

**TOWN OF DUKE, OKLAHOMA
DUKE, OKLAHOMA**

**AGREED UPON PROCEDURES
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2016**



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Members of American
Institute of Certified
Public Accountants

Members of Oklahoma
Society of Certified
Public Accountants

Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Specified Users of the Report:

Town Board, Town of Duke
Duke, Oklahoma

Trustees of the Duke Municipal Authority
Duke, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Management is responsible for the accompanying financials statements of The Town of Duke and the Duke Municipal Authority, which comprise the Summary of Changes in Fund Balances (Budget Basis) for the Town of Duke and the Duke Municipal Authority, the Budgetary Comparison Schedule for the General Fund, the Schedule of Grants for the Town of Duke, the Balance Sheet – Cash Basis for the Town of Duke and the Duke Municipal Authority and the Statement of Revenues, Expenses, and Changes in Fund Balance – Cash Basis for the Duke Municipal Authority for the fiscal year ended June 30, 2016, in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Trust's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We have performed the procedures enumerated within Appendix A and Appendix B 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 of Duke (the Town) and the Duke Municipal Authority (the Authority) in meeting its financial accountability requirements as prescribed by such state laws and evaluating compliance with specified legal or contractual requirements for the fiscal year ended June 30, 2016. Management of the Town of Duke is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. This agreed-upon procedures engagement was conducted in accordance

with the 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.

The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Appendix A or B, either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on financial accountability and compliance with contractual requirements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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.



RSMeacham CPAs & Advisors
September 30, 2016

**Town of Duke, Oklahoma
Procedures and Findings
For the Year Ended June 30, 2016**

As to the Town of Duke as of and for the fiscal year ended June 30, 2016:

- I. 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. 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 and encumbrances 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. 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. Compare the Town's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: No instances of noncompliance noted.

- V. 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. 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. 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 instances of noncompliance noted.

- VIII. Review the grant agreements for grants received during the year, evaluate the Town's compliance with grant terms and review grant expenditures for allowability under the grant terms and for reasonableness.

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

- IX. Prepare a balance sheet.

Findings: See Exhibit IV.

**Duke Municipal Authority
Procedures and Findings
For the Year Ended June 30, 2016**

As to the Duke Municipal Authority, as of and for the year ended June 30, 2016:

- I. Prepare a schedule of revenues, expenditures and changes in fund balance for each fund from the Authority'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 V. No instances of noncompliance noted.

- II. Agree 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 noted.

- III. Compare the Authority's uninsured deposits to fair value of pledged collateral to report any amounts of uninsured and uncollateralized deposits.

Findings: Instances of noncompliance were found at year end. \$7,184.89 over the FDIC limits was held at Farmers and Merchants Bank in Duke, OK at June 30, 2016. According to the Authority, this has since been corrected at they have adequate coverage as of the date of our report.

- IV. Compare the Authority'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. Compare the accounting for the Authority'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. Compare the Authority'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.

- VII. Prepare a balance sheet.

Findings: See Exhibit VI.

**TOWN OF DUKE, OKLAHOMA
SUMMARY OF CHANGES IN BUDGETARY FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Restated Beginning of Year Fund Balance</u>	<u>Current Year Change</u>	<u>End of Year Fund Balance</u>
TOWN OF DUKE			
General Fund	\$ 174,840	\$ 8,482	\$ 183,322
TOWN TOTAL	<u>\$ 174,840</u>	<u>\$ 8,482</u>	<u>\$ 183,322</u>
 ENTERPRISE FUNDS			
Duke Municipal Authority	\$ 1,591,963	\$ 59,580	\$ 1,651,543
ENTERPRISE TOTAL	<u>\$ 1,591,963</u>	<u>\$ 59,580</u>	<u>\$ 1,651,543</u>

See accountant's report

Exhibit II

TOWN OF DUKE, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Approved Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Beginning Budgetary Fund Balance:	\$ 214,318	\$ 174,840	\$ (39,478)
Resources (Inflows):			
Taxes:			
Sales Tax	33,061	35,389	2,328
Tobacco Tax	344	400	56
Gasoline Excise Tax	756	776	20
Use Tax	1,000	1,188	188
Franchise Tax	8,980	8,657	(323)
Total Taxes	<u>44,141</u>	<u>46,410</u>	<u>2,269</u>
Intergovernmental:			
Motor Vehicle Tax	2,838	2,937	99
Alcoholic Beverage Tax	2,037	2,289	252
Total Intergovernmental	<u>4,875</u>	<u>5,226</u>	<u>351</u>
Fee and Permit Income	3,000	350	(2,650)
Rental income	-	2,710	2,710
Grant Income	3,500	3,500	-
Other Income	3,725	6,046	2,321
Interest Income	550	598	48
Transfers-in	60,000	46,247	(13,753)
Total current year resources	<u>119,791</u>	<u>111,087</u>	<u>(8,704)</u>
Amounts available for appropriation	<u>\$ 334,109</u>	<u>\$ 285,927</u>	<u>\$ (48,182)</u>
General Government			
Personal Services	-	-	-
Materials and Supplies	2,000	1,258	742
Other Services and Charges	30,000	24,041	5,959
Capital Outlay	3,000	3,000	-
Total General Government	<u>35,000</u>	<u>28,299</u>	<u>6,701</u>
Fire Department			
Personal Services	1,000	840	160
Materials and Supplies	1,000	857	143
Other Services and Charges	4,000	2,487	1,513
Total Fire Department	<u>6,000</u>	<u>4,184</u>	<u>1,816</u>
Police Department			
Personal Services	49,368	46,640	2,728
Materials and Supplies	3,500	2,480	1,020
Other Services and Charges	3,500	2,759	741
Total Police Department	<u>56,368</u>	<u>51,879</u>	<u>4,489</u>
Community Building			
Materials and Supplies	1,500	1,104	396
Other Services and Charges	11,500	9,916	1,584
Total Community Building	<u>13,000</u>	<u>11,020</u>	<u>1,980</u>
Street and Alley			
Materials and Supplies	3,000	2,629	371
Other Services and Charges	5,000	3,848	1,152
Total Street and Alley	<u>8,000</u>	<u>6,477</u>	<u>1,523</u>
Parks and Recreation			
Personal Services	100	70	30
Other Services and Charges	1,000	676	324
Total Parks and Recreation	<u>1,100</u>	<u>746</u>	<u>354</u>
Total Charges to Appropriations	<u>119,468</u>	<u>102,605</u>	<u>16,863</u>
Change in Fund Balance	323	8,482	(25,567)
Ending Budgetary Fund Balance	<u>\$ 214,641</u>	<u>\$ 183,322</u>	<u>\$ (65,045)</u>

TOWN OF DUKE, OKLAHOMA
 SCHEDULE OF GRANTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Grant revenue <i>Grant received from:</i>	Funding period	Project description	Total Award	Amount received	Amount expended	Receipts less expenditures
SWODA	Feb 2010 - Feb 2011	Drill water wells, install supply line piping, and codes of ordinance update	125,000	3,000	3,000	-
SWODA	Oct 2014 - Oct 2015	Cleaning and painting of water storage tank	90,000	86,500	86,500	-
Wal-Mart	2016	Police department grant	500	500	394	106
		Total	<u>\$ 215,500</u>	<u>\$ 90,000</u>	<u>\$ 89,894</u>	<u>\$ 106</u>

Exhibit IV

**TOWN OF DUKE, OKLAHOMA
BALANCE SHEET - CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

ASSETS

Unrestricted Assets:

Cash and cash equivalents	\$	24,388
Investments		177,000
Total Unrestricted Assets:		<u>201,388</u>

Restricted Assets:

Cash and cash equivalents		43,952
Total assets	\$	<u><u>245,340</u></u>

LIABILITIES

Due to other funds	\$	62,018
Total liabilities		<u>62,018</u>

FUND BALANCES

Restricted		43,952
Unassigned		139,370
Total fund balances	\$	<u>183,322</u>
Total liabilities and fund balances	\$	<u><u>245,340</u></u>

See accountant's report

DUKE MUNICIPAL AUTHORITY DUKE, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016

Operating Revenues:

Charges for services:

Water	\$ 654,843
Sewer	35,056
Sanitation	73,364
Grant Proceeds	86,500
Administration Income	12,225
Other Income	2,215

Total Operating Revenues	<u>864,204</u>
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Operating Expenses:

Administration	52,232
Water	635,386
Sewer	10,841
Sanitation	60,155

Total Operating Expenses	<u>758,614</u>
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Operating Income	<u>\$ 105,590</u>
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Non-Operating Revenues:

Interest Income	238
Total Non-Operating Revenues	<u>238</u>

Net Income Before Contributions and Transfers	105,828
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Transfers out	(46,247)
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Change in fund balance	\$ 59,580
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Fund Balance - beginning - Restated	<u>1,591,963</u>
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Fund Balance - ending	<u><u>\$ 1,651,543</u></u>
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Exhibit VI

**DUKE MUNICIPAL AUTHORITY DUKE, OKLAHOMA
BALANCE SHEET - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2016**

ASSETS

Unrestricted Assets:

Cash and Cash Equivalents \$ 223,234

Restricted Assets:

Cash and Cash Equivalents 34,101

Due from Other Funds

62,018

Capital Assets:

Depreciable Capital Assets, net 1,532,525

Total Assets

\$ 1,851,878

LIABILITIES

Meter Deposits Payable

20,768

Notes Payable

179,567

Total liabilities

\$ 200,334

FUND BALANCES

Nonspendable

\$ 1,594,543

Restricted

34,101

Unassigned

22,900

Total fund balances

1,651,543

Total liabilities and fund balances

\$ 1,851,878

See accountant's report