER FUNDS	\$ 400,000	\$ 400,000	\$ 200,402	\$ (199,598)
TOTAL RESOURCES (INFLOWS)	\$ 631,075	\$ 631,075	\$ 463,089	\$ (167,986)
AMOUNT AVAILABLE TO APPROPRIATE	\$ 767,880	\$ 767,880	\$ 599,894	\$ (167,986)
APPROPRIATIONS (OUTFLOWS):				
Managerial	\$ 3,500	\$ 3,500	\$ 3,057	\$ 443
Treasurer	3,500	3,500	1,108	2,392
Clerk	28,000	28,000	26,753	1,247
Attorney	7,000	7,000	6,600	400
Judge	2,000	2,000	1,956	44
General Government	110,000	110,000	62,551	47,449
Police Department	257,500	257,500	210,730	46,770
Fire Department	59,000	59,000	36,149	22,851
Ambulance	12,000	12,000	12,000	-
Street Department	156,000	156,000	70,431	85,569
Park Department	40,000	40,000	21,881	18,119
Cemetery	20,000	20,000	8,302	11,698
Senior Citizens	20,000	20,000	12,838	7,162
Library	15,000	15,000	9,307	5,693
Community Events	10,000	10,000	5,098	4,902
Other	2,500	2,500	-	2,500
TOTAL APPROPRIATIONS	\$ 746,000	\$ 746,000	\$ 488,761	\$ 257,239
ENDING BUDGETARY FUND BALANCE	\$ 21,880	\$ 21,880	\$ 111,133	\$ 89,253

TOWN OF GRANITE, OKLAHOMA
Budgetary Comparison Schedule of General Fund
For the Year Ended June 30, 2016

Footnotes to Budgetary Comparison:

G1. The budgetary comparison schedule is reported on the same modified cash basis as governmental funds within the basic financial statements.

G2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require Mayor's approval, while supplemental appropriations require Council approval.

TOWN OF GRANITE, OKLAHOMA
SCHEDULE OF FEDERAL & STATE AWARDS
For the year Ending June 30, 2016

Federal/State Grantor/Pass thru Agency Grantor/Program Title	Federal CFDA #	Pass thru Grant #	Award Amount	Contract Revenues	Contract Expenditures
STATE AWARDS:					
Southwest OK Development Authority: CENA Grant	N/A	260 CENA 16	\$ 1,700	\$ 1,700	\$ 1,700
OK Department of Agriculture Fire Department Grant	N/A	N/A	\$ 4,290	\$ 4,290	\$ 4,290
OK Department of Emergency Management FEMA Grant	N/A	FEMA-4222-DR-OK	\$ 7,486	\$ 7,486	\$ 7,486
TOTAL STATE AWARDS			\$ 13,476	\$ 13,476	\$ 13,476

Footnotes to Schedule of Expenditures of Federal & State Awards

H1. The Schedule of Expenditures of Federal and State Awards is prepared on a modified cash basis.

Scott Northrip

Certified Public Accountant
P.O. Box 642, 311 S. Main St.
Hobart, Oklahoma 73651

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Council of
Town of Granite, Oklahoma

I have audited, 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, the basic financial statements of the Town of Granite, Oklahoma, as of and for the year ended June 30, 2016, which collectively comprises the Town's basic financial statements prepared on the modified cash basis and have issued our report thereon dated October 28, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, I considered Town's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town'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.

MEMBER:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & OKLAHOMA SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance and Internal Controls-Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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.

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.

Scott Northrip, CPA

Scott Northrip
Certified Public Accountant

October 28, 2016