

TOWN OF VERDEN
June 30, 2016

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

To the Specified Users of the Report:

Town Council, Town of Verden
Verden, Oklahoma

Trustees of the Verden Public Works Authority
Verden, Oklahoma

Trustees of the Verden Economic Development Authority
Verden, Oklahoma

Oklahoma Office of State Auditor and Inspector
Oklahoma City, Oklahoma

Grady County Clerk
Chickasha, Oklahoma

Rural Development
Hobart, 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 Verden and related Public Trusts as of and for the year ended June 30, 2016, the Budgetary Comparison Schedule-Modified Cash Basis-General Fund, Budgetary Comparison Schedule-Modified Cash Basis-Street & Alley Fund, Budgetary Comparison Schedule-Modified Cash Basis-Capital Improvement Fund, Statement of Revenues, Expenses and Changes in Fund Balances-Modified Cash Basis-Verden Public Works Authority and Verden Economic Development Authority, 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 and Public Trusts 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 Verden, Verden Public Works Authority and Verden Economic Development Authority is responsible for the Town's and Authority'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 Verden** 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 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: No exceptions were found as a result of applying the procedure.

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 **Verden Public Works Authority and Verden Economic Development Authority**, as of and for the fiscal year ended June 30, 2016:

1. **Procedures Performed:** From the Authority's trial balances, we compiled a schedule of revenues, expenditures and changes in fund balances for each fund (see accompanying Exhibit 3) and compared the schedule results to the applicable trust prohibitions for creating fund balance deficits to report any noted instance of noncompliance.

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

2. **Procedures Performed:** We agreed the Authority'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.

3. **Procedures Performed:** We compared the Authority'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.

4. **Procedures Performed:** We compared the Authority's 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.

5. **Procedures Performed:** We compared the accounting for the Authority'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.

6. **Procedures Performed:** We compared the Authority'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 Verden, Verden Public Works Authority and Verden Economic Development Authority** grant programs, as of and for the fiscal year ended June 30, 2016:

1. **Procedures Performed:** From the Town and Authority'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 4, 2016

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2016
(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>
TOWN:				
General Fund	\$ 52,366	\$ 267,237	\$ 221,696	\$ 97,907
Street & Alley Fund	27,796	4,916	6,848	25,865
Cemetery Maintenance Fund	3,124	1,700	3,500	1,324
Cemetery Care Fund	10,117	25	-	10,142
Drug Law Enforcement Fund	4,679	9	-	4,688
Police Special Fund	13,602	19,718	20,529	12,791
Capital Improvement Fund	16,845	21,240	9,986	28,100
Court Technology Fund	7	2,050	-	2,057
Town Subtotal	<u>128,536</u>	<u>316,896</u>	<u>262,558</u>	<u>182,874</u>
PUBLIC TRUSTS:				
Verden Public Works Authority	56,713	362,357	317,800	101,270 ***
Verden Economic Dev Authority	259	-	-	259
Public Trusts Subtotal	<u>56,972</u>	<u>362,357</u>	<u>317,800</u>	<u>101,529</u>
Overall Totals	<u>\$ 185,507</u>	<u>\$ 679,253</u>	<u>\$ 580,358</u>	<u>\$ 284,402</u>

***Grants account, beginning fund balance, was restated for a prior period adjustment.

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, 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:	\$ 52,366	\$ 52,366	\$ 52,366	\$ -
Charges for Services:				
Permit fees	401	401	678	278
Total Charges for Services	<u>401</u>	<u>401</u>	<u>678</u>	<u>278</u>
Intergovernmental-Local:				
Franchise tax	10,997	10,997	10,910	(87)
Police Fines	97,677	97,677	94,500	(3,177)
Total Intergovernmental-Local	<u>108,674</u>	<u>108,674</u>	<u>105,410</u>	<u>(3,264)</u>
Intergovernmental-State:				
Sales tax	69,281	69,281	70,485	1,204
Alcohol beverage tax	3,239	3,239	3,549	309
Use tax	5,031	5,031	7,109	2,078
Cigarette tax	830	830	861	31
State grants	4,036	4,036	50,950	46,914
Total Intergovernmental-State	<u>82,418</u>	<u>82,418</u>	<u>132,954</u>	<u>50,537</u>
Miscellaneous Revenue:				
Interest	302	302	323	21
Rental	387	387	450	63
Sale of Property	-	-	2,105	2,105
Royalty	552	552	1,844	1,292
Insurance Reimbursement	-	-	5,840	5,840
Donations	-	-	1,400	1,400
Miscellaneous	-	-	6,248	6,248
Total Miscellaneous Revenue	<u>1,241</u>	<u>1,241</u>	<u>18,210</u>	<u>16,969</u>
Non-Revenue Receipts:				
Transfers from other funds	26,087	26,087	9,986	(16,101)
Amounts available for appropriation	<u>271,186</u>	<u>271,186</u>	<u>319,603</u>	<u>48,417</u>
Charges to Appropriations:				
Personal Services	190,000	190,000	161,471	28,529
Maintenance & Operations	66,186	66,186	52,912	13,274
Capital Outlay	15,000	15,000	9,986	5,014
Debt Service	-	-	-	-
Total Other	<u>271,186</u>	<u>271,186</u>	<u>224,368</u>	<u>46,818</u>
Other Financing Uses:				
Transfers to other funds	-	-	500	(500)
Total Charges to Appropriations	<u>271,186</u>	<u>271,186</u>	<u>224,868</u>	<u>46,318</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,735</u>	<u>\$ 94,735</u>
Current Year Encumbrances			<u>3,172</u>	
Ending Fund Balance			<u>\$ 97,907</u>	

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, 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:	\$ 27,796	\$ 27,796	\$ 27,796	\$ -
Revenues	-	-	4,916	4,916
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	27,796	27,796	32,713	4,916
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	17,796	17,796	7,339	10,458
Capital Outlay	10,000	10,000	-	10,000
Debt Service	-	-	-	-
Total Other	-	-	-	-
	27,796	27,796	7,339	20,458
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	27,796	27,796	7,339	20,458
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 25,374	\$ 25,374
Current Year Encumbrances			491	
Ending Fund Balance			\$ 25,865	

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CAPITAL IMPROVEMENT FUND
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 16,845	\$ 16,845	\$ 16,845	\$ -
Revenues	-	-	-	-
Non-Revenue Receipts:				
Transfers from other funds	-	-	21,240	21,240
Amounts available for appropriation	<u>16,845</u>	<u>16,845</u>	<u>38,085</u>	<u>21,240</u>
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Unallocated Fund Balance	-	-	-	-
Total Other	-	-	-	-
Other Financing Uses:				
Transfers to other funds	<u>16,845</u>	<u>16,845</u>	<u>9,986</u>	<u>6,860</u>
Total Charges to Appropriations	<u>16,845</u>	<u>16,845</u>	<u>9,986</u>	<u>6,860</u>
Ending Budgetary Fund Balance	\$ -	\$ -	\$ <u>28,100</u>	\$ <u>28,100</u>
Current Year Encumbrances			-	
Ending Fund Balance			\$ <u>28,100</u>	

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
VERDEN PUBLIC WORKS AUTHORITY
VERDEN ECONOMIC DEVELOPMENT AUTHORITY
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	<u>Verden Public Works Authority</u>	<u>Verden Economic Dev Authority</u>
Operating Revenues:		
Charges for services:		
Water	\$ 94,617	\$ -
Sewer	44,822	-
Solid waste	67,460	-
Late charges	10,789	-
Miscellaneous	6,702	-
Total Operating Revenue	<u>224,389</u>	<u>-</u>
Operating Expenses:		
Water maintenance	60,889	-
Sewer maintenance	3,122	-
Solid waste maintenance	51,029	-
Personal services	65,601	-
Total Operating Expenses	<u>180,641</u>	<u>-</u>
Operating Income (Loss)	<u>43,748</u>	<u>-</u>
Non-Operating Revenues (Expenses):		
Investment income	237	-
Grants	134,100	-
Debt Service	(13,680)	-
Loan Proceeds	-	-
Insurance Proceeds	675	-
Capital outlay	(99,284)	-
Total Non-Operating Revenues (Expenses)	<u>22,049</u>	<u>-</u>
Net Income (Loss) Before Contributions and Transfers	<u>65,797</u>	<u>-</u>
Capital contributions	-	-
Transfers in	-	-
Transfers out	<u>(21,240)</u>	<u>-</u>
Changes in Fund Balance	44,557	-
Fund Balance - beginning	<u>56,712</u>	<u>259</u>
Fund Balance - ending	<u>\$ 101,269</u>	<u>(1) \$ 259</u>

(1) Ending fund balance includes the Rural Development Reserve account balances of \$15,411.

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, 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 Operational Grant	4,290	-	-	-	4,290	4,290	-
Association of South Central Oklahoma Governments - REAP 14-2271	46,660	-	46,660	(46,660)	46,660	-	-
Town Subtotal	<u>50,950</u>	<u>-</u>	<u>46,660</u>	<u>(46,660)</u>	<u>50,950</u>	<u>4,290</u>	<u>-</u>
PUBLIC WORKS AUTHORITY:							
Department of Agriculture - Rural Development-Fire Grant	33,700	20,800	20,800	-	8,900	8,900	-
Oklahoma Department of Commerce - 16220 CDBG 14	187,815	131,828	131,828	-	25,201	25,261	(60)
Oklahoma Water Resources Board - REAP FAP-14-0049-R	99,999	-	-	-	99,999	73,583	26,417
PWA Subtotal	<u>33,700</u>	<u>20,800</u>	<u>20,800</u>	<u>-</u>	<u>8,900</u>	<u>8,900</u>	<u>-</u>
Overall Totals	<u>\$ 84,650</u>	<u>\$ 20,800</u>	<u>\$ 67,460</u>	<u>\$ (46,660)</u>	<u>\$ 59,850</u>	<u>\$ 13,190</u>	<u>\$ -</u>