

*(Signature)*

Agreed Upon Procedures

# Town of Verden

Grady County, Oklahoma

For Year Ending June 30, 2011

**FILED**

OCT 14 2011

State Auditor & Inspector



**TOWN OF VERDEN**  
June 30, 2011

TABLE OF CONTENTS

	<b>Page</b>
Independent Accountant's Report	1-4
Summary of Changes in Fund Balance -Modified Cash Basis	5
Budgetary Comparison Schedule-Modified Cash Basis -General Fund	6
Budgetary Comparison Schedule-Modified Cash Basis -Street & Alley Fund	7
Budgetary Comparison Schedule-Modified Cash Basis -Cemetery Maintenance Fund	8
Statement of Revenues, Expenses and Changes in Fund Balance -Modified Cash Basis-Verden Public Works Authority and Verden Economic Development Authority	9
Schedule of Grant Activity-Modified Cash Basis	10

CERTIFIED PUBLIC ACCOUNTANTS

**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 Economic Development Authority  
Verden, Oklahoma

Trustees of the Verden Public Works 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

We have compiled the accompanying Summary of Changes in Fund Balances-Modified Cash Basis of the Town of Verden and Public Trusts, Verden, 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 Cemetery Maintenance Fund-Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Balance of Verden Public Works Authority and Verden Economic Development Authority-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, Public Works Authority and Economic Development Authority 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 Verden 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 Verden** 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 appropriations in the General Fund in certain instances at the legal level of control for the year ended June 30, 2011. In the General Fund, the transfers' budget was overspent by \$50,323. 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:** The Town and Public Works Authority lacked sufficient collateral at the end of the year to cover all cash and investments held in the Bank of Verden. The Town appears to be under collateralized by \$74,365.

**Recommendation:** The Town should periodically review the sum of all accounts and investments held in each bank they use to ensure they have not exceeded the FDIC coverage of \$250,000 per official custodian. If so, additional collateral must be obtained from the bank to cover the excess.

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 **Verden Public Works Authority and Economic Development Authority**, as of and for the fiscal year ended June 30, 2011:

1. **Procedures Performed:** From the Authority's trial balances, we prepared a schedule of revenues, expenditures/expenses and changes in fund balances/net assets 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:** See the finding for the Town, procedure number 4.

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.

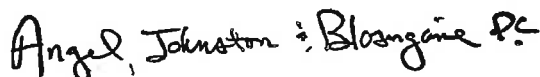
As to the **Town of Verden and Public Trusts' Grant Programs**, as of and for the fiscal year ended June 30, 2011:

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.  
September 27, 2011

**TOWN OF VERDEN AND PUBLIC TRUSTS**  
Verden, Oklahoma

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

	<u>Beginning of Year Fund Balances</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>End of Year Fund Balance</u>
<b>TOWN:</b>				
General Fund	\$ 127,188	\$ 220,030	\$ 238,628	\$ 108,590
Street & Alley Fund	36,538	6,337	6,178	36,697
Cemetery Maintenance Fund	25,980	1,177	-	27,157
Cemetery Care Fund	9,332	142	-	9,474
Drug Law Enforcement Fund	2,062	3,031	-	5,093
Police Special Fund	8,280	11,989	7,690	12,579
Grants Fund	100	-	-	100
<b>Town Subtotal</b>	<u>209,478</u>	<u>242,707</u>	<u>252,495</u>	<u>199,690</u>
<b>PUBLIC TRUSTS:</b>				
Verden PWA - Operating Fund	42,015	374,959	372,884	44,090
Verden PWA - Meter Fund	8,454	161	-	8,615
Verden PWA - Sewer Reserve Fund	26,891	252	-	27,143
Verden PWA - Standpipe Reserve Fund	12,062	113	-	12,175
Verden Economic Dev Authority	259	-	-	259
<b>Public Trusts Subtotal</b>	<u>89,680</u>	<u>375,485</u>	<u>372,884</u>	<u>92,281</u>
<b>Overall Totals</b>	<u>\$ 299,158</u>	<u>\$ 618,192</u>	<u>\$ 625,379</u>	<u>\$ 291,971</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, 2011  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 36,528	\$ 36,528	\$ 36,538	\$ 10
<b>Revenues</b>	-	-	6,337	6,337
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-		-
<b>Amounts available for appropriation</b>	36,528	36,528	42,875	6,347
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	15,000	15,000	6,178	8,822
Capital Outlay	20,028	20,028	-	20,028
Debt Service	-	-	-	-
Total Other	35,028	35,028	6,178	28,850
<b>Other Financing Uses:</b>				
Transfers to other funds	1,500	1,500	-	1,500
<b>Total Charges to Appropriations</b>	36,528	36,528	6,178	30,350
<b>Ending Budgetary Fund Balance</b>	\$ -	\$ -	\$ 36,697	\$ 36,697



TOWN OF VERDEN AND PUBLIC TRUSTS  
Verden, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS  
CEMETERY MAINTENANCE FUND  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Beginning Budgetary Fund Balance:</b>	\$ 25,980	\$ 25,980	\$ 25,980	\$ -
<b>Revenues</b>	-	-	1,177	1,177
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>25,980</u>	<u>25,980</u>	<u>27,157</u>	<u>1,177</u>
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	25,980	25,980	-	25,980
Capital Outlay	-	-	-	-
Debt Service	-	-	-	-
Total Other	<u>25,980</u>	<u>25,980</u>	<u>-</u>	<u>25,980</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>25,980</u>	<u>25,980</u>	<u>-</u>	<u>25,980</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,157</u>	<u>\$ 27,157</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, 2011  
(Unaudited)

	<u>Verden Public Works Authority</u>	<u>Verden Economic Dev Authority</u>
<b>Operating Revenues:</b>		
Charges for services:		
Water	\$ 104,351	\$ -
Sewer	27,298	-
Solid waste	61,301	-
Late charges	12,098	-
Solid waste fee	768	-
Miscellaneous	745	-
Total Operating Revenue	<u>206,560</u>	<u>-</u>
<b>Operating Expenses:</b>		
Water maintenance	58,011	-
Sewer maintenance	3,907	-
Solid waste maintenance	50,894	-
Personal services	84,020	-
Total Operating Expenses	<u>196,833</u>	<u>-</u>
<b>Operating Income (Loss)</b>	<u>9,728</u>	<u>-</u>
<b>Non-Operating Revenues (Expenses):</b>		
Investment income	1,605	-
Grants	115,094	-
Debt service	(16,695)	-
Capital outlay	(159,357)	-
Total Non-Operating Revenues (Expenses)	<u>(59,352)</u>	<u>-</u>
<b>Net Income (Loss) Before Contributions and Transfers</b>	<u>(49,625)</u>	<u>-</u>
Capital contributions		-
Transfers in	52,225	-
Transfers out		-
<b>Changes in Fund Balance</b>	2,601	-
<b>Fund Balance - beginning</b>	<u>89,421</u>	<u>259</u>
<b>Fund Balance - ending</b>	<u>\$ 92,022 (1)</u>	<u>\$ 259</u>

(1) Ending fund balance includes the Rural Development Reserve balance of \$27,142.97.

**TOWN OF VERDEN AND PUBLIC TRUSTS**  
Verden, Oklahoma

**SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS**  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)

	Award Amount	Prior Year(s) Receipts	Prior Year(s) Disbursements	Beginning of Year Unexpended Grant Funds	Current Year Receipts	Current Year Disbursements	End of Year Unexpended Grant Funds
<b>TOWN:</b>							
Department of Agriculture - Fire Operational Grant-2011	4,398	-	-	-	4,398	4,398	-
FEMA - CDFA 97.036 PA-1883 Federal Portion	6,298	3,709	6,298	(2,589)	2,589	-	-
PA-1883 State Portion	1,269	-	1,269	(1,269)	-	-	(1,269)
Wal-Mart Grant	500	-	-	-	500	500	-
<b>Town Subtotal</b>	<b>12,465</b>	<b>3,709</b>	<b>7,567</b>	<b>(3,858)</b>	<b>7,487</b>	<b>4,898</b>	<b>(1,269)</b>
<b>PUBLIC WORKS AUTHORITY:</b>							
Association of South Central OK - REAP-Verden-07	45,000	39,527	39,527	-	5,473	5,473	-
REAP-Verden-102281	20,000	8,186	8,186	-	6,617	6,617	-
OK Department of Commerce - 13267 CDBG 08	250,000	85,862	85,862	-	141,319	141,319	-
<b>PWA Subtotal</b>	<b>315,000</b>	<b>133,576</b>	<b>133,576</b>	<b>-</b>	<b>153,409</b>	<b>153,409</b>	<b>-</b>
<b>Overall Totals</b>	<b>\$ 327,465</b>	<b>\$ 137,285</b>	<b>\$ 141,142</b>	<b>\$ (3,858)</b>	<b>\$ 160,896</b>	<b>\$ 158,307</b>	<b>\$ (1,269)</b>