

**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING  
AGREED-UPON PROCEDURES  
TOWN OF BURNS FLAT, OKLAHOMA &  
BURNS FLAT UTILITIES AUTHORITY  
JUNE 30, 2016**

**TOWN OF BURNS FLAT, OKLAHOMA &  
BURNS FLAT UTILITIES AUTHORITY**

**JUNE 30, 2016**

**TABLE OF CONTENTS**

**Town Officials**

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

**EXHIBITS**

Summary of Changes in Fund Balances - Cash Basis .....	Exhibit 1
Town of Burns Flat, Oklahoma	
Budgetary Comparison Schedule - Cash Basis.....	Exhibit 2
General Fund	
Street and Alley Fund	
Ambulance Fund	
Sports and Recreation Fund	
Burns Flat Utilities Authority	
Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis .....	Exhibit 3
Town of Burns Flat, Oklahoma	
Schedule of Grant Activity - Cash Basis .....	Exhibit 4
Burns Flat Utilities Authority	
Schedule of Debt Service Coverage - Cash Basis .....	Exhibit 5

**TOWN OF BURNS FLAT, OKLAHOMA &  
BURNS FLAT UTILITIES AUTHORITY**

**TOWN OFFICIALS**

**JUNE 30, 2016**

**Board of Trustees**

Mayor	Terry Field
Trustee	Rod McKone
Trustee	Duane Manuel
Trustee	Candace Bond
Trustee	Barry Hill



**BRITTON, KUYKENDALL, & MILLER**

CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL  
RICK D. MILLER

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Specified Users of the Report:

Town Board, Town of Burns Flat  
Burns Flat, Oklahoma

Trustees of the Burns Flat Utilities Authority  
Burns Flat, Oklahoma

Trustees of the Burns Flat Economic Development Authority  
Burns Flat, Oklahoma

Oklahoma Office of State Auditor and Inspector  
Oklahoma City, Oklahoma

United States Department of Agriculture  
Rural Development  
Hobart, Oklahoma

Oklahoma Department of Commerce  
Oklahoma City, Oklahoma

The accompanying Summary of Changes in Fund Balances - Cash Basis of Town of Burns Flat, Oklahoma and Burns Flat Utilities Authority as of June 30, 2016, the related Budgetary Comparison Schedules - Cash Basis of the Town of Burns Flat, Oklahoma, Statement of Revenues, Expenses and Changes in Fund Balance - Cash Basis of the Burns Flat Utilities Authority, Schedule of Grant Activity - Cash Basis of the Town of Burns Flat, Oklahoma and the Schedule of Debt Service Coverage - Cash Basis of the Burns Flat Utilities Authority for the year then ended were not subjected to an audit, review, or compilation or financial statement preparation engagement by us, and accordingly we do not express an opinion, a conclusion, or provide any assurance on them.

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 Burns Flat Utilities Authority in meeting their 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 Burns Flat 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 prescribed 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 Burns Flat, Oklahoma as of and for the fiscal year ended June 30, 2016:

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 instances noted.

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 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 instances noted.

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 instances noted.

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 instances noted.

5. Procedures Performed: We compared use of material-restricted revenues and resources to their restrictions to report any noted instances of noncompliance.

Findings: No instances noted.

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 instances noted.

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 instances noted.

As to the Burns Flat Utilities Authority as of and for the fiscal year ended June 30, 2016:

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 instances of noncompliance.

Findings: No instances noted.

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 instances noted.

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 instances noted.

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 instances noted.

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 instances noted.

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. (See accompanying Exhibit 5).

Findings: No instances noted.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. 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.

*Britton, Kuykendall & Miller*

BRITTON, KUYKENDALL, AND MILLER  
Certified Public Accountants

Weatherford, Oklahoma  
July 26, 2016

EXHIBIT 1  
TOWN OF BURNS FLAT AND UTILITY AUTHORITY  
SUMMARY OF CHANGES IN FUND BALANCES - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2016

	Restated Beginning of Year <u>Fund Balances</u>	Current Year <u>Revenues</u>	Current Year <u>Expenditures/Expenses</u>	End of Year <u>Fund Balances</u>
<b>TOWN:</b>				
General Fund	\$ 574,118	\$ 529,240	\$ 637,184	\$ 466,174
Street and Alley Fund	124,811	22,123	54,976	91,958
Ambulance Fund	75,355	72,688	74,346	73,697
Fire Department Fund	64,577	19,300	20,583	63,294
Sport and Recreation Fund	145,601	68,804	96,983	117,422
BFDC Dare Fund	1,209	-	1,209	-
Senior Citizens Fund	984	-	984	-
Police Department Reserve Fund	-	38,782	-	38,782
Economic Development Authority	70,334	1,702	15,388	56,648
<b>Town Subtotal</b>	<u>1,056,989</u>	<u>752,639</u>	<u>901,653</u>	<u>907,975</u>
<b>Enterprise Funds:</b>				
Burns Flat Utility Authority	1,074,191	1,040,213	1,290,226	824,178
<b>Enterprise Funds Subtotal</b>	<u>1,074,191</u>	<u>1,040,213</u>	<u>1,290,226</u>	<u>824,178</u>
<b>Overall Totals</b>	<u>\$ 2,131,180</u>	<u>\$ 1,792,852</u>	<u>\$ 2,191,879</u>	<u>\$ 1,732,153</u>

No assurance is provided.

EXHIBIT 2  
TOWN OF BURNS FLAT, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Beginning Budgetary Fund Balance, restated:</b>	\$552,727	\$574,118	\$574,118	\$ -
<b>Resources (Inflows):</b>				
<b>Taxes:</b>				
Sales tax	209,029	240,000	210,115	(29,885)
Use tax	-	35,000	13,930	(21,070)
ONG Franchise tax	2,800	2,800	1,955	(845)
PSO Franchise tax	23,000	23,000	22,188	(812)
Centerpoint-Arkla Franchise tax	8,465	12,500	7,781	(4,719)
<b>Total Taxes</b>	<b>243,294</b>	<b>313,300</b>	<b>255,969</b>	<b>(57,331)</b>
<b>Intergovernmental:</b>				
Alcoholic beverage tax	25,727	28,000	28,186	186
Cigarette tax	3,283	3,600	3,434	(166)
Grant revenue	-	5,000	4,290	(710)
<b>Total Intergovernmental</b>	<b>29,010</b>	<b>36,600</b>	<b>35,910</b>	<b>(690)</b>
<b>Charges for services:</b>				
Ambulance	-	57,000	69,995	12,995
Swimming pool admissions	-	4,000	6,665	2,665
Swimming pool concessions	-	3,000	3,419	419
Sports and recreation sign up fees	-	3,400	4,210	810
Sports and recreation concessions	-	500	681	181
ACO	-	2,500	2,405	(95)
Community center rent	-	1,500	913	(587)
<b>Total Charges for Services</b>	<b>-</b>	<b>71,900</b>	<b>88,288</b>	<b>16,388</b>
<b>Fines and Forfeitures</b>	<b>53,105</b>	<b>60,000</b>	<b>51,436</b>	<b>(8,564)</b>
<b>Licenses and Permits</b>	<b>-</b>	<b>500</b>	<b>486</b>	<b>(14)</b>
<b>Investment Income</b>	<b>-</b>	<b>2,600</b>	<b>3,369</b>	<b>769</b>
<b>Miscellaneous Income:</b>				
Police department reserve income	-	4,500	2,294	(2,206)
CLEET - court	-	100	-	(100)
Royalty income	-	100	25	(75)
Other	-	2,500	7,815	5,315
<b>Total Miscellaneous</b>	<b>-</b>	<b>7,200</b>	<b>10,134</b>	<b>2,934</b>
<b>Other Financing Sources:</b>				
Transfers from other funds	-	120,000	83,648	(36,352)
<b>Total Resources (Inflows)</b>	<b>325,409</b>	<b>612,100</b>	<b>529,240</b>	<b>(82,860)</b>
<b>Amounts available for appropriation</b>	<b>878,136</b>	<b>1,186,218</b>	<b>1,103,358</b>	<b>(82,860)</b>

(Continued)

EXHIBIT 2  
TOWN OF BURNS FLAT, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to Appropriations (Outflows):</b>				
Police department	\$323,600	\$323,600	\$323,688	(\$88)
Administration	87,070	87,070	89,951	(2,881)
General government	356,486	356,486	127,624	228,862
Municipal court	14,050	14,050	13,250	800
Ambulance	45,650	45,650	43,936	1,714
A.C.O.	10,950	10,950	7,863	3,087
Fire department	11,200	11,200	10,584	616
Swimming pool	20,900	20,900	13,129	7,771
Community center	8,230	8,230	6,452	1,778
Summer youth	-	-	707	(707)
<b>Total Charges to Appropriations</b>	<u>\$878,136</u>	<u>878,136</u>	<u>637,184</u>	<u>240,952</u>
<b>Ending Budgetary Fund Balance</b>	<u>\$ -</u>	<u>\$ 308,082</u>	<u>\$ 466,174</u>	<u>\$ 158,092</u>

EXHIBIT 2  
TOWN OF BURNS FLAT, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
STREET AND ALLEY FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	STREET AND ALLEY FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 95,070	\$ 95,070	\$ 124,811	\$ 29,741
Resources (Inflows):				
Vehicle tax	16,000	16,000	14,845	(1,155)
Gasoline tax	4,000	4,000	3,824	(176)
Street lights	4,000	4,000	3,331	(669)
Miscellaneous	500	500	-	(500)
Investment income	200	200	123	(77)
Amounts available for appropriation	<u>119,770</u>	<u>119,770</u>	<u>146,934</u>	<u>27,164</u>
Charges to appropriations (outflows):				
Streets	95,070	95,070	54,976	40,094
Total Streets	<u>95,070</u>	<u>95,070</u>	<u>54,976</u>	<u>40,094</u>
Total Charges to Appropriations	<u>95,070</u>	<u>95,070</u>	<u>54,976</u>	<u>40,094</u>
Ending Budgetary Fund Balance	<u>\$ 24,700</u>	<u>\$ 24,700</u>	<u>\$ 91,958</u>	<u>\$ 67,258</u>

No assurance is provided.

EXHIBIT 2  
TOWN OF BURNS FLAT, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
AMBULANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	AMBULANCE FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 72,469	\$ 76,486	\$ 75,355	\$ (1,131)
Resources (Inflows):				
Sales tax	21,000	21,000	17,509	(3,491)
Use tax	3,000	3,000	1,161	(1,839)
Grants	-	-	4,600	4,600
EMS utility assessment	45,000	45,000	43,743	(1,257)
Miscellaneous	3,000	3,000	5,625	2,625
Investment income	-	-	50	50
Amounts available for appropriation	<u>144,469</u>	<u>148,486</u>	<u>148,043</u>	<u>(443)</u>
Charges to appropriations (outflows):				
Ambulance	72,469	76,700	74,346	2,354
Total Ambulance	<u>72,469</u>	<u>76,700</u>	<u>74,346</u>	<u>2,354</u>
Total Charges to Appropriations	<u>72,469</u>	<u>76,700</u>	<u>74,346</u>	<u>2,354</u>
Ending Budgetary Fund Balance	<u>\$ 72,000</u>	<u>\$ 71,786</u>	<u>\$ 73,697</u>	<u>\$ 1,911</u>

No assurance is provided.

EXHIBIT 2  
TOWN OF BURNS FLAT, OKLAHOMA  
BUDGETARY COMPARISON SCHEDULE - CASH BASIS  
SPORTS AND RECREATION FUND  
FOR THE YEAR ENDED JUNE 30, 2016

**SPORTS AND RECREATION FUND**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	\$ 144,188	\$ 144,188	\$ 145,600	\$ 1,412
Resources (Inflows):				
Sales tax	34,000	34,000	35,019	1,019
Use tax	6,000	6,000	2,321	(3,679)
Miscellaneous	-	-	30,049	30,049
Investment income	-	-	525	525
Other Financing Sources:				
Transfers from other funds	-	-	890	890
Amounts available for appropriation	<u>184,188</u>	<u>184,188</u>	<u>214,404</u>	<u>29,326</u>
Charges to appropriations (outflows):				
Swimming pool	13,800	13,800	12,807	993
Sport and recreation	130,388	130,388	84,175	46,213
Total Streets	<u>144,188</u>	<u>144,188</u>	<u>96,982</u>	<u>47,206</u>
Total Charges to Appropriations	<u>144,188</u>	<u>144,188</u>	<u>96,982</u>	<u>47,206</u>
Ending Budgetary Fund Balance	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 117,422</u>	<u>\$ 77,422</u>

No assurance is provided.

EXHIBIT 3  
TOWN OF BURNS FLAT, OKLAHOMA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE - CASH BASIS  
BURNS FLAT UTILITY AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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**Operating Revenues:**

Charges for services:

Water	\$236,991
Sewer	130,289
Sanitation	198,398
Service charge	36,931
Water testing fees	3,162
Miscellaneous	6,026

Total Operating Revenues	611,797
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**Operating Expenses:**

Water	183,972
Sewer	153,374
Sanitation	182,228

Total Operating Expenses	519,574
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Operating Income (Loss)	92,223
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**Non-Operating Revenues:**

Capital outlay	(12,725)
Debt service - principal	(44,302)
Debt service - principal refinance of USDA loan	(556,407)
Debt service - interest	(18,718)
Note issuance costs	(18,500)
Note proceeds	405,000
Investment income	4,238
Grant revenue	19,178

Total Non-Operating Revenues	(222,236)
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<b>Net Income (Loss) Before Transfers</b>	<b>(130,013)</b>
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Transfers out	(120,000)
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<b>Change in fund balance</b>	<b>(250,013)</b>
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<b>Fund Balance - beginning, restated</b>	<b>1,074,191</b>
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<b>Fund Balance - ending</b>	<b>\$824,178</b>
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EXHIBIT 4

TOWN OF BURNS FLAT, OKLAHOMA  
SCHEDULE OF GRANT ACTIVITY - CASH BASIS  
Year Ended June 30, 2016

	Volunteer Fire Assistance Grant	Bullet Proof Vest Program	Skate Park Grant	FEMA-4117-DR-OK Generator Project #030	Hospital Preparedness Program
Awarding agency:					
CFDA No.	N/A	16.607	N/A	97.039	93.074
Award Amount	\$ 4,290	\$ 1,885	\$ 25,000	\$ 19,178	\$ 4,600
Program Budget	4,290	3,950	50,001	25,570	4,600
Current Year Activity:					
Current Year Receipts:					
Received from agency	4,290	-	24,788	19,178	4,600
Received from local funds	-	2,065	24,144	6,392	-
Total current year receipts	4,290	2,065	48,932	25,570	4,600
Current Year Disbursements	4,290	3,950	48,288	25,570	1,123
Beginning of Year Unexpended Grant Funds or (Due from Agency)	-	-	-	-	-
End of Year Unexpended Grant Funds or (Due from Agency)	-	(1,885)	644	-	3,477
Program To-Date Activity:					
Program To-Date Receipts:					
Received from agency	4,290	-	24,788	19,178	4,600
Received from local funds	-	2,065	24,144	6,392	-
Total program To-Date Receipts	4,290	2,065	48,932	25,570	4,600
Program To-Date Disbursements	4,290	3,950	48,288	25,570	1,123
Program To-Date Unexpended Grant Funds or (Due From Agency)	\$ -	\$ (1,885)	\$ 644	\$ -	\$ 3,477

No assurance is provided.

EXHIBIT 5

TOWN OF BURNS FLAT, OKLAHOMA  
 SCHEDULE OF DEBT SERVICE COVERAGE - CASH BASIS  
 BURNS FLAT UTILITY AUTHORITY  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>2015 Utility System Revenue Note</u>
Gross Revenue Available for Debt Service:	
Operating revenues :	
Water	\$236,991
Sewer	130,289
Sanitation	198,398
Service charge revenue	36,931
Miscellaneous	<u>9,187</u>
Total gross revenues available	<u>\$611,797</u>
Authority operating expenses:	
Water	183,972
Sewer	153,374
Sanitation	<u>182,228</u>
Total operating expenses	<u>519,574</u>
Net Revenues Available for Debt Service	<u><u>\$92,223</u></u>
Average Annual Debt Service Requirements for Term:	
Maximum annual debt service requirements	<u>\$66,000</u>
Total maximum annual debt service	<u><u>\$66,000</u></u>
Computed Coverage	<u><u>1.40</u></u>
Coverage Requirement - Note Indenture	<u><u>1.25</u></u>

No assurance is provided.

Town of Burns Flat, Oklahoma  
 Prior Period Adjustments  
 June 30, 2016

	General Fund	BFUA
Beginning fund balance:	\$ 552,727	\$ 1,848,671
Adjustments to convert to cash basis:		
Insurance savings claims	-	(1,500)
Reserve for UA Claims	-	1,500
Unapplied credits	-	4,915
Accounts receivable	-	(52,678)
AMP accounts receivable	-	(37)
A/R suspense	-	55
Land	-	(50,162)
Equipment	-	(1,024,819)
Water system	-	(1,435,604)
Accumulated depreciation	-	1,068,882
Medicare payable	(187)	20
FICA tax payable	(384)	25
Federal w/h tax	(5,360)	(170)
State w/h tax	(136)	(44)
Penalty Fees - CLEET/OSBI	427	-
Accounts payable	-	-
Accounts payable pending	28,531	38,673
Meter deposit payable	-	106,082
Refunds payable	-	1,861
Note payable	-	568,521
Due to/from pooled cash	(1,500)	-
Total prior period adjustment	21,391	(774,480)
Beginning fund balance, restated	\$ 574,118	\$ 1,074,191