

TOWN OF EMPIRE CITY

June 30, 2011

TABLE OF CONTENTS

	Page
Independent Accountant's Report	1-3
Summary of Changes in Fund Balance -Modified Cash Basis	4
Budgetary Comparison Schedule -Modified Cash Basis-General Fund	5
Budgetary Comparison Schedule -Modified Cash Basis-Street & Alley Fund	6
Budgetary Comparison Schedule -Modified Cash Basis-Fundraiser Fund	7
Schedule of Grant Activity -Modified Cash Basis	8

**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, 2011 and the related Budgetary Comparison Schedule of General Fund-Modified Cash Basis, Budgetary Comparison Schedule of Street & Alley Fund-Modified Cash Basis, Budgetary Comparison Schedule of Fundraiser Fund-Modified Cash Basis, and Schedule of Grant Activity-Modified Cash Basis for the fiscal year ended June 30, 2011. 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 cost 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 on 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, 2011. 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, 2011:

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: Expenditures exceeded total appropriations in one fund. In another fund appropriations were exceeded only at the legal level of control for the year ended June 30, 2011.

- ✚ In the General Fund, the maintenance and operations budget was overspent \$8,561 and the capital outlay budget was overspent by \$4,374. The total budget was overspent \$11,935.

- ✚ In the Fundraiser Fund, the transfers' budget was overspent by \$10,365. 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.

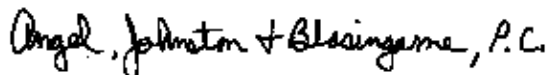
As to the **Town of Empire City Grant Programs**, as of and for the fiscal year ended June 30, 2011:

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: 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 and Blasingame, P.C.
November 15, 2011

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2011
 (Unaudited)

TOWN:	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
General Fund	\$ 31,335	\$ 71,060	\$ 61,213	\$ 41,183
Street and Alley Fund	53,236	8,163	0	61,399
Fundraiser Fund	13,367	0	13,362	5
Town Total	<u>\$ 97,938</u>	<u>\$ 79,223</u>	<u>\$ 74,574</u>	<u>\$ 102,587</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND

For the Fiscal year ended June 30, 2011
(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:	\$ 31,335.29	\$ 31,335.29	\$ 31,335	\$ -
Charges for Services:				
Fire subscription fees	10,765.11	10,765.11	16,150	5,385
Total Charges for Services	<u>10,765.11</u>	<u>10,765.11</u>	<u>16,150</u>	<u>5,385</u>
Intergovernmental-Local:				
Special county tax	10.00	10.00	5,000	4,990
Total Intergovernmental-Local	<u>10.00</u>	<u>10.00</u>	<u>5,000</u>	<u>4,990</u>
Intergovernmental-State:				
Alcohol beverage tax	2,702.54	2,702.54	3,109	406
State grants	-	-	11,704	11,704
Total Intergovernmental-State	<u>2,702.54</u>	<u>2,702.54</u>	<u>14,812</u>	<u>12,110</u>
Intergovernmental-Federal:				
Federal grants	-	-	1,645	1,645
Total Intergovernmental-State	<u>-</u>	<u>-</u>	<u>1,645</u>	<u>1,645</u>
Miscellaneous Revenue:				
Interest	118.81	118.81	132	13
Rentals	1,350.00	1,350.00	1,600	250
Sale of property	-	-	-	-
Insurance reimbursements	-	-	648	648
Private Grants	-	-	-	-
Donations	-	-	17,711	17,711
Miscellaneous	-	-	-	-
Total Miscellaneous Revenue	<u>1,468.81</u>	<u>1,468.81</u>	<u>20,091</u>	<u>18,623</u>
Non-Revenue Receipts:				
Transfers from other funds	<u>2,996.33</u>	<u>2,996.33</u>	<u>13,362</u>	<u>10,365</u>
Amounts available for appropriation	<u>49,278.08</u>	<u>49,278.08</u>	<u>102,395</u>	<u>53,117</u>
Charges to Appropriations:				
Personal Services	1,000.00	1,000.00	-	1,000
Maintenance & Operations	25,000.00	25,000.00	33,561	(8,561)
Capital Outlay	23,278.08	23,278.08	27,652	(4,374)
Debt Service	-	-	-	-
Total Other	<u>49,278.08</u>	<u>49,278.08</u>	<u>61,213</u>	<u>(11,935)</u>
Other Financing Uses:				
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Charges to Appropriations	<u>49,278.08</u>	<u>49,278.08</u>	<u>61,213</u>	<u>(11,935)</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,183</u>	<u>\$ 41,183</u>

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
STREET & ALLEY FUND
For the Fiscal year ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 53,236	\$ 53,236	\$ 53,236	\$ -
Revenues	-	-	8,163	8,163
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	53,236	53,236	61,399	8,163
Charges to Appropriations:				
Personal Services	5,000	5,000	-	5,000
Maintenance & Operations	28,236	28,236	-	28,236
Capital Outlay	15,000	15,000	-	15,000
Debt Service	-	-	-	-
Total Other	48,236	48,236	-	48,236
Other Financing Uses:				
Transfers to other funds	5,000	5,000	-	5,000
Total Charges to Appropriations	53,236	53,236	-	53,236
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 61,399	\$ 61,399

TOWN OF EMPIRE CITY
Empire City, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
FUNDRAISER FUND

For the Fiscal year ended June 30, 2011
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 13,367	\$ 13,367	\$ 13,367	\$ -
Revenues	-	-	-	-
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	13,367	13,367	13,367	-
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	5,367	5,367	-	5,367
Capital Outlay	5,000	5,000	-	5,000
Debt Service	-	-	-	-
Total Other	10,367	10,367	-	10,367
Other Financing Uses:				
Transfers to other funds	3,000	3,000	13,362	(10,362)
Total Charges to Appropriations	13,367	13,367	13,362	5
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 5	\$ 5

TOWN OF EMPIRE CITY
 Empire City, Oklahoma

SUMMARY OF GRANT ACTIVITY-MODIFIED CASH BASIS
 For the Fiscal year ended June 30, 2011
 (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 - 2011	\$ 4,398	\$ -	\$ -	\$ -	\$ 4,398	\$ 4,398	\$ -
Fire Protection 80/20 Grant - 09	20,000	20,000	19,262	738	-	-	738
ASCOG - REAP-Empire-08	48,758	48,758	44,324	4,434	-	2,400	2,034
REAP-Empire-102264	45,000	-	-	-	7,306	16,300	(8,995)
FEMA - CFDA 97.046	1,645	-	1,645	(1,645)	1,645	-	-
Town Total	<u>\$ 119,800</u>	<u>\$ 68,758</u>	<u>\$ 65,231</u>	<u>\$ 3,527</u>	<u>\$ 13,349</u>	<u>\$ 23,098</u>	<u>\$ (6,222)</u>