

**CITY OF BOISE CITY
CIMARRON COUNTY, OKLAHOMA**

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED
JUNE 30, 2021**

*WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA*

**CITY OF BOISE CITY
CIMARRON COUNTY, OKLAHOMA
CITY COUNCIL AND OFFICERS**

**Elton Soell
Eddie Allen
Adam Caddell-resigned 9-2020
Lee Holbert-appointed 10-2020
Dana Sparkman
Delvenia Hipp-left office 5-2021
Scottie Hall-appointed 5-2021**

**Mayor
Vice-Mayor
Councilmember
Councilmember
Councilmember
Councilmember
Councilmember**

Wayne Twyman

City Manager

Sherridan Perdue

City Clerk/Treasurer

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City officials	
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INDEPENDENT AUDITOR'S REPORT

To the City of Boise City Council
City of Boise City, Oklahoma

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely component units, each major fund, and aggregate remaining fund information of the City of Boise City, State Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boise City, State of Oklahoma, as of June 30, 2021, and the respective changes in

City of Boise City
September 3, 2022

modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boise City, State Oklahoma's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2022, on our consideration of the City of Boise City, State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Boise City, State Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Boise City, State of Oklahoma's internal control over financial reporting and compliance.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the City of Boise City, State Oklahoma's basic financial statements. The management's discussion and analysis and budgetary comparison information has been omitted, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2022, on our consideration of the City of Boise City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

City of Boise City
September 3, 2022

Government Auditing Standards in considering City of Boise City's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read 'W. K. Gauer', written over a horizontal line.

William K Gauer CPA
Watonga, OK

September 3, 2022

Originally issued February 14, 2022 with incorrect date.

**GOVERNMENT-WIDE
STATEMENTS**

CITY OF BOISE CITY, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted:			
Cash and Cash Equivalents	\$ 1,259,552	\$ 248,834	\$ 1,508,386
Due from Other Funds	-	-	-
Total unrestricted assets	1,259,552	248,834	1,508,386
Restricted:			
Restricted Cash and Investments	-	273,409	273,409
Capital Assets (Note 4)			
Land	10,000	260,400	270,400
Depreciable capital assets, net	598,598	5,800,054	6,398,652
Total Assets	1,868,150	6,582,698	8,450,847
LIABILITIES			
Due to Depositors	-	38,909	38,909
Long-term Liabilities (Note F)			
Due within one year	-	173,709	173,709
Due in more than one year	-	3,502,913	3,502,913
Total Liabilities	-	3,715,531	3,715,531
NET POSITION			
Invested in capital assets, net of related debt	608,598	2,383,832	2,992,431
Restricted	-	234,500	234,500
Unrestricted	1,259,552	248,834	1,508,386
Total Net Position	\$ 1,868,149	\$ 2,867,167	\$ 4,735,317

See accompanying notes to the basic financial statements.

CITY OF BOISE CITY, OKLAHOMA
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2021

Functional Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Governmental Activities:							
General Government	\$ 332,237	\$ 55,627	\$ -	\$ -	(276,610)	\$ -	(276,610)
Public Safety	211,530	41,564	8,051	-	(161,915)	-	(161,915)
Cemetery	6,984	475	-	-	(6,509)	-	(6,509)
Streets and Public Works	72,042	-	-	-	(72,042)	-	(72,042)
Airport	120,596	6,565	-	-	(114,031)	-	(114,031)
Unallocated Depreciation, net direct	127,313	-	-	-	(127,313)	-	(127,313)
Culture and Recreation	83,092	50	-	-	(83,042)	-	(83,042)
Total governmental activities	953,795	104,281	8,051	-	(841,463)	-	(841,463)
Business-Type Activities:							
Utility-Water	157,640	376,717	-	144,896	-	363,973	363,973
Utility-Sanitation	139,095	282,755	-	-	-	143,660	143,660
Utility-Sewer	107,906	262,431	-	49,719	-	204,244	204,244
Service Fees	-	110,010	-	-	-	110,010	110,010
General administration	382,188	-	-	-	-	(382,188)	(382,188)
Golf Course	18,961	33,558	-	-	-	14,597	14,597
Unallocated Depreciation, net direct	237,728	-	-	-	-	(237,728)	(237,728)
Interest Expense, net direct	139,487	-	-	-	-	(139,487)	(139,487)
Total business-type activities	1,183,004	1,065,472	-	194,615	-	77,083	77,083
Total Primary Government	2,136,800	1,169,753	8,051	194,615	(841,463)	77,083	(764,380)
General Revenues:							
Taxes:							
Sales Tax					521,598	-	521,598
Franchise Tax					48,686	-	48,686
Intergovernmental					281,890	-	281,890
Investment Income					5,821	1,098	6,919
Miscellaneous					124,704	17,929	142,633
Transfers-Internal Activity					-	-	-
Total general revenues and transfers					982,700	19,027	1,001,727
Changes in Net Position					141,236	96,110	237,347
Net Position - Beginning					1,726,913	2,771,057	4,497,969
Prior Period Adjustments					-	-	-
Net Position - Ending					1,868,149	2,867,167	4,735,316

See accompanying notes to the basic financial statements.

**GOVERNMENTAL FUND
STATEMENTS**

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF NET POSITION - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Airport Fund	Other	Total
ASSETS				
Cash and cash equivalents	\$ 862,820	\$ 20,472	\$ 76,104	\$ 959,397
Investments	297,655	-	2,500	300,155
Due from Other Fund	-	-	-	-
Restricted Cash	-	-	-	-
Capital Assets				
Land, inexhaustible assets and construction-in-process	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	<u>1,160,475</u>	<u>20,472</u>	<u>78,604</u>	<u>1,259,552</u>
LIABILITIES				
Due to Other Fund	-	-	-	-
Long-term debt				
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Nonspendable:				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted:				
Committed:				
Assigned:				
Street and Alley	-	-	65,527	65,527
Cemetery	-	-	13,077	13,077
Airport	-	20,472	-	20,472
Unassigned:				
General Fund	1,160,475	-	-	1,160,475
Total Net Position	<u>1,160,475</u>	<u>20,472</u>	<u>78,604</u>	<u>1,259,552</u>

Reconciliation to Statement of Net Position:

Amount reported for governmental activities in the statement of net position

Capital assets

608,598

Certain liabilities not payable in the reporting period

-

\$ 1,868,149

See accompanying notes to the basic financial statements,

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Other</u>	<u>Total</u>
Revenues:				
Taxes	\$ 521,598	\$ -	\$ 48,686	\$ 570,285
Intergovernmental	273,646	-	8,245	281,890
Charges for services	58,841	6,565	-	65,406
Fines and forfeitures	41,564	-	-	41,564
Licenses and permits	2,862	-	-	2,862
Investment income	4,531	250	1,040	5,821
Miscellaneous	10,036	114,192	475	124,704
Total Revenues	<u>913,077</u>	<u>121,007</u>	<u>58,447</u>	<u>1,092,531</u>
Expenditures:				
General Government	311,203	-	-	311,203
City Clerk/Treasurer	21,034	-	-	21,034
Police Department	161,416	-	-	161,416
Municipal Court	8,371	-	-	8,371
Fire Department	26,209	-	-	26,209
Parks	83,092	-	-	83,092
Cemetery	6,984	-	-	6,984
Animal Control	239	-	-	239
School Crossings	3,850	-	-	3,850
Shop	4,784	-	-	4,784
Street	-	-	63,408	63,408
Airport	-	120,596	-	120,596
Total Expenditures	<u>627,183</u>	<u>120,596</u>	<u>63,408</u>	<u>811,187</u>
Excess (deficiency) of revenues over expenditures	285,894	411	(4,961)	281,343
Other Financing Sources				
Transfers In	-	-	-	-
Transfers Out	(309,932)	-	-	(309,932)
Total Other Financing Sources	<u>(309,932)</u>	<u>-</u>	<u>-</u>	<u>(309,932)</u>
Net Changes in Fund Balances	(24,038)	411	(4,961)	(28,589)
Fund Balance - Beginning	1,184,513	20,061	83,566	1,288,140
Fund Balance - Ending	<u>1,160,475</u>	<u>20,472</u>	<u>78,604.15</u>	<u>1,259,551.53</u>

Reconciliation to the Statement of Activities:

Net change in fund balances	(28,589)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital assets capitalized	297,139
Depreciation expense	(127,313)
Change in net assets of governmental activities	<u>\$ 141,236</u>

**PROPRIETARY FUND
STATEMENTS**

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2021

	Public Works Authority	Golf Course	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 223,501	\$ 25,333	\$ 248,834
Noncurrent Assets:			
Restricted cash and cash equivalents	253,040	369	253,409
Restricted investments	20,000	-	20,000
Capital Assets, net of accumulated depreciation	5,930,521	129,933	6,060,454
Total noncurrent assets	6,203,561	130,302	6,333,864
Total Assets	6,427,062	155,636	6,582,698
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	173,709	-	173,709
Total current liabilities	173,709	-	173,709
Noncurrent Liabilities:			
Refundable deposits	38,909	-	38,909
Notes payable-long-term portion	3,502,913	-	3,502,913
Total noncurrent liabilities	3,541,822	-	3,541,822
Total Liabilities	3,715,531	-	3,715,531
NET POSITION			
Invested in Capital Assets, net of debt	2,253,899	129,933	2,383,832
Restricted	234,131	369	234,500
Unrestricted	223,501	25,333	248,834
Total Net Position	\$ 2,711,531	\$ 155,636	\$ 2,867,167

See accompanying notes to the basic financial statements.

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Golf Course Fund	Total
Revenues:			
Charges for services:			
Charges for services-Water	\$ 376,717	\$ -	\$ 376,717
Charges for services-Sewer	262,431	-	262,431
Charges for services-Trash	282,755	-	282,755
Service Fees	110,010	-	110,010
Golf course fees and charges	-	33,558	33,558
Other	17,929	-	17,929
Total Revenues	<u>1,049,843</u>	<u>33,558</u>	<u>1,083,402</u>
Expenses:			
General Government	382,188	-	382,188
Water Department	157,640	-	157,640
Sewer Department	68,054	-	68,054
Solid Waste Department	139,095	-	139,095
Shop Department	20,186	-	20,186
Street Sweeper	94	-	94
Skid Loaders	4,309	-	4,309
Golf course	-	18,961	18,961
Depreciation	228,192	9,536	237,728
Total Expenses	<u>999,758</u>	<u>28,497</u>	<u>1,028,255</u>
Operating Income (Loss)	<u>50,086</u>	<u>5,061</u>	<u>55,147</u>
Non-operating revenues (expenses):			
Investment income	1,055	43	1,098
Interest expense and fiscal agent fees	(78,265)	-	(78,265)
Cost of Debt/USDA	(61,222)	-	(61,222)
Other Receipts	179,351	-	179,351
Other revenue (Transfer In)	-	-	-
Total Non-operating Revenues (Expenses)	<u>40,920</u>	<u>43</u>	<u>40,963</u>
Changes in Net Assets	91,006	5,104	96,110
Net Position - Beginning	2,620,526	150,532	2,771,057
	-	-	-
Net Position - Ending	<u>2,711,531</u>	<u>155,636</u>	<u>2,867,167</u>

See Accompanying notes to the basic financial statements.

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Golf Course Fund	Total
Cash Flow from Operating Activities:			
Receipts from Customers	\$ 1,031,914	\$ 33,558	\$ 1,065,472
Other Income	17,929	-	17,929
Payments to Employees	(229,466)	-	(229,466)
Payments to Vendor and Suppliers	(542,100)	(18,961)	(561,061)
Net Cash Provided (Used) by Operating Activities	<u>278,277</u>	<u>14,597</u>	<u>292,874</u>
Cash Flow from Capital and Related Financing Activities:			
Grant Receipts	179,351	-	179,351
Proceeds from Borrowing	284,385	-	284,385
Payment of Principal from Notes	(163,034)	-	(163,034)
Interest Paid on Notes	(78,265)	-	(78,265)
Disbursements on Capital Assets or Infrastructure	(516,685)	(7,332)	(524,017)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(294,247)</u>	<u>(7,332)</u>	<u>(301,579)</u>
Cash Flow from Non-Capital and Related Financing Activities:			
Transfers	-	-	-
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flow from Investing Activities:			
Investment Receipts	1,055	43	1,098
Certificate of Deposit Purchases	-	-	-
Net Cash Provided (Used) by Investing Activities	<u>1,055</u>	<u>43</u>	<u>1,098</u>
Net Increase (Decrease) In Cash	(14,915)	7,308	(7,607)
Cash, Beginning of the Year	558,394	20,598	578,992
	<u>-</u>	<u>-</u>	<u>-</u>
Cash, End of the Year	<u>543,479</u>	<u>27,906</u>	<u>\$ 571,385</u>
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 50,086	\$ 5,061	\$ 55,147
Adjustments to Reconcile Net Income to Cash			
Depreciation	<u>228,192</u>	<u>9,536</u>	<u>237,728</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 278,277</u>	<u>\$ 14,597</u>	<u>\$ 292,874</u>

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
City of Boise City
June 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Boise City, Oklahoma operates under a council-manager form of government with an elected five-member Council. In defining the reporting entity for financial reporting purposes, management has considered potential component units by applying criteria set forth in Statement 14 of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended by Statement 39 of the Governmental Accounting Standards Board, "Determining Whether Certain Organizations are Component Units."

Blended Component Unit—Boise City Public Works Authority

The Boise City Public Works Authority (PWA) was established by the Council as a Public Trust on May 15, 1979. The purpose of the Trust is to finance, develop, and operate the water, wastewater, and sanitation services or activities of the City of Boise City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City of Boise City (the primary government) and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, internal service fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are typically reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. However, the City of Boise City and its related Authorities utilize the modified cash basis of accounting in preparing its financial statements. Additionally, a non-cash expense is also used to show the wear and tear in the utility and other infrastructure of the city. This expense is called depreciation. Together with the Cash Basis of accounting and the inclusion of depreciation, the City and its related Authority are using the Modified Cash-Basis of accounting, which is an Other Comprehensive basis of accounting other than the prescribed Accrual Accounting promoted by Governmental Accounting Standards.

Governmental fund financial statements are reported using the current financial resources measurement focus and the cash basis of accounting. Revenues are recognized as soon as they are both received. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within by the end of the fiscal year, June 30. Expenditures generally are recorded when paid.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The street and alley fund is used to account for receipt of gas excise and motor vehicle taxes and miscellaneous grants which are used to maintain the City's roads.

The airport fund uses its receipts or revenues to maintain and operate the City's airport.

The cemetery funds uses its receipts from charges for services for the maintenance and operation of the City's cemetery.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where management has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City's enterprise fund consists of the activities of the Public Works Authority and the Golf Course.

The City reports the following major enterprise fund:

The Public Works Authority fund accounts for the activities at the various water, wastewater, and sanitation services performed by the City.

The Golf Course fund charges for use of the municipal golf course and is responsible for the maintenance and operation of the golf course.

The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs). As permitted by GASB No. 20, the City has elected not to follow subsequent private-sector guidance in its business-type activities and enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds and internal service fund are charges for services to customers. Operating expenses for the enterprise funds and the internal service fund include the cost of personnel, contractual services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets

1. Deposits and Investments

The City's and its component unit's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and readily convertible to cash.

The City has established a formal Investment Policy that governs the investment of all funds other than its permanent funds, private-purpose trust funds, and agency funds. Pursuant to its Investment Policy and applicable Oklahoma law, Investments for the City and its component unit are reported at fair value. Additionally, Investments are restricted or confined to Certificate of Deposits.

2. Receivables and Payables

The City does not record receivables or payables on the face of the basic financial statements. Interfund balances are recorded as due "due to/from other funds."

3. Inventories and prepaid items

The City does not maintain or record amounts on the basic financial statements for inventory or prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. All infrastructure, regardless of acquisition date, has been reported.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No business-type activity interest was capitalized in the current period.

Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the assets' estimated useful lives ranging from 5 to 50 years.

Assets	Years
Buildings	45–50
Improvements other than buildings	20
Machinery and equipment	5–20
Vehicles	5–15
Intangibles	5–20
Infrastructure	20–50

See Figure No. 1 for detail of Capital Assets.

5. Compensated Absences

Under the terms of personnel policies and union contracts, vacation and sick leave (compensated absences) are granted in varying amounts according to length of service. Certain employees also earn

compensatory time. A liability for vested or accumulated vacation, sick and compensatory leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All accumulated leave is accrued when incurred in the government-wide financial statements. Sick leave is valued based on the vesting method that calculates the amount of sick leave that is expected to become eligible for payout at termination.

The City does not record any balances or amounts for compensated absences.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

7. Fund Equity

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned

balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

8. Use of Estimates

Preparation of the City's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

9. New Pronouncements

Beginning with the fiscal year ended June 30, 2007, and continuing with these statements, the City has applied the provisions of Governmental Accounting Standards Board Statement 51. During the fiscal year ended June 30, 2018 the City has not adopted the provisions of Statements No. 45 and 54.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance—total governmental funds and net position—governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that "capital assets used in governmental activities are not financial resources and therefore are not reported in the funds." The details of this \$438,773 are as follows:

Capital assets	\$	4,361,305
Accumulated depreciation		(3,752,707)
Net adjustment to increase fund balance—total governmental funds to arrive at net assets—governmental activities	\$	608,598

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$169,826 difference is as follows:

Capital outlay	\$ 297,139
Depreciation expense	(127,313)

Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities	\$ 169,826
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III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

An annual budget of the General Fund is legally adopted by the City Council through the passage of an appropriation resolve. There is a difference between the budgetary basis (Cash Basis) and generally accepted accounting principles (GAAP). The legal level of budgetary control is that level of expenditure authority that may not be exceeded or reassigned without the approval of the City Council. The City Charter gives the City Manager may at any time transfer any unencumbered appropriation balance, or portion thereof, between general classifications of expenditures within an office, department or agency. Accordingly, the legal level of budgetary control is an office, department or agency. Historically, the appropriated budget for the General Fund is prepared by department or activity.

The accounting system is employed as a budgetary management control device to monitor the individual departments. The Council did not make any amended budgetary appropriations throughout the year.

All appropriations of the general fund lapse at the end of the fiscal year to the extent that they have not been expended or lawfully encumbered. Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as a designation of fund balances and do not constitute expenditures or liabilities. The commitments are re-appropriated and honored during the subsequent year.

The amounts reported as “Final Budgeted Amounts” on the Statement of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual, for the General Fund, include the adopted budget as well as prior-year encumbrances, additional appropriations and transfers.

B. State statute prohibits the use of deficit spending. No council shall operate or approve encumbrances or expenditures that result in a fund deficit for the current or future years.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Primary government:

As of June 30, 2021, the primary government had the following investments:

The City maintains Certificates of Deposits and all investments are limited to that form.

Interest rate risk. The City does not currently have a policy regarding interest rate risk.

Credit risk. The City does not have a formal policy regarding credit risk. Oklahoma statutes authorize the City to invest only in certificates of deposits that are either guaranteed or fully collateralized by the financial institution that holds the deposits.

Custodial credit risk—deposits. This is the risk that in the event of a bank failure, the City’s deposits may not be returned to it.

B. Receivables

The City does not record receivables.

D. Interfund Balances and Transfers

The composition of interfund balances as of June 30, 2021, is as follows. The due to/from balances result from receipts and disbursements being made through the General Fund cash accounts. These balances will be eliminated when cash transfers are made to the appropriate funds. The advances are interfund loans from the general fund.

Due to/from other funds:

None

Transfers between funds:

E. Leases

None

F. Long-Term Debt

Business-type long-term debt payable from net revenues generated by the utility resources pledged to the debt includes the following:

Notes Payable:

\$520,000 note payable to Rural Utilities Services (RUS) payable in monthly installments of \$2,595, including principal and interest at 5.25%. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 24,414

\$1,576,000 note payable to Rural Utilities Services (RUS) payable in monthly installments of \$4,681, including principal and interest at 1.875%. This obligation was incurred in legal form with the Boise City Public Works Authority. \$1,545,767

\$1,689,000 note payable to Rural Utilities Services (RUS) payable in monthly installments of \$5,017, including principal and interest at 1.875%. This obligation was incurred in legal form with the Boise City Public Works Authority. \$1,658,848

\$381,000 note payable to Rural Utilities Services (RUS) payable in monthly installments of \$1,132, including principal and interest at 1.875%. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 373,969

Limited Obligation Notes Payable

\$100,000 note payable to First State Bank in monthly installments of \$1,844, including principal and interest at 4.0%. \$ 73,624

\$50,000 note payable to First State Bank in monthly installments of \$ 1,107.33, including interest of 4.0%. \$ 37,920.

Customer Deposits:

Customer deposits reported as a liability within the Statement of Net Position are comprised of utility customer deposits payable. \$ 38,909

Note Payable Activity during Fiscal Year:

Public Works Authority	Beginning	Incurred	Retired	Ending
USDA Rural Dev	\$97,576	0	73,163	24,163
USDA Rural Dev(91-02)	1,289,150	284,385	27,768	1,545,767
USDA Rural Dev(92-03)	1,686,673	0	27,825	1,658,848
USDA Rural Dev(92-05)	380,475	0	6,506	373,969
FSB (Freightliner)	89,317	0	15,693	73,624
FSB (Skid Steer)	0	<u>50,0000</u>	<u>12,079</u>	<u>37,921</u>
Total Public Works	\$3,543,191	334,385	246,807	\$ 3,676,662
Less: Current Portion				<u>193,090</u>
Total Long-Term Public Works Authority				\$ 3,483,53

Maturities of Long-Term debt are

as follows:

	<u>92-01</u>	<u>91-02</u>	<u>USDA</u> <u>92-03</u>	<u>92-05</u>	<u>FSB</u>	<u>Total</u>
6/30/2022	30,048.04	27,698.67	90,761.76	6,695.31	37,886.61	193,090.38
6/30/2023	31,625.56	28,218.02	90,205.89	6,820.84	34,121.93	190,992.25
6/30/2024	33,285.90	28,747.11	89,639.60	6,948.73	17,958.48	176,579.83
6/30/2025	8,828.43	29,286.12	89,062.70	7,079.02	18,597.21	152,823.48
6/30/2026	-	29,835.23	88,474.97	7,211.75	2,6980.93	128,502.89
2027-2031	-	157,780.06	168,874.02	38,138.50	-	364,792.58
2032-2036	-	173,137.14	185,310.89	41,850.61	-	400,298.63
2037-2041	-	189,988.95	203,347.60	45,924.02	-	439,260.56
2042-2046	-	208,480.98	223,139.86	50,393.90	-	482,014.74
2047-2051	-	228,772.89	244,858.55	66,988.43	-	540,619.87
2052-2056	-	304,106.99	268,691.16	60,681.20	-	633,479.35
2057-2061	-	112,525.49	181,630.05	40,354.29	-	334,509.83

G. Short-Term Debt

The City did issue and retired short-term debt during the fiscal year related water and sewer projects and these debts were retired using long-term debt and had no outstanding balance as of June 30, 2021. These notes at 3.5% interest and are interest only until paid from the USDA funding. The short-term financing is reflected in the prior table of note payable activity. As of the end of the fiscal year these notes have been retired.

H. Components of Fund Balances

Fund Balances are divided up into three categories; (1) Invested in capital assets, net of debt, (2) Restricted, and (3) Unrestricted.

The proprietary funds contain restricted cash amounts of \$38,909 for customer utility deposits and \$234,345 for debt service covenants and set asides for future improvements to the utility system.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and other risks for which the City insurance. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2021, 2020 and 2019 there have been no settlements in excess of coverage.

The City belongs to the OKLAHOMA MUNICIPAL ASSURANCE GROUP (OMAG) for most of its municipal property and liability exposures.

For worker's compensation, the City and its related authorities participate in OMAG.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

At time there are various claims and suits brought against the City that arise in the normal course of the City's activities. In the opinion of counsel and City management, the ultimate disposition of these various claims and suits will have no material effect on the financial position of the City.

C. Deferred Compensation Plan

The City offers no deferred compensation plan to its employees.

D. Defined Benefit Pension Plans

The City of Boise City on July 1, 1985 began contributing by ordinance to a retirement fund and system funded through and managed by the "Oklahoma Municipal Retirement Fund" under authority granted by Oklahoma Statutes Title 11 § 48-101. The City participates with other cities in the Oklahoma Municipal Retirement Fund, which is a cost sharing, multiple-employer public employee retirement system.

The City has incurred the following expenditures for the last three years as it relates to this matter:

June 30, 2019	\$ 47,585
June 30, 2020	47,325
June 30, 2021	48,842

*Firefighters pension plan*Contributions required and contributions made

The City makes annual contributions to the pension plan equal to the amount required by state statutes. According to Title 11, O.S. 49-122 (C) cities are to contribute \$60.00 yearly to the Oklahoma Firefighters Pension and Retirement System for each active volunteer firefighter.

E. Other Post Employment Benefits

The City has no OPEB as of June 30, 2021.

F. Overlapping Debt

The City has no overlapping debt as of June 30, 2021.

G. Quasi-Municipal Debt

The City does not have any debt or obligation that would be defined as Quasi-Municipal Debt, as of June 30, 2021.

H. Joint Venture

The City is not and has not entered any joint ventures as of June 30, 2021.

I. Commitments

As of June 30, 2021, the City had various contractual commitments. No significant commitments are material to the financial position of the City.

J. Long-Term Receivables

The city has no long-term receivables as of June 30, 2021.

K. Subsequent Events

As of the date of this report, the City is working toward completing the Water and Sewer line relocation projects that have been funded through the USDA.

CITY OF BOISE CITY, OKLAHOMA
Schedule of Changes in Capital Assets - Modified Cash Basis
Figure 1; Continuation of Notes

	July 1, 2020	Additions	Disposals	June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Other capital assets				
Buildings	596,815	-	-	596,815
Machinery and equipment	1,730,620	26,824	-	1,757,444
Improvements	1,726,732	270,314	-	1,997,046
Total other capital assets at historical costs	<u>4,054,167</u>	<u>297,139</u>	<u>-</u>	<u>4,351,305</u>
Less accumulated depreciation for:				
Buildings	708,198	14,920	-	723,118
Machinery and equipment	2,226,511	69,225	-	2,295,736
Improvements	690,686	43,168	-	733,854
Total accumulated depreciation	<u>3,625,394</u>	<u>127,313</u>	<u>-</u>	<u>3,752,707</u>
Other capital assets, net	<u>428,773</u>	<u>169,825</u>	<u>-</u>	<u>598,598</u>
Governmental activities capital assets, net	<u>\$ 438,773</u>	<u>\$ 169,825</u>	<u>\$ -</u>	<u>\$ 608,598</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	40,000	220,400	-	260,400
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>40,000</u>	<u>220,400</u>	<u>-</u>	<u>260,400</u>
Other capital assets				
Buildings	426,120	-	-	426,120
Machinery and equipment	1,423,833	164,295	-	1,588,128
Improvements	8,186,473	359,722	-	8,546,195
Total other capital assets at historical costs	<u>10,036,425</u>	<u>524,017</u>	<u>-</u>	<u>10,560,443</u>
Less accumulated depreciation for:				
Buildings	-	-	-	-
Buildings	390,744	17,045	-	407,789
Machinery and equipment	1,192,821	56,953	-	1,249,775
Improvements	2,678,696	163,729	-	2,842,425
Total accumulated depreciation	<u>4,262,261</u>	<u>237,728</u>	<u>-</u>	<u>4,499,988</u>
Other capital assets, net	<u>5,774,164</u>	<u>286,290</u>	<u>-</u>	<u>6,060,454</u>
Business-Type activities capital assets, net	<u>\$ 5,814,164</u>	<u>\$ 506,690</u>	<u>\$ -</u>	<u>\$ 6,320,854</u>

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council
City of Boise City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Boise City, State of Oklahoma, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Boise City, State of Oklahoma's basic financial statements, and have issued our report thereon dated February 14, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Boise City, State of Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Boise City, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Boise City, State of Oklahoma's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, however we will mention certain significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. The following are significant deficiencies that we found:

2021-01; Presentation of Pension Liabilities; The City needs to adopt in its reporting for pension assets and liabilities.

City of Boise City
February 14, 2022
Page 2

2021-02, presentation of Management, Discussion, & Analysis. The City needs to adopt the presentation of the Management Discussion and Analysis in future years. The Management Discussion and Analysis is available upon request.


2021-03; USDA Loan proceeds were not incorporated into the books and records as part of the computer reporting system.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Boise City, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Watonga, Oklahoma
February 14, 2022

SUPPLEMENTAL INFORMATION

CITY OF BOISE CITY, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 92,975	\$ 92,975	\$ 1,184,513	\$ 1,091,538
Resources (Inflows):				
Taxes:				
Sales Tax	408,432	408,432	429,533	21,101
Use Tax	50,389	50,389	90,554	40,165
Cigar Tax	-	-	-	-
Franchise Tax	-	-	1,399	-
Dog Tax	100	100	113	13
Total Taxes	<u>458,921</u>	<u>458,921</u>	<u>521,598</u>	<u>61,279</u>
Intergovernmental:				
Alcoholic Beverage Tax	229,050	229,050	253,650	24,600
Motor Vehicle Tax	-	-	658	-
Grants-OEDA/REAP	49,000	49,000	15,169	(33,831)
Grants-Fire (Dept of Ag)	4,933	4,933	4,826	(107)
Investment Income	7,000	7,000	4,531	(2,469)
Miscellaneous Income				
Animal Control	20	20	4,470	4,450
Contracted Manager Services	52,000	52,000	52,766	766
Police Fines	20,000	20,000	37,094	17,094
Fire	5,000	5,000	3,300	(1,700)
Licenses and Permits	710	710	2,862	2,152
Swimming Pool	50	50	50	-
Cemetery	2,000	2,000	2,725	725
Grants-OMAG	-	-	-	-
Miscellaneous	1,500	1,500	10,036	8,536
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Amounts available for appropriations	<u>923,159</u>	<u>923,159</u>	<u>2,098,249</u>	<u>1,173,033</u>
General Government				
Personal Services	183,758	183,758	183,758	-
Maintenance and Operations	72,905	72,905	35,848	(37,057)
Capital Outlay	249,130	249,130	91,597	(157,533)
	<u>505,793</u>	<u>505,793</u>	<u>311,203</u>	<u>(194,590)</u>
City Clerk				
Personal Services	27,679	27,679	20,826	(6,853)
Maintenance and Operations	1,125	1,125	209	(917)
Capital Outlay	-	-	-	-
	<u>28,804</u>	<u>28,804</u>	<u>21,034</u>	<u>(7,770)</u>
Police Department				
Personal Services	118,780	118,780	90,474	(28,306)
Maintenance and Operations	69,512	69,512	62,806	(6,706)
Capital Outlay	10,605	10,605	8,135	(2,470)
	<u>198,897</u>	<u>198,897</u>	<u>161,416</u>	<u>(37,481)</u>

CITY OF BOISE CITY, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Court				
Personal Services	3,200	3,200	2,196	(1,004)
Maintenance and Operations	6,850	6,850	6,175	(675)
Capital Outlay	-	-	-	-
	<u>10,050</u>	<u>10,050</u>	<u>8,371</u>	<u>(1,679)</u>
Fire Department				
Personal Services	1,426	1,426	1,200	(226)
Maintenance and Operations	32,400	32,400	22,615	(9,785)
Capital Outlay	5,700	5,700	2,394	(3,306)
	<u>39,526</u>	<u>39,526</u>	<u>26,209</u>	<u>(13,317)</u>
City Parks and Arena				
Personal Services	88,051	88,051	74,682	(13,369)
Maintenance and Operations	18,830	18,830	8,410	(10,420)
Capital Outlay	10,000	10,000	-	(10,000)
	<u>116,881</u>	<u>116,881</u>	<u>83,092</u>	<u>(33,789)</u>
Swimming Pool				
Maintenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cemetery				
Personal Services	3,000	3,000	3,000	-
Maintenance and Operations	10,000	10,000	3,984	(6,016)
Capital Outlay	-	-	-	-
	<u>13,000</u>	<u>13,000</u>	<u>6,984</u>	<u>(6,016)</u>
Animal Control				
Personal Services	430	430	195	(236)
Maintenance and Operations	440	440	45	(395)
Capital Outlay	-	-	-	-
	<u>870</u>	<u>870</u>	<u>239</u>	<u>(631)</u>
School Crossing				
Personal Services	3,850	3,850	3,850	-
Maintenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
	<u>3,850</u>	<u>3,850</u>	<u>3,850</u>	<u>-</u>
Shop				
Personal Services	-	-	-	-
Maintenance and Operations	5,488	5,488	4,784	(704)
Capital Outlay	-	-	-	-
	<u>5,488</u>	<u>5,488</u>	<u>4,784</u>	<u>(704)</u>
Other Financing Uses:				
Transfer to PWA (Grant Water Project)	-	-	-	-
Transfer to Other Funds	-	-	309,932	309,932
Reserves	-	-	-	-
Total Charges to Appropriations	<u>923,159</u>	<u>923,159</u>	<u>937,115</u>	<u>13,956</u>
Ending Budgetary Fund Balance	<u>-</u>	<u>-</u>	<u>\$ 1,161,133</u>	<u>\$ 1,159,077</u>

AUDITOR INFORMATION SHEET

**CITY OF BOISE CITY
P.O. Box 129
Boise City, OK 73933**

EIN Number: 73-6043127
DUNS Number: 86-7440950
Telephone Number: (580) 544-2271
FAX Number: (580) 544-3135

Contact Person & Title: Sherridan Perdue, City Clerk

Auditor: William K. Gauer
Email Address: wgauer@gauerca.mygbiz.com
License Number: Oklahoma License No. 15637
Firm Name: William K. Gauer, C.P.A.
Address: P. O. Box 181
Watonga, OK 73772
Telephone Number: (580)623-5071
FAX Number: (580)623-5072

Records stored at the address above.

Programs Examined:
(Check as Applicable)

United States Department of Agriculture
Rural Development (Loans)
10.500

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181
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WATONGA, OKLAHOMA 73772
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Boise City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Boise City, State of Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Boise City, State of Oklahoma's major federal programs for the year ended June 30, 2021. City of Boise City, State of Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Boise City, State of Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Boise City, State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Boise City, State of Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Boise City, State of Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items

2021;01 The City used a separate bank account for the receipts and disbursements related to the Water and Sewer projects. The transactions were captured and maintained on a handwritten ledger. This is a repeat finding.

Our opinion on each major federal program is not modified with respect to these matters.

City of Boise City, State of Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Boise City, State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Report on Compliance for Each Major Federal Program

We have audited the City of Boise City, State of Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Boise City, State of Oklahoma's major federal programs for the year ended June 30, 2021. City of Boise City, State of Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Boise City, State of Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Oklahoma, State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Boise City, State of Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Boise City, State of Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items

2021;01 The City used a separate bank account for the receipts and disbursements related to the Water and Sewer projects. The transactions were captured and maintained on a handwritten ledger. This is a repeat finding.

These transactions were no input into the City's financial software under the Public Works Authority. Our opinion on each major federal program is not modified with respect to these matters.

City of Boise City, State of Oklahoma's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Boise City, State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City of Boise City, State of Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Boise City, State of Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Boise City, State of Oklahoma's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance

Honorable City Council
February 14, 2022
Page 2

that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Watonga, Oklahoma
February 14, 2022

CITY OF BOISE CITY, OKLAHOMA
#REF!
Schedule of Findings and Questioned Costs
June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ yes	_____ X _____	no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	_____ X _____	no
Noncompliance material to financial statements noted?	_____ yes	_____ X _____	no

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ yes	_____ X _____	no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	_____ X _____	no
Type of auditor's report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-122, Section .510(a)?	_____ yes	_____ X _____	no
Identification of major programs:	<u>CFDA</u>	<u>Expenditures</u>	
USDA Rural Development	10.500	\$ 255,175.00	
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000		
Auditee qualified as low-risk auditee?	_____ yes	_____ X _____	no

Section II - Financial Statement Findings

Significant Deficiency

2021.01; Grant receipts and disbursements for the Water and Sewer Projects were maintained in a separate bank account. These loan proceeds and the related transactions were not entered into the City's financial accounting system. However they were recorded and maintained in a separate handwritten ledger(s). (Repeat Finding)

Section III - Federal Award Findings and Questioned Costs

None

CITY OF BOISE CITY, OKLAHOMA
#REF!
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2021

Federal/State Grantor Pass through Grantor Program Title	Federal CDFR Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at July 1, 2020	Contract Receipts or Revenue Recognized	Contract Disbursements/ Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recognized	Match Disbursements/ Expenditures	Cash/ Accrued or (Deferred) Revenue at June 30, 2021
United States Department of Agriculture	10.500									
Federal Funds/Loans										
Water System Relocation										
Sewer System Relocation										
Federal Funds Pass-through										
District Attorney			10,000	-	3,225	3,225	-	-	-	-
JAG-LLE-2020-Boise City										
Body Armor										
Federal Funds pass-through ODOT										
Oklahoma Department of Transportation			144,896	-	144,896	131,835	-	-	-	-
Water System Relocation, CEL 172060			49,719	-	49,719	49,719	-	-	-	-
Sewer System Relocation, CEL 172061										
Project No. NHPP-213N(017)JT										
Federal Aviation Administration										
Runway Rehabilitation and Lighting Project			114,000	-	114,000	114,000	-	-	-	-
AIP 3-40-0010-00-2020										
Community Block Grant										
Sewer Project CDBG 17848-001-2020			270,000	-	299,466	299,466	-	-	-	-
CARES Act Grant			9,000	-	-	-	-	-	-	-
Total Federal Programs			588,615		866,481	853,419	3			
State Programs:										
Department of Agriculture - Fire			4,933	-	4,826	4,826	-	-	-	-
OEDA Utility Technology Services			55,000	-	-	-	-	-	-	-
Waterline Replacement CM-21										
Total State Programs			59,933		4,826	4,826				
Total All Programs			648,548		871,307	858,245	3			

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditors' report.

City of Boise City

Audit Findings June 30, 2021

Finding: 2021.01; Certain Grant Receipt and Disbursements for the Water and Sewer Projects were maintained in a separate bank. These loans proceeds and the related transaction were not entered into the City's financial accounting system. However, they were recorded and maintained in a separate handwritten ledger(s).

Recommendations:

The city should enter all transactions into the City's financial system. It is very helpful that the city had a separate handwritten ledger. It is recommended that all transactions, including federal and state grants, and or loan proceeds be booked in the City's financial system.

Corrective Action:

The City's personnel started during the fiscal year under audit and all periods that have passed since the end of the fiscal year. The management of the city believes that this item is corrected.