

**TOWN OF VERDEN**  
June 30, 2013

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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 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

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, 2013 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, 2013. 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 cash 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 the requirements of Oklahoma Statutes 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 in accordance with the modified cash basis of accounting. If the omitted

disclosures were included in the financial statements, they might influence the user's conclusions about the Town's change in assets, liabilities, equity, revenues, and expenses. 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, 2013. 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. 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, 2013:

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.

**Condition:** Expenditures exceeded total appropriations in two funds for the year ended June 30, 2013 by the following:

- ✚ In the Police Special Fund, the capital outlay budget was overspent by \$587. The total budget was not overspent.
- ✚ In the Capital Improvement Fund, the transfers budget was overspent by \$12,486. The total budget was overspent the same.

**Cause:** On the Police Special Fund, the Town failed to notice this fund was overspent and submit a budget supplement to correct the error. On the Capital Improvement Fund, which was a new fund, the Town failed to create a budget for this fund during the year.

**Criteria:** The Town is not allowed to spend more than its appropriations. Amendments to their appropriations should be approved when the Town knows it will be close or over its current budget amounts. The board may approve transfers between categories in each fund and supplements may be filed with the county for new revenue which will cause expenditures to exceed current appropriations.

**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 be approved by the County Excise Board.

**Management's Corrective Action Plan:** The Town will take care to better monitor the coding of its expenses so that no budget categories are overspent and when creating new funds they approve a budget for the fund and file it with 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 **Verden Public Works Authority and Economic Development Authority**, as of and for the fiscal year ended June 30, 2013:

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:** 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 and Public Trusts' Grant Programs**, as of and for the fiscal year ended June 30, 2013:

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 + Blasingame, P.C.*

Angel, Johnston and Blasingame, P.C.  
November 19, 2013

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

**SUMMARY OF CHANGES IN FUND BALANCES-MODIFIED CASH BASIS**  
For the Fiscal Year Ended June 30, 2013  
(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	\$ 78,146	\$ 275,241	\$ 273,927	\$ 79,460
Street & Alley Fund	37,296	5,060	9,433	32,923
Cemetery Maintenance Fund	26,060	1,792	2,500	25,352
Cemetery Care Fund	9,645	222	-	9,867
Drug Law Enforcement Fund	5,119	15	475	4,659
Police Special Fund	13,529	13,707	11,079	16,157
Grants Fund	100	-	-	100
Capital Improvement Fund	8,282	21,240	12,486	17,036
<b>Town Subtotal</b>	<u>178,177</u>	<u>317,277</u>	<u>309,900</u>	<u>185,555</u>
<b>PUBLIC TRUSTS:</b>				
Verden PWA - Operating Fund	57,377	251,147	247,502	61,022
Verden PWA - Meter Fund	5,642	70	-	5,713
Verden PWA - Sewer Reserve Fund	27,283	97	15,000	12,380
Verden PWA - Standpipe Reserve Fund	12,237	43	-	12,281
Verden Economic Dev Authority	259	-	-	259
<b>Public Trusts Subtotal</b>	<u>102,799</u>	<u>251,358</u>	<u>262,502</u>	<u>91,655</u>
<b>Overall Totals</b>	<u>\$ 280,976</u>	<u>\$ 568,635</u>	<u>\$ 572,402</u>	<u>\$ 277,210</u>

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

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**GENERAL FUND**  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 78,146	\$ 78,146	\$ 78,146	\$ -
<b>Charges for Services:</b>				
Permit fees	315	750	253	(498)
<b>Total Charges for Services</b>	<u>315</u>	<u>750</u>	<u>253</u>	<u>(498)</u>
<b>Intergovernmental-Local:</b>				
Franchise tax	10,991	10,991	11,143	152
Police Fines	89,100	90,554	92,021	1,468
<b>Total Intergovernmental-Local</b>	<u>100,091</u>	<u>101,544</u>	<u>103,164</u>	<u>1,620</u>
<b>Intergovernmental-State:</b>				
Sales tax	66,967	76,667	76,862	196
Use tax	4,803	8,303	8,338	34
Alcohol beverage tax	3,822	3,822	3,417	(405)
Cigarette tax	928	1,028	1,057	28
State grants	3,971	4,346	4,484	139
<b>Total Intergovernmental-State</b>	<u>80,492</u>	<u>94,166</u>	<u>94,159</u>	<u>(7)</u>
<b>Intergovernmental - Federal:</b>				
Federal Grants	-	-	-	-
<b>Total Intergovernmental-Federal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Miscellaneous Revenue:</b>				
Interest	884	884	802	(82)
Rental	495	495	750	255
Sale of Property	-	2,000	2,000	-
Royalty	604	604	787	183
Insurance Reimbursement	3,000	17,000	14,733	(2,267)
Fire Runs	2,183	15,183	13,775	(1,407)
Donations	-	-	600	600
Miscellaneous	3,200	6,717	10,232	3,515
<b>Total Miscellaneous Revenue</b>	<u>10,366</u>	<u>42,883</u>	<u>43,680</u>	<u>797</u>
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	8,866	23,486	33,986	10,500
<b>Amounts available for appropriation</b>	<u>278,274</u>	<u>340,974</u>	<u>353,387</u>	<u>12,413</u>
<b>Charges to Appropriations:</b>				
Personal Services	170,000	202,700	173,965	28,734
Maintenance & Operations	93,274	113,274	89,976	23,298
Capital Outlay	15,000	25,000	9,986	15,014
Debt Service	-	-	-	-
<b>Total Other</b>	<u>278,274</u>	<u>340,974</u>	<u>273,927</u>	<u>67,047</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>278,274</u>	<u>340,974</u>	<u>273,927</u>	<u>67,047</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,460</u>	<u>\$ 79,460</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, 2013  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 37,296	\$ 37,296	\$ 37,296	\$ -
<b>Revenues</b>	-	-	5,060	5,060
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>37,296</u>	<u>37,296</u>	<u>42,356</u>	<u>5,060</u>
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	20,000	20,000	9,433	10,567
Capital Outlay	17,296	17,296	-	17,296
Debt Service	-	-	-	-
Total Other	<u>37,296</u>	<u>37,296</u>	<u>9,433</u>	<u>27,863</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>37,296</u>	<u>37,296</u>	<u>9,433</u>	<u>27,863</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,923</u>	<u>\$ 32,923</u>

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

**BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS**  
**CEMETERY MAINTENANCE FUND**  
For the Fiscal Year Ended June 30, 2013  
(Unaudited)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Beginning Budgetary Fund Balance:</b>	\$ 26,060	\$ 26,060	\$ 26,060	\$ -
<b>Revenues</b>	-	-	1,792	1,792
<b>Non-Revenue Receipts:</b>				
Transfers from other funds	-	-	-	-
<b>Amounts available for appropriation</b>	<u>26,060</u>	<u>26,060</u>	<u>27,852</u>	<u>1,792</u>
<b>Charges to Appropriations:</b>				
Personal Services	-	-	-	-
Maintenance & Operations	10,000	10,000	2,500	7,500
Capital Outlay	16,060	16,060	-	16,060
Debt Service	-	-	-	-
Total Other	<u>26,060</u>	<u>26,060</u>	<u>2,500</u>	<u>23,560</u>
<b>Other Financing Uses:</b>				
Transfers to other funds	-	-	-	-
<b>Total Charges to Appropriations</b>	<u>26,060</u>	<u>26,060</u>	<u>2,500</u>	<u>23,560</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,352</u>	<u>\$ 25,352</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, 2013  
(Unaudited)

	<b>Verden Public Works Authority</b>	<b>Verden Economic Dev Authority</b>
<b>Operating Revenues:</b>		
Charges for services:		
Water	\$ 100,345	\$ -
Sewer	50,219	-
Solid waste	62,677	-
Late charges	12,351	-
Miscellaneous	7,662	-
Total Operating Revenue	233,254	-
<b>Operating Expenses:</b>		
Water maintenance	57,384	-
Sewer maintenance	1,420	-
Solid waste maintenance	43,401	-
Personal services	76,987	-
Total Operating Expenses	179,192	-
<b>Operating Income (Loss)</b>	54,062	-
<b>Non-Operating Revenues (Expenses):</b>		
Investment income	604	-
Grants	-	-
Debt service	(13,180)	-
Capital outlay	(9,890)	-
Total Non-Operating Revenues (Expenses)	(22,466)	-
<b>Net Income (Loss) Before Contributions and Transfers</b>	31,596	-
Capital contributions	-	-
Transfers in	17,500	-
Transfers out	(60,240)	-
<b>Changes in Fund Balance</b>	(11,144)	-
<b>Fund Balance - beginning</b>	102,540	259
<b>Fund Balance - ending</b>	\$ 91,396 (1)	\$ 259

(1) Ending fund balance includes the Rural Development Reserve balances of \$24,661.

TOWN OF VERDEN AND PUBLIC TRUSTS  
Verden, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS  
For the Fiscal Year Ended June 30, 2013  
(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 Operational Grant	4,484	-	-	-	4,484	4,484	-
Department of Public Safety Police Grant	4,000	-	3,803	(3,803)	3,803	-	-
FEMA CFDA 97.036 PA-1883	7,567	6,259	7,567	(1,308)	837	-	(471)
<b>Town Subtotal</b>	<u>16,052</u>	<u>6,259</u>	<u>11,370</u>	<u>(5,111)</u>	<u>9,124</u>	<u>4,484</u>	<u>(471)</u>
<b>PUBLIC WORKS AUTHORITY:</b>							
No Activity in Current Year							
<b>PWA Subtotal</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Overall Totals</b>	<u>\$ 16,052</u>	<u>\$ 6,259</u>	<u>\$ 11,370</u>	<u>\$ (5,111)</u>	<u>\$ 9,124</u>	<u>\$ 4,484</u>	<u>\$ (471)</u>