

TOWN OF EMPIRE CITY

June 30, 2012

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**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

To the Specified Users of the Report:

Town Council, Town of Empire City
Empire City, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Stephens County Clerk
Duncan, Oklahoma

Association of South Central Oklahoma Governments
Duncan, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Empire City, Empire City, Oklahoma as of June 30, 2012 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2012. The financial statements have been prepared in a format and basis of accounting as prescribed by Oklahoma statutes, that demonstrates compliance with the modified cash basis and budget laws of the State of Oklahoma, which is a comprehensive basis of accounting other than generally accepted accounting principles. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with the modified cash basis and budget laws of the State of Oklahoma.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis and budget laws of the State of Oklahoma and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the modified cash basis of accounting and budget laws of the State of Oklahoma. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in fund balance, budgetary comparisons, revenue, expenses, and grant activity. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Additionally, 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 in meeting its financial accountability requirements as prescribed by Oklahoma Statutes §11-17 (105-107) and §60-180.1-.3 and evaluating compliance

with specified legal or contractual requirements for the fiscal year ended June 30, 2012. Management of the Town of Empire City 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 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 below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

As to the **Town of Empire City** as of and for the fiscal year ended June 30, 2012:

1. **Procedures Performed:** From the Town's trial balances, we prepared a 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 noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

2. **Procedures Performed:** From the Town's trial balances, we prepared a budget and actual financial schedule for the General Fund and any other significant funds (any fund whose revenues, expenditures or ending fund balance exceeds 10% of the Town's total revenues, expenditures or fund balances) listing separately each federal fund (see accompanying Exhibit 2) and compared the actual expenditures and encumbrances reported to the authorized appropriations to report any noted instances of noncompliance with the appropriation limitations.

Findings: In one fund appropriations were exceeded only at the legal level of control for the year ended June 30, 2012.

- ✚ In the General Fund, the maintenance and operations budget was overspent \$7,847 and the personal service budget was overspent by \$3,075. The total budget was not overspent.

Recommendation: The Town should closely monitor each budget on a monthly basis and not approve any expenditure exceeding appropriation until additional amendments have been made and approved. The categories of each budgeted fund should be tracked in order to determine the remaining budget balance. Council can approve transfers between budgeted categories for each fund. Budget supplements must also be approved by the County Excise Board.

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 exceptions were found as a result of applying the procedure.

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: No exceptions were found as a result of applying the procedure.

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

Findings: No exceptions were found as a result of applying the procedure.

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 noted instances of noncompliance.

Findings: No exceptions were found as a result of applying the procedure.

7. **Procedures Performed:** We compared 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 exceptions were found as a result of applying the procedure.

As to the **Town of Empire City Grant Programs**, as of and for the fiscal year ended June 30, 2012:

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 noted instances of noncompliance with the grant agreement.

Findings: In reviewing the ASCOG 2010 grant we noted that the same invoice of \$617.51, for radios was used in both the 1st and 2nd reimbursement requests.

Recommendation: The Town should notify ASCOG of the error and submit an expense not previously submitted to replace the duplicate. The Town should be tracking all expenses related to a grant project to ensure that requests for reimbursement are timely and comply with the purpose of the grant.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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.

Angel, Johnston + Blasingame, P.C.

Angel, Johnston and Blasingame, P.C.

August 18, 2013

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2012
 (Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
TOWN:				
General Fund	\$ 41,183	\$ 40,273	\$ 62,468	\$ 18,988
Street and Alley Fund	61,399	8,668	2,700	67,367
Fundraiser Fund	5	0	5	0
Town Total	<u>\$ 102,587</u>	<u>\$ 48,942</u>	<u>\$ 65,173</u>	<u>\$ 86,356</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal year ended June 30, 2012
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance:	\$ 41,182.59	\$ 41,182.59	\$ 41,183	\$ -
Charges for Services:				
Fire subscription fees	14,535.14	14,535.14	5,505	(9,030)
Total Charges for Services	<u>14,535.14</u>	<u>14,535.14</u>	<u>5,505</u>	<u>(9,030)</u>
Intergovernmental-Local:				
Special county tax	2,500.00	2,500.00	-	(2,500)
Total Intergovernmental-Local	<u>2,500.00</u>	<u>2,500.00</u>	<u>-</u>	<u>(2,500)</u>
Intergovernmental-State:				
Alcohol beverage tax	2,797.84	2,797.84	3,952	1,154
State grants	5,851.77	5,851.77	4,413	(1,439)
Total Intergovernmental-State	<u>8,649.61</u>	<u>8,649.61</u>	<u>8,365</u>	<u>(285)</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	118.81	118.81	110	(9)
Rentals	1,440.00	1,440.00	925	(515)
Sale of property	-	-	2,251	2,251
Insurance reimbursements	-	-	-	-
Private Grants	-	-	-	-
Donations	13,283.39	13,283.39	19,691	6,408
Miscellaneous	-	-	721	721
Total Miscellaneous Revenue	<u>14,842.20</u>	<u>14,842.20</u>	<u>23,698</u>	<u>8,856</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	2,705	2,705
Amounts available for appropriation	<u>81,709.54</u>	<u>81,709.54</u>	<u>81,456</u>	<u>(253)</u>
Charges to Appropriations:				
Personal Services	-	-	3,075	(3,075)
Maintenance & Operations	31,709.54	31,709.54	39,557	(7,847)
Capital Outlay	50,000.00	50,000.00	19,836	30,164
Debt Service	-	-	-	-
Total Other	<u>81,709.54</u>	<u>81,709.54</u>	<u>62,468</u>	<u>19,242</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>81,709.54</u>	<u>81,709.54</u>	<u>62,468</u>	<u>19,242</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,988</u>	<u>\$ 18,988</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
STREET & ALLEY FUND
For the Fiscal year ended June 30, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 61,549	\$ 61,549	\$ 61,399	\$ (150)
Revenues	-	-	8,668	8,668
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	61,549	61,549	70,067	8,519
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	36,549	36,549	-	36,549
Debt Service	-	-	-	-
Total Other	36,549	36,549	-	36,549
Other Financing Uses:				
Transfers to other funds	25,000	25,000	2,700	22,300
Total Charges to Appropriations	61,549	61,549	2,700	58,849
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 67,367	\$ 67,367

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2012
 (Unaudited)

	<u>Award Amount</u>	<u>Prior Year(s) Receipts</u>	<u>Prior Year(s) Disbursements</u>	<u>Beginning of Year Unexpended Grant Funds</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Unexpended Grant Funds</u>
TOWN:							
Department of Agriculture - Fire Operations - 2012	\$ 4,413	\$ -	\$ -	\$ -	\$ 4,413	\$ 4,413	\$ -
ASCOG - REAP-Empire-102264	45,000	7,306	7,306	-	-	10,170	(10,170)
Town Total	<u>\$ 49,413</u>	<u>\$ 7,306</u>	<u>\$ 7,306</u>	<u>\$ -</u>	<u>\$ 4,413</u>	<u>\$ 14,583</u>	<u>\$ (10,170)</u>