

# TOWN OF EMPIRE CITY

June 30, 2017

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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

Association of South Central Oklahoma Governments  
Duncan, Oklahoma

**Report On Compiled Financial Statements And Schedules**

Management is responsible for the accompanying financial statements and schedules of the Town of Empire City, Empire City, Oklahoma, which comprise a Summary of Changes in Fund Balances-Modified Cash Basis as of the year ended June 30, 2017, and the related Budgetary Comparison Schedule-Modified Cash Basis-General Fund, Budgetary Comparison Schedule-Modified Cash Basis-Street and Alley Fund, and Schedule of Grant Activity-Modified Cash Basis for the year then ended in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 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 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.

**Report On Applying Agreed-upon Procedures**

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, 2017. Management of the Town of Empire City is responsible for the Town's financial accountability and its compliance with those legal and contractual requirements. 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, 2017:

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, 2017 by the following:**

- ✚ **In the General Fund, the capital outlay budget was overspent by \$7,542 and the maintenance and operations budget was overspent by \$9,427. The total budget was overspent \$13,615.**

**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 Treasurer will keep updated totals of all expenditures and will inform the board if transfers are needed to be made in order to ensure the appropriated amounts are not to be exceeded.

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, 2017:

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.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants to meet the 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, the objective of which would be the expression of an opinion or conclusion, respectively, on the financial information and compliance. 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.

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.  
9/19/17

TOWN OF EMPIRE CITY  
 Empire City, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS  
 For the Fiscal year ended June 30, 2017  
 (Unaudited)

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balances</u>
<b>TOWN:</b>				
General Fund	\$ 107	\$ 107,636	\$ 48,456	\$ 59,287
Street and Alley Fund	87,154	8,172	0	95,326
<b>Town Total</b>	<u>\$ 87,261</u>	<u>\$ 115,808</u>	<u>\$ 48,456</u>	<u>\$ 154,613</u>

**TOWN OF EMPIRE CITY**  
**Empire City, Oklahoma**

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**GENERAL FUND**

For the Fiscal year ended June 30, 2017  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 107	\$ 107	\$ 107	\$ -
<b>Charges for Services:</b>				
Fire subscription fees	16,279	16,279	25,075	8,796
Total Charges for Services	<u>16,279</u>	<u>16,279</u>	<u>25,075</u>	<u>8,796</u>
<b>Intergovernmental-State:</b>				
Alcohol beverage tax	3,982	3,982	4,695	714
State grants	4,000	4,000	50,817	46,817
Total Intergovernmental-State	<u>7,982</u>	<u>7,982</u>	<u>55,513</u>	<u>47,531</u>
<b>Intergovernmental-Federal:</b>				
Federal grants	-	-	-	-
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous Revenue:</b>				
Rentals	2,156	2,156	3,075	920
Sale of property	-	-	3,500	3,500
Reimbursements	-	-	4,139	4,139
Donations	13,059	13,059	16,335	3,275
Miscellaneous	-	-	-	-
Total Miscellaneous Revenue	<u>15,215</u>	<u>15,215</u>	<u>27,048</u>	<u>11,833</u>
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>39,583</u>	<u>39,583</u>	<u>107,743</u>	<u>68,161</u>
<b>Charges to Appropriations:</b>				
Personal Services	8,650	8,650	5,296	3,354
Maintenance & Operations	30,933	30,933	40,360	(9,427)
Capital Outlay	-	-	7,542	(7,542)
Debt Service	-	-	-	-
Total Other	<u>39,583</u>	<u>39,583</u>	<u>53,198</u>	<u>(13,615)</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>39,583</u>	<u>39,583</u>	<u>53,198</u>	<u>(13,615)</u>
<b>Unallocated (Restricted) Funds</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Ending Budgetary Fund Balance</b>	\$ <u>(0)</u>	\$ <u>(0)</u>	\$ <u>54,545</u>	\$ <u>54,545</u>
Current Year Encumbrances			<u>4,742</u>	
<b>Ending Fund Balance</b>			<u>\$ 59,287</u>	

**TOWN OF EMPIRE CITY**  
**Empire City, Oklahoma**

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**STREET & ALLEY FUND**  
**For the Fiscal year ended June 30, 2017**  
**(Unaudited)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 87,154	\$ 87,154	\$ 87,154	\$ -
<b>Revenues</b>	-	-	8,172	8,172
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	87,154	87,154	95,326	8,172
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	87,154	87,154	-	87,154
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Unallocated Fund Balance	-	-	-	-
Total Other	87,154	87,154	-	87,154
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	87,154	87,154	-	87,154
<b>Unallocated (Restricted) Funds</b>	-	-	-	-
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 95,326	\$ 95,326
Current Year Encumbrances			-	
<b>Ending Fund Balance</b>			\$ 95,326	

TOWN OF EMPIRE CITY  
 Empire City, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS  
 For the Fiscal year ended June 30, 2017  
 (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>
<b>TOWN:</b>							
Department of Agriculture							
Fire Operations Grant	\$ 3,817	\$ -	\$ -	\$ -	\$ 3,817	\$ 3,464	\$ 353
Association of South Central Oklahoma Governments							
REAP 16-2256	\$ 55,000	\$ -	\$ 47,000	\$ (47,000)	\$ 47,000	\$ 4,742	\$ (4,742)
<b>Town Total</b>	<u>\$ 58,817</u>	<u>\$ -</u>	<u>\$ 47,000</u>	<u>\$ (47,000)</u>	<u>\$ 50,817</u>	<u>\$ 8,206</u>	<u>\$ (4,389)</u>