

TOWN OF VERDEN
June 30, 2012

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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

Association of South Central Oklahoma Governments
Duncan, Oklahoma

Oklahoma Department of Commerce
Oklahoma City, Oklahoma

We have compiled the accompanying Summary of Changes in Fund Balance-Modified Cash Basis of the Town of Verden and Public Trusts, Verden, Oklahoma as of June 30, 2012 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, 2012. 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 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 in accordance with 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, 2012. 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, 2012:

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: Appropriations were exceeded at the legal level of control for the year ended June 30, 2012 for the following funds:

- ✚ In the General Fund, the maintenance & operations budget was overspent by \$2,806 and the transfer's budget was overspent \$1,445. The total budget was not overspent.
- ✚ In the Police Special Fund, the maintenance & operations budget was overspent by \$2,932. 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 **Verden Public Works Authority and Economic Development Authority**, as of and for the fiscal year ended June 30, 2012:

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.

- 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.

- 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.

- 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.

- 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.

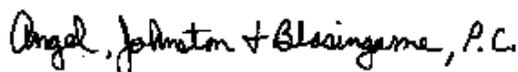
As to the **Town of Verden and Public Trusts' Grant Programs**, as of and for the fiscal year ended June 30, 2012:

- 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 26, 2012

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

SUMMARY OF CHANGES IN FUND BALANCE-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(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>
TOWN:				
General Fund	\$ 108,590	\$ 229,496	\$ 259,940	\$ 78,146
Street & Alley Fund	36,697	6,091	5,493	37,296
Cemetery Maintenance Fund	27,157	904	2,000	26,061
Cemetery Care Fund	9,474	171	-	9,645
Drug Law Enforcement Fund	5,093	26	-	5,119
Police Special Fund	12,579	11,881	10,932	13,529
Grants Fund	100	-	-	100
Capital Improvement Fund	-	8,282	-	8,282
Town Subtotal	<u>199,690</u>	<u>256,852</u>	<u>278,365</u>	<u>178,178</u>
PUBLIC TRUSTS:				
Verden PWA - Operating Fund	44,090	253,846	240,559	57,377
Verden PWA - Meter Fund	*** 5,544	98	-	5,642
Verden PWA - Sewer Reserve Fund	27,143	140	-	27,283
Verden PWA - Standpipe Reserve Fund	12,175	63	-	12,238
Verden Economic Dev Authority	259	-	-	259
Public Trusts Subtotal	<u>89,211</u>	<u>254,148</u>	<u>240,559</u>	<u>102,800</u>
Overall Totals	<u>\$ 288,901</u>	<u>\$ 511,000</u>	<u>\$ 518,923</u>	<u>\$ 280,977</u>

***Includes an adjustment of the beginning Fund Balance.

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
GENERAL FUND
For the Fiscal Year Ended June 30, 2012
(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:	\$ 108,590	\$ 108,590	\$ 108,590	\$ -
Charges for Services:				
Permit fees	212	212	350	138
Total Charges for Services	<u>212</u>	<u>212</u>	<u>350</u>	<u>138</u>
Intergovernmental-Local:				
Franchise tax	10,407	10,407	12,212	1,804
Police Fines	63,423	63,423	99,000	35,577
Total Intergovernmental-Local	<u>73,830</u>	<u>73,830</u>	<u>111,212</u>	<u>37,381</u>
Intergovernmental-State:				
Sales tax	57,646	57,646	74,407	16,761
Use tax	3,166	3,166	5,337	2,172
Alcohol beverage tax	3,500	3,500	4,247	747
Cigarette tax	834	834	1,032	198
State grants	-	-	4,413	4,413
Total Intergovernmental-State	<u>65,145</u>	<u>65,145</u>	<u>89,435</u>	<u>24,290</u>
Intergovernmental - Federal:				
Federal Grants	-	-	-	-
Total Intergovernmental-Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Miscellaneous Revenue:				
Interest	1,328	1,328	983	(346)
Rental	653	653	550	(103)
Sale of Property	-	-	4,588	4,588
Royalty	795	795	671	(124)
Insurance Reimbursement	12,987	12,987	5,839	(7,148)
Fire Runs	-	-	2,425	2,425
Donations	-	-	1,086	1,086
Miscellaneous	-	-	5,914	5,914
Total Miscellaneous Revenue	<u>15,763</u>	<u>15,763</u>	<u>22,055</u>	<u>6,292</u>
Non-Revenue Receipts:				
Transfers from other funds	-	-	6,445	6,445
Amounts available for appropriation	<u>263,540</u>	<u>263,540</u>	<u>338,086</u>	<u>74,546</u>
Charges to Appropriations:				
Personal Services	130,000	150,000	142,916	7,084
Maintenance & Operations	80,000	99,000	101,806	(2,806)
Capital Outlay	28,540	14,540	13,773	767
Debt Service	-	-	-	-
Total Other	<u>238,540</u>	<u>263,540</u>	<u>258,495</u>	<u>5,045</u>
Other Financing Uses:				
Transfers to other funds	25,000	-	1,445	(1,445)
Total Charges to Appropriations	<u>263,540</u>	<u>263,540</u>	<u>259,940</u>	<u>3,600</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,146</u>	<u>\$ 78,146</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, 2012
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 36,697	\$ 36,697	\$ 36,697	\$ -
Revenues	-	-	6,091	6,091
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	36,697	36,697	42,789	6,091
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	20,000	20,000	5,493	14,507
Capital Outlay	16,697	16,697	-	16,697
Debt Service	-	-	-	-
Total Other	36,697	36,697	5,493	31,205
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	36,697	36,697	5,493	31,205
Ending Budgetary Fund Balance	\$ -	\$ -	\$ 37,296	\$ 37,296

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

BUDGETARY COMPARISON SCHEDULE-MODIFIED CASH BASIS
CEMETERY MAINTENANCE FUND
For the Fiscal Year Ended June 30, 2012
(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:	\$ 27,157	\$ 27,157	\$ 27,157	\$ -
Revenues	-	-	903	903
Non-Revenue Receipts:				
Transfers from other funds	-	-	-	-
Amounts available for appropriation	<u>27,157</u>	<u>27,157</u>	<u>28,060</u>	<u>903</u>
Charges to Appropriations:				
Personal Services	-	-	-	-
Maintenance & Operations	20,000	20,000	2,000	18,000
Capital Outlay	7,157	7,157	-	7,157
Debt Service	-	-	-	-
Total Other	<u>27,157</u>	<u>27,157</u>	<u>2,000</u>	<u>25,157</u>
Other Financing Uses:				
Transfers to other funds	-	-	-	-
Total Charges to Appropriations	<u>27,157</u>	<u>27,157</u>	<u>2,000</u>	<u>25,157</u>
Ending Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,060</u>	<u>\$ 26,060</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, 2012
(Unaudited)

	Verden Public Works Authority	Verden Economic Dev Authority
Operating Revenues:		
Charges for services:		
Water	\$ 109,361	\$ -
Sewer	38,167	-
Solid waste	64,077	-
Late charges	13,487	-
Miscellaneous	-	-
Total Operating Revenue	225,092	-
Operating Expenses:		
Water maintenance	55,009	-
Sewer maintenance	2,205	-
Solid waste maintenance	46,599	-
Personal services	73,582	-
Total Operating Expenses	177,394	-
Operating Income (Loss)	47,698	-
Non-Operating Revenues (Expenses):		
Investment income	1,041	-
Grants	28,015	-
Debt service	(16,980)	-
Capital outlay	(32,902)	-
Total Non-Operating Revenues (Expenses)	(20,827)	-
Net Income (Loss) Before Contributions and Transfers	26,871	-
Capital contributions	-	-
Transfers in	-	-
Transfers out	(13,282)	-
Changes in Fund Balance	13,589	-
Fund Balance - beginning	88,951 (2)	259
Fund Balance - ending	\$ 102,540 (1) \$	259

(1) Ending fund balance includes the Rural Development Reserve balance of \$27,283.31

(2) Beginning Fund Balance includes an adjustment to the Meter Fund beginning balance.

TOWN OF VERDEN AND PUBLIC TRUSTS
Verden, Oklahoma

SCHEDULE OF GRANT ACTIVITY-MODIFIED CASH BASIS
For the Fiscal Year Ended June 30, 2012
(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	4,413	-	-	-	4,413	4,413	-
Department of Public Safety Police Grant	4,000	-	-	-	-	3,803	(3,803)
Town Subtotal	<u>8,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,413</u>	<u>8,215</u>	<u>(3,803)</u>
PUBLIC WORKS AUTHORITY:							
Association of South Central OK - REAP-Verden-102281	20,000	14,803	14,803	-	5,196	5,196	-
OK Department of Commerce - 13267 CDBG 08	250,000	227,181	227,181	-	22,819	22,819	-
PWA Subtotal	<u>270,000</u>	<u>241,984</u>	<u>241,984</u>	<u>-</u>	<u>28,015</u>	<u>28,015</u>	<u>-</u>
Overall Totals	<u>\$ 278,413</u>	<u>\$ 241,984</u>	<u>\$ 241,984</u>	<u>\$ -</u>	<u>\$ 32,428</u>	<u>\$ 36,230</u>	<u>\$ (3,803)</u>