

TOWN OF EMPIRE CITY

June 30, 2016

TABLE OF CONTENTS

	Page
Independent Accountant's Report	1-3
Summary of Changes in Fund Balances -Modified Cash Basis	4
Budgetary Comparison Schedule -Modified Cash Basis-General Fund	5
Budgetary Comparison Schedule -Modified Cash Basis-Street & Alley Fund	6
Schedule of Grant Activity -Modified Cash Basis	7

**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

Management is responsible for the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Empire City as of and for the year ended June 30, 2016, and the related Budgetary Comparison Schedule-Modified Cash Basis-General Fund, Budgetary Comparison Schedule-Modified Cash Basis-Street & Alley Fund, and Schedule of Grant Activity-Modified Cash Basis for the year ended June 30, 2016, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. The financial statements and schedules 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 applicable to municipalities and the presentation requirements prescribed in Oklahoma Statutes §11-17.105-.107 and §60-180.1-.3. We have performed a compilation engagement 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 accompanying financial statements and schedules nor were we required to perform any procedures to verify 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 or schedules.

The financial statements and schedules are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements and schedules prepared in accordance with the modified cash basis of accounting. If the omitted disclosures were included in the financial statements and schedules, they might influence the user's conclusions about the Town's assets, liabilities, equity, revenues, and expenses. Accordingly, these financial statements and schedules 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, 2016. 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 prescribed by Oklahoma Statutes. 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, 2016:

1. **Procedures Performed:** From the Town's trial balances, we compiled 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 compiled a budget and actual financial schedule for the General Fund and Street & Alley 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.

Condition: Expenditures exceeded total appropriations in one fund for the year ended June 30, 2016 by the following:

 **In the General Fund, the capital outlay budget was overspent by \$4,660, the personal service budget was overspent by \$877 and the transfers budget was over spent by \$680. The total budget was overspent \$2,989.**

Cause: The status of the budget was not adequately monitored. Expenditures were allowed without appropriate supplemental budget amendments being approved by council.

Criteria: Per Oklahoma Statute Title 68: Municipalities are not allowed to spend more than its appropriations. Amendments to the beginning of the year appropriations should be filed when the Town knows it will be close or exceed its current budget amounts. The board may also approve transfers between categories within each fund.

Recommendation: We recommend procedures be implemented to monitor the status of the budget for each fund to determine that funds are available before expenditures are authorized. 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 be approved by council and the County Excise Board.

Management's Corrective Action Plan: The Town has cut back on spending and added more financial information to the board meetings for their board members to better monitor their financial position.

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: Town had no contractual or debt service requirements. This procedure does not apply.

As to the **Town of Empire City Grant Programs**, as of and for the fiscal year ended June 30, 2016:

1. **Procedures Performed:** From the Town's trial balances, we compiled 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: No exceptions were found as a result of applying the procedure.

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.
November 15, 2016

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2016
 (Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
General Fund	\$ 41,516	\$ 49,932	\$ 91,341	\$ 107
Street and Alley Fund	96,975	9,106	18,926	87,154
Town Total	<u>\$ 138,491</u>	<u>\$ 59,038</u>	<u>\$ 110,268</u>	<u>\$ 87,261</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal year ended June 30, 2016
(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:	\$ 41,516	\$ 41,516	\$ 41,516	\$ -
Charges for Services:				
Fire subscription fees	20,988	20,988	18,088	(2,900)
Total Charges for Services	<u>20,988</u>	<u>20,988</u>	<u>18,088</u>	<u>(2,900)</u>
Intergovernmental-Local:				
Special county tax	-	-	-	-
Total Intergovernmental-Local	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intergovernmental-State:				
Alcohol beverage tax	4,038	4,038	4,424	386
State grants	4,000	4,000	4,290	290
Total Intergovernmental-State	<u>8,038</u>	<u>8,038</u>	<u>8,714</u>	<u>676</u>
Intergovernmental-Federal:				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	-	-	-	-
Rentals	1,616	1,616	2,395	780
Sale of property	-	-	3,011	3,011
Reimbursements	-	-	312	312
Donations	16,195	16,195	17,413	1,218
Miscellaneous	-	-	-	-
Total Miscellaneous Revenue	<u>17,810</u>	<u>17,810</u>	<u>23,130</u>	<u>5,320</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	<u>88,353</u>	<u>88,353</u>	<u>91,448</u>	<u>3,096</u>
Charges to Appropriations:				
Personal Services	4,800	4,800	5,677	(877)
Maintenance & Operations	36,000	36,000	33,452	2,548
Capital Outlay	47,553	47,553	52,213	(4,660)
Debt Service	-	-	-	-
Total Other	<u>88,353</u>	<u>88,353</u>	<u>91,341</u>	<u>(2,988)</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>88,353</u>	<u>88,353</u>	<u>91,341</u>	<u>(2,988)</u>
Ending Budgetary Fund Balance	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 107</u>	<u>\$ 107</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
STREET & ALLEY FUND
For the Fiscal year ended June 30, 2016
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 96,975	\$ 96,975	\$ 96,975	\$ -
Revenues	-	-	9,106	9,106
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	96,975	96,975	106,081	9,106
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	96,975	96,975	18,926	78,048
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Unallocated Fund Balance	-	-	-	-
Total Other	96,975	96,975	18,926	78,048
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	96,975	96,975	18,926	78,048
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 87,154	\$ 87,154

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2016
 (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 Grant	\$ 4,290	\$ -	\$ -	\$ -	\$ 4,290	\$ 4,290	\$ -
Association of South Central Oklahoma Governments REAP 16-2256	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 47,000	\$ (47,000)
Town Total	<u>\$ 59,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,290</u>	<u>\$ 51,290</u>	<u>\$ (47,000)</u>