

## REPORT SUMMARY: Audit Update 3-18-25

We had a phone meeting with our auditor, and he informed us he cannot start working on our documents until June, so we are in a holding pattern. We are currently in Phase 2; we did get our questions answered and those items are in process. [I have informed the State Auditor's Office, DOLA, and Clear Creek County that we are working with our Auditor and will inform them as soon as we have completed Financial Statements.](#)

## REPORT DETAIL: Audit Process

- Phase 1: The initial step is submitting all the documents that we have available so the Auditor can start looking at our documents. The letter identifies 39 items for the Audit fieldwork.

19\_\_\_ Items submitted to Auditor

3\_\_\_ Items not applicable to Empire

5\_\_\_ Questions from us (for Phase 2)

12\_\_\_ Items pending the request from the Auditor (for Phase 3)

The letter from the Auditor is available upon request.

- Phase 2: Scheduling a phone meeting or a series of emails to ask questions on reports and answer any questions that the Auditor has; possibly redoing reports at the Auditor's request. We also ask questions on journal entries\*. This is a very interactive process, as we work on all the questions.

Feb 6 - Phone meeting

5\_\_\_ Questions from us (received direction, in process)

5\_\_\_ Questions from Auditor (requested that we redo a report, in process)

2\_\_\_ Questions on Journal Entries (received direction, in process)

We had a phone meeting with our auditor, and he informed us he cannot start working on our documents until June, so we are in a holding pattern. We did get preliminary answers to our questions, so those are in process. Because of the length of time between conversations, we will request a second phone meeting as soon as the Auditor is available to confirm that all questions have been answered so we can immediately move to the next phase.

- Phase 3: The Auditor will request physical documents chosen at random to pick up and schedule an in-person meeting. If there are any lingering questions, they should be dealt with at the in-person meeting if possible. There may still be a few requests for documents after this meeting, and those documents will be scanned and sent to the Auditor.

\_\_\_ *Items pending the request from the Auditor*

- The auditor now will work on all the documents he has gathered and put his findings into "Financial Statements" for the Town.
- The Auditor will present the Financial Statements to the Board of Trustees at a regular meeting.
- After the Financial Statements have been finalized, there will be additional journal entries\*.

\*For the Financial Statements, we use journal entries to show earnings owed even if they haven't been received yet, and expenses owed even if they haven't been paid yet for that calendar year. That is using modified accrual-based accounting. However, after the Financial Statements, those journals are reversed, and we revert to cash-based accounting for daily processing. Those journals need to match our Financial Statements exactly, which is why they are done in consultation with our Auditor.