

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING
AGREED-UPON PROCEDURES
TOWN OF BUTLER, OKLAHOMA,
BUTLER PUBLIC WORKS AUTHORITY, &
FRONTIER DEVELOPMENT AUTHORITY
JUNE 30, 2016**

**TOWN OF BUTLER, OKLAHOMA,
BUTLER PUBLIC WORKS AUTHORITY, &
FRONTIER DEVELOPMENT AUTHORITY**

JUNE 30, 2016

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**TOWN OF BUTLER, OKLAHOMA,
BUTLER PUBLIC WORKS AUTHORITY, &
FRONTIER DEVELOPMENT AUTHORITY**

TOWN OFFICIALS

JUNE 30, 2016

Board of Trustees

Mayor	Gene Collins
Trustee	Frankie LaRue
Trustee	Jimmy Fieselman



BRITTON, KUYKENDALL, & MILLER
CERTIFIED PUBLIC ACCOUNTANTS

JAMES M. KUYKENDALL
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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Specified Users of the Report:

Town Board, Town of Butler
Butler, Oklahoma

Trustees of the Butler Public Works Authority
Butler, Oklahoma

Trustees of the Frontier Development Authority
Butler, 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

Management is responsible for the accompanying financial statements of the Town of Butler, Oklahoma, Butler Public Works Authority, and Frontier Development Authority, which are comprised of a Summary of Changes in Fund Balances - Modified Cash Basis as of June 30, 2016, and the related Budgetary Comparison Schedule of the General Fund - Modified Cash Basis, Statement of Revenues, Expenses and Changes in Fund Net Assets - Modified Cash Basis of Butler Public Works Authority and Frontier Development Authority, and the Statement of Reserved Cash in Bank and Investments of Butler Public Works Authority and Frontier Development Authority for the fiscal year then ended, included in the accompanying prescribed form in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. 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 financial statements included in the accompanying prescribed form, 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 the financial statements included in the accompanying prescribed form.

The financial statements included in the accompanying prescribed form are prepared in accordance with the basis of accounting prescribed by Oklahoma Statutes, that demonstrates compliance with the cash basis and budget laws of the State of Oklahoma, 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 prepared on 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 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, Butler Public Works Authority, and Frontier Development 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 Butler 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 Butler, 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 1-00) 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 2-00) 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 Butler Public Works 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 3-00) 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 5-00).

Findings: No instances noted.

As to the Frontier Development 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 4-00) 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: At June 30, 2016, the collateral pledged by the First Bank & Trust Company, Clinton, Oklahoma was insufficient to cover the Authority's cash in bank balance by \$320,040.32. The Authority should obtain collateral pledges from all banks with whom it maintains a cash in bank balance over the \$250,000 FDIC coverage.

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 6-00).

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
September 30, 2016

Town of Butler Oklahoma, Butler Public Works Authority,
and Frontier Development Authority
Summary of Changes in Fund Balances
For the Year Ended June 30, 2016

<u>Town:</u>	Beginning of Year Fund Balance	Receipts	Disbursements	Transfers	End of Year Fund Balance
General Fund	\$ 233,233.84	\$ 202,822.95	\$ 221,960.76	\$ 0.00	\$ 214,096.03
Grant Fund	0.00	0.00	0.00	0.00	0.00
Fire Department Fund	49,146.87	10,925.89	18,085.11	0.00	41,987.65
Penalty Assessment Fund	241.23	114.00	112.29	0.00	242.94
Park Fund	3,079.44	9.43	0.00	0.00	3,088.87
Town Subtotal	<u>285,701.38</u>	<u>213,872.27</u>	<u>240,158.16</u>	<u>0.00</u>	<u>259,415.49</u>
<u>Enterprise Funds:</u>					
Butler Public Works Authority	343,510.41	128,123.02	114,350.53	0.00	357,282.90
Frontier Development Authority	68,410.97	815,275.50	328,495.85	0.00	555,190.62
Enterprise Funds Subtotal	<u>411,921.38</u>	<u>943,398.52</u>	<u>442,846.38</u>	<u>0.00</u>	<u>912,473.52</u>
Grand Total	<u>\$ 697,622.76</u>	<u>\$ 1,157,270.79</u>	<u>\$ 683,004.54</u>	<u>\$ 0.00</u>	<u>\$ 1,171,889.01</u>

See Accountant's Report.

Town of Butler, Oklahoma
 Budgetary Comparison Schedule - Cash Basis
 General Fund
 For the Year Ended June 30, 2016

Revenues	Budgeted Amounts		Actual Amounts	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Sales Tax	\$ 65,427.56	\$ 65,427.56	\$ 78,008.76	\$ 12,581.20
Interest	0.00	0.00	823.34	823.34
Alcohol Beverage Tax	1,597.47	1,597.47	1,794.88	197.41
Franchise Tax	6,030.09	6,030.09	5,985.62	(44.47)
Police Fines	2,074.59	2,074.59	1,368.40	(706.19)
Donations	0.00	0.00	0.00	0.00
Miscellaneous	0.00	0.00	1,567.90	1,567.90
Royalty Income	0.00	0.00	94.15	94.15
Use Tax	17,715.14	17,715.14	6,448.11	(11,267.03)
Cigar Tax	684.99	684.99	1,074.56	389.57
Gasoline Tax	497.91	497.91	570.54	72.63
Commercial Vehicle Tax	2,073.33	2,073.33	2,167.43	94.10
Rental Income	13,248.00	13,248.00	18,970.00	5,722.00
MODA Grant	0.00	0.00	0.00	0.00
SWODA REAP Grant	0.00	0.00	83,949.26	83,949.26
FEMA Hazard Mitigation Grant	0.00	0.00	0.00	0.00
CDBG CIP Grant	0.00	0.00	0.00	0.00
Proceeds from Sale of Property	0.00	0.00	0.00	0.00
Insurance Refund	0.00	0.00	0.00	0.00
Total Revenues	109,349.08	109,349.08	202,822.95	93,473.87
Expenditures				
Personal Services	70,000.00	70,000.00	67,320.38	2,679.62
Maintenance and Operations	222,582.92	222,582.92	154,640.38	67,942.54
Capital Outlay	50,000.00	50,000.00	0.00	50,000.00
Total Expenditures	342,582.92	342,582.92	221,960.76	120,622.16
Excess Revenues Over (Under) Total Expenditures	(233,233.84)	(233,233.84)	(19,137.81)	214,096.03
Other Financing Sources (Uses)				
Operating Transfers In	0.00	0.00	0.00	0.00
Operating Transfers Out	0.00	0.00	0.00	0.00
Net Other Financing Sources (Uses)	0.00	0.00	0.00	0.00
Excess of Revenues and Other Sources over Expenditures and Other Uses	(233,233.84)	(233,233.84)	(19,137.81)	214,096.03
Budgetary Fund Balance, Beginning	233,233.84	233,233.84	233,233.84	0.00
Budgetary Fund Balance, Ending	\$ 0.00	\$ 0.00	214,096.03	\$ 214,096.03
Adjustments to Conform with GAAP: Revenue Accruals			0.00	
Fund Balance, End of Year (GAAP Basis)			\$ 214,096.03	

See Accountant's Report.

Butler Public Works Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund
Operating Revenues:	
Water Revenue	\$ 70,013.35
Sewer Revenue	17,246.79
Penalties	2,319.44
Royalty Income	1,145.88
Garbage Revenue	27,083.87
Water Taps	785.00
Mowing Income	0.00
Insurance Reimbursements	0.00
SWODA REAP Grant	0.00
FEMA Disaster Grant for Public Assistance	8,056.19
Miscellaneous Revenue	1,079.10
Total Operating Revenues	127,729.62
Operating Expenses:	
Water	40,273.70
Sewer	1,790.25
Garbage	11,002.43
Maintenance and Operations	23,556.86
Personal Services	27,865.29
Depreciation	7,816.00
Interest Expense	2,046.00
Total Operating Expenses	114,350.53
Operating Income (Loss)	13,379.09
Non-Operating Revenues (Expenses):	
Interest Revenue	392.27
Dividend Income	1.13
Gain on Sale of Equipment	0.00
Total Non-Operating Revenues (Expenses)	393.40
Income (Loss) before Operating Transfers	13,772.49
Operating Transfers:	
Operating Transfers In	0.00
Operating Transfers Out	0.00
Total Operating Transfers	0.00
Net Income (Loss)	13,772.49
Net Assets - Beginning of Year	343,510.41
Prior Period Adjustment	0.00
Net Assets - End of Year	\$ 357,282.90

See Accountant's Report.

Frontier Development Authority
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2016

	Enterprise Fund
Operating Revenues:	
Water Revenue	\$ 329,969.06
Penalties	4,970.60
Connection Fees	874.24
Water Taps	0.00
FEMA Disaster Grant for Public Assistance	9,875.43
OWRB REAP Grant	0.00
OWRB Water for 2060 Drought Grant	467,300.00
Miscellaneous Revenue	1,139.27
Total Operating Revenues	814,128.60
Operating Expenses:	
Water	158,133.01
Maintenance and Operations	61,843.56
Personal Services	63,605.34
Depreciation	20,823.00
Interest Expense	24,090.94
Total Operating Expenses	328,495.85
Operating Income (Loss)	485,632.75
Non-Operating Revenues (Expenses):	
Interest Revenue	1,146.90
Gain on Sale of Equipment	0.00
Total Non-Operating Revenues (Expenses)	1,146.90
Income (Loss) before Operating Transfers	486,779.65
Operating Transfers:	
Operating Transfers In	0.00
Operating Transfers Out	0.00
Total Operating Transfers	0.00
Net Income (Loss)	486,779.65
Net Assets - Beginning of Year	68,410.97
Prior Period Adjustment	0.00
Net Assets - End of Year	\$ 555,190.62

See Accountant's Report.

Butler Public Works Authority
Statement of Reserved Cash in Bank
For the Year Ended June 30, 2016

	Reserve for Replacement Cash Reserve Account	Meter Deposit Cash Reserve Account	Total
Balance 7-1-15	\$ 52,193.06	\$ 10,880.00	\$ 63,073.06
Monthly Deposits	2,736.00	0.00	2,736.00
Interest	166.71	0.00	166.71
Change in Deposit Restrictions	0.00	524.15	524.15
Balance 6-30-16	<u>\$ 55,095.77</u>	<u>\$ 11,404.15</u>	<u>\$ 66,499.92</u>

Statement of Reserved Investments
For the Year Ended June 30, 2016

	Butler PWA Bond Reserve Account	Total
Balance 7-1-15	\$ 11,301.71	\$ 11,301.71
Monthly Deposits	0.00	0.00
Dividend Income	0.79	0.79
Transfers to Bond Interest Account	(0.79)	(0.79)
Balance 6-30-16	<u>\$ 11,301.71</u>	<u>\$ 11,301.71</u>

See Accountant's Report.

Exhibit 6-00

Frontier Development Authority
Statement of Reserved Cash in Bank
For the Year Ended June 30, 2016

	<u>Meter Deposit Cash Reserve Account</u>
Balance 7-1-15	\$ 29,155.00
Monthly Deposits	0.00
Interest	0.00
Change in Deposit Restrictions	<u>1,125.00</u>
Balance 6-30-16	<u><u>\$ 30,280.00</u></u>

Statement of Reserved Investments
For the Year Ended June 30, 2016

	<u>USDA Rural Development Reserve Account</u>
Balance 7-1-15	\$ 47,760.00
Monthly Deposits	0.00
Interest	<u>0.00</u>
Balance 6-30-16	<u><u>\$ 47,760.00</u></u>

See Accountant's Report.