

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

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED
JUNE 30, 2013**

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Boise City, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund, modified cash basis information of City of Boise, Oklahoma, as of and for the year ended June 30, 2013, 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. However, the City historically, has maintained its books and records on the modified cash basis of accounting.

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.

City of Boise City
June 30, 2014

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 financial position—modified cash basis 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, 2013, and the respective changes in financial position—modified cash basis, thereof for the year then ended in accordance with the basis of accounting as described in Note A.

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 opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, which has been omitted, and analysis and budgetary comparison information on pages, which is included in the Supplemental section, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Boise City, Oklahoma's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare

City of Boise City
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the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of Federal awards (SEFA) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2014, on our consideration of the City of Boise City, 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 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 Government Auditing Standards in considering City of Boise City, Oklahoma's internal control over financial reporting and compliance.



W. Atonga, Oklahoma

June 30, 2014

CITY OF BOISE CITY, OKLAHOMA
Statement of Net Position - Modified Cash Basis
June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Unrestricted:			
Cash and Cash Equivalents	\$ 265,677	\$ 55,959	\$ 321,636
Due from Other Funds	-	-	-
Total unrestricted assets	265,677	55,959	321,636
Restricted:			
Restricted Cash and Investments	-	124,068	124,068
Capital Assets (Note 4)			
Land	10,000	40,000	50,000
Depreciable capital assets, net	1,084,215	1,566,333	2,650,548
Total Assets	1,359,892	1,786,360	3,146,252
LIABILITIES			
Due to Depositors	-	32,154	32,154
Long-term Liabilities (Note			
Due within one year	-	56,143	56,143
Due in more than one year	-	263,320	263,320
Total Liabilities	-	351,617	351,617
NET POSITION			
Invested in capital assets, net of related debt:			
Restricted	1,094,215	1,286,870	2,381,085
Unrestricted	265,677	55,959	321,636
Total Net Position	\$ 1,359,892	\$ 1,434,743	\$ 2,794,635

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, 2013

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 Government:							
Governmental Activities:							
General Government	\$ 259,495	\$ 44,873	\$ -	\$ -	\$ (214,621)	\$ -	\$ (214,621)
Public Safety	167,536	4,614	4,484	-	(158,438)	-	(158,438)
Cemetery	4,207	2,363	-	-	(1,844)	-	(1,844)
Streets and Public Works	46,526	-	-	-	(46,526)	-	(46,526)
Airport and Economic Improvement	7,474	3,071	-	689,622	685,219	-	685,219
Unallocated Depreciation, net direct	121,168	-	-	-	(121,168)	-	(121,168)
Culture and Recreation	128,118	3,767	-	-	(124,351)	-	(124,351)
Total governmental activities	<u>734,523</u>	<u>58,687</u>	<u>4,484</u>	<u>689,622</u>	<u>18,271</u>	<u>-</u>	<u>18,271</u>
Business-Type Activities:							
Utility-Water	159,506	274,631	-	-	\$ -	115,125	115,125
Utility-Sanitation	128,641	219,005	-	-	-	90,364	90,364
Utility- Sewer	64,686	86,095	-	80,816	-	102,225	102,225
Miscellaneous Expenses	17,536	-	-	-	-	(17,536)	(17,536)
General administration	154,176	-	-	-	-	(154,176)	(154,176)
Golf Course	25,453	26,253	-	-	-	800	800
Unallocated Depreciation, net direct	123,013	-	-	-	-	(123,013)	(123,013)
Interest Expense, net direct	26,710	-	-	-	-	(26,710)	(26,710)
Total business-type activities	<u>699,721</u>	<u>605,985</u>	<u>-</u>	<u>80,816</u>	<u>-</u>	<u>(12,921)</u>	<u>(12,921)</u>
Total Primary Government	<u>1,434,244</u>	<u>664,672</u>	<u>4,484</u>	<u>770,438</u>	<u>18,271</u>	<u>(12,921)</u>	<u>5,350</u>
General Revenues:							
Taxes:							
Sales Tax					385,331	-	385,331
Franchise Tax					33,320	-	33,320
Intergovernmental					141,075	-	141,075
Investment Income					775	542	1,317
Miscellaneous					12,729	2,620	15,350
Transfers-Internal Activity					(20,944)	-	(20,944)
Total general revenues and transfers					<u>552,286</u>	<u>3,163</u>	<u>555,449</u>
Changes in Net Assets					570,557	(9,758)	560,799
Net Assets - Beginning					789,335	1,444,501	2,233,836
Net Assets - Ending					<u>\$ 1,359,892</u>	<u>\$ 1,434,743</u>	<u>\$ 2,794,635</u>

See accompanying notes to the basic financial statements.

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>General Fund</u>	<u>Airport Fund</u>	<u>Other</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 152,812	\$ 789	\$ 11,760	\$ 165,361
Investments	97,817	-	2,500	100,317
Due from Other Fund	-	-	-	-
Capital Assets				
Land, inexhaustible assets and construction-in-process	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	<u>250,628</u>	<u>789</u>	<u>14,260</u>	<u>265,677</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 ASSETS				
Nonspendable:				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted:				
Committed:				
Assigned:				
Street and Alley	-	-	6,784	6,784
Cemetery	-	-	7,475	7,475
Airport	-	789	-	789
Unassigned:				
General Fund	250,628	-	-	250,628
Total Net Assets	<u>250,628</u>	<u>789</u>	<u>14,260</u>	<u>265,677</u>

Reconciliation to Statement of Net Assets:

Amount reported for governmental activities in the statement of net assets

Capital assets	1,094,215
Certain liabilities not payable in the reporting period	<u>-</u>
	<u>\$ 1,359,892</u>

See accompanying notes to the basic financial statements,

CITY OF BOISE CITY, OKLAHOMA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2013

	Public Works Authority	Golf Course	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 36,911	\$ 19,050	\$ 55,960
Noncurrent Assets:			
Restricted cash and cash equivalents	83,534	534	84,068
Restricted investments	40,000	-	40,000
Capital Assets, net of accumulated depreciation	1,412,978	193,355	1,606,333
Total noncurrent assets	<u>1,536,512</u>	<u>193,889</u>	<u>1,730,401</u>
Total Assets	<u>1,573,423</u>	<u>212,939</u>	<u>1,786,361</u>
LIABILITIES			
Current Liabilities:			
Notes payable-current portion	51,238	4,905	56,143
Total current liabilities	<u>51,238</u>	<u>4,905</u>	<u>56,143</u>
Noncurrent Liabilities:			
Refundable deposits	32,154	-	32,154
Notes payable-long-term portion	241,068	22,253	263,320
Total noncurrent liabilities	<u>273,222</u>	<u>22,253</u>	<u>295,474</u>
Total Liabilities	<u>324,460</u>	<u>27,158</u>	<u>351,617</u>
NET ASSETS			
Invested in Capital Assets, net of debt	1,120,672	166,197	1,286,870
Restricted	91,380	534	91,914
Unrestricted	36,911	19,050	55,960
Total Net Assets	<u>\$ 1,248,963</u>	<u>\$ 185,781</u>	<u>\$ 1,434,744</u>

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

	General Fund	Airport Fund	Other	Total
Revenues:				
Taxes	\$ 385,331	\$ -	\$ 33,320	\$ 418,652
Intergovernmental	128,781	-	12,294	141,075
Charges for services	51,431	3,071	-	54,502
Fines and forfeitures	2,570	-	-	2,570
Licenses and permits	1,772	-	-	1,772
Investment income	731	-	44	775
Miscellaneous	14,905	-	338	15,243
Total Revenues	<u>585,522</u>	<u>3,071</u>	<u>45,995</u>	<u>634,588</u>
Expenditures:				
General Government	241,317	-	-	241,317
City Clerk/Treasurer	18,177	-	-	18,177
Police Department	139,049	-	-	139,049
Municipal Court	3,116	-	-	3,116
Fire Department	20,849	-	-	20,849
Parks	109,424	-	-	109,424
Swimming Pool	18,694	-	-	18,694
Cemetery	4,207	-	-	4,207
Animal Control	1,212	-	-	1,212
School Crossings	3,310	-	-	3,310
Shop	2,534	-	-	2,534
Street	-	-	43,992	43,992
Airport	-	7,474	-	7,474
Total Expenditures	<u>561,889</u>	<u>7,474</u>	<u>43,992</u>	<u>613,355</u>
Excess (deficiency) of revenues over expenditures	23,633	(4,403)	2,003	21,232
Other Financing Sources				
Transfers In	-	4,000	7,000	11,000
Transfers Out	(11,000)	(20,944)	-	(31,944)
Total Other Financing Sources	<u>(11,000)</u>	<u>(16,944)</u>	<u>7,000</u>	<u>(20,944)</u>
Net Changes in Fund Balances	12,633	(21,347)	9,003	288
Fund Balance - Beginning	237,995	22,137	5,256	265,388
Fund Balance - Ending	<u>250,628</u>	<u>789</u>	<u>14,259</u>	<u>265,677</u>

Reconciliation to the Statement of Activities:

Net change in fund balances

288

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
 Depreciation expense

691,436
 (121,168)

Change in net assets of governmental activities

\$ 570,557

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

	Public Works Authority	Golf Course Fund	Total
Revenues:			
Charges for services:			
Charges for services-Water	\$ 274,631	\$ -	\$ 274,631
Charges for services-Sewer	86,095	-	86,095
Charges for services-Trash	219,005	-	219,005
Golf course fees and charges	-	26,253	26,253
Other	2,620	-	2,620
Total Revenues	<u>582,352</u>	<u>26,253</u>	<u>608,605</u>
Expenses:			
Water	159,506	-	159,506
Sanitation	128,641	-	128,641
Sewer	64,686	-	64,686
General administration	154,176	-	154,176
Shop	12,994	-	12,994
Farm	-	-	-
Skid loader	4,254	-	4,254
Sweeper	288	-	288
Golf course	-	25,453	25,453
Depreciation	112,784	10,229	123,013
Total Expenses	<u>637,330</u>	<u>35,682</u>	<u>673,012</u>
Operating Income (Loss)	<u>(54,978)</u>	<u>(9,429)</u>	<u>(64,406)</u>
Non-operating revenues (expenses):			
Investment income	476	66	542
Interest expense and fiscal agent fees	(24,946)	(1,764)	(26,710)
Other revenue (Grants)	80,816	-	80,816
Total Non-operating Revenues (Expenses)	<u>56,346</u>	<u>(1,698)</u>	<u>54,648</u>
Changes in Net Assets	1,369	(11,127)	(9,758)
Net Assets - Beginning	1,247,594	196,908	1,444,502
Net Assets - Ending	<u>\$ 1,248,963</u>	<u>\$ 185,781</u>	<u>\$ 1,434,744</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	\$ 579,732	\$ 26,253	\$ 605,985
Other Income	2,620	-	2,620
Payments to Employees	(257,171)	-	(257,171)
Payment of Vendor and Suppliers	(267,375)	(25,453)	(292,827)
Net Cash Provided (Used) by Operating Activities	57,807	800	58,607
Cash Flow from Capital and Related Financing Activities:			
Grant Receipts	80,816	-	80,816
Receipts from New Borrowing	-	-	-
Prepayment of Principal from Notes	(53,259)	(10,165)	(63,424)
Interest Paid on Notes	(24,946)	(1,764)	(26,710)
Disbursements on Capital Assets or Infrastructure	(98,840)	-	(98,840)
Net Cash Provided (Used) by Capital and Related Financing Activities	(96,229)	(11,930)	(108,158)
Cash Flow from Non-Capital and Related Financing Activities:			
Transfers	-	-	-
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	-	-	-
Cash Flow from Investing Activities:			
Investment Receipts	476	66	542
Investment Disbursements	-	-	-
Net Cash Provided (Used) by Investing Activities	476	66	542
Net Increase (Decrease) in Cash	(37,946)	(11,063)	(49,009)
Cash, Beginning of the Year	150,639	36,527	187,165
Cash, End of the Year	\$ 112,693	\$ 25,464	\$ 138,157
Reconciliation of Net Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (54,978)	\$ (9,429)	\$ (64,406)
Adjustments to Reconcile Net Income to Cash			
Depreciation	112,784	10,229	123,013
Net Cash Provided (Used) by Operating Activities	\$ 57,807	\$ 800	\$ 58,607

See Accompanying notes to the basic financial statements.

Notes to Financial Statements
City of Boise City
June 30, 2013

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 reported 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 another 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, 2010 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 assets.

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 are as follows:

Capital assets	\$	3,560,696
Accumulated depreciation		(2,476,481)
Net adjustment to increase fund balance—total governmental funds		
to arrive at net assets—governmental activities	\$	1,094,215

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 difference is as follows:

Capital outlay	\$	691,436
Depreciation expense		(121,168)
Net adjustment to increase net changes in fund balances—total governmental funds to arrive at changes in net assets of governmental activities		
	\$	570,268

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, 2013, the primary government had the following investments:

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, 2013, 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:

Receivable Fund	Payable Fund	Amount
NONE		
Transferring Fund	Receiving Fund	Amount
General Fund	Airport Fund	\$4,000
General Fund	Street & Alley	\$7,000
Airport Fund	Capital Assets	\$20,944

E. Leases

The City has no operating or capital leases as of June 30, 2013 that are presented separately.

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%, final payment due June 2035. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 249,629

\$173,223.10 note payable to the First State Bank payable in monthly installments of \$1,753.8, including principal and interest at 4.0%, final payment due October 2014. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 15,164

\$100,496.68 note payable to the First State Bank payable in monthly installments of \$1,017.48, including principal and interest at 4.0%, final payment due September 2014. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 27,512

\$98,000.00 note payable to the First State Bank payable in monthly installments of \$1,385.12, including principal and interest at 5.0%, final payment due November 2012. This obligation was incurred in legal form with the Boise City Public Works Authority. \$ 0

Limited Obligation Notes Payable

\$5,763.00 note payable to First State Bank payable in annual installments of \$1,554.42, including principal and interest at 5.0%, final payment due April 2012. This obligation was incurred in legal form with the Golf Course. \$ 0

\$25,120 note payable to John Deere Credit payable in semi-annual installments of \$2,833, including principal and interest at 5.5%, final payment due April 2013. This obligation was incurred in legal form with the Golf Course. \$ 0

\$31,825 note payable to First State Bank payable in annual installments of \$6,263.16, including principal and interest at 5.0%, final payment due April 2018. This obligation was incurred in legal form with the Golf Course. \$ 27,158

\$19,488 note payable to First State Bank payable in Monthly installments of \$580.32, including principal and interest at 4.5%, final payment due May 2016. \$ 17,964

Customer Deposits:

Customer deposits reported as a liability within the Statement of Net Assets are comprised of utility customer deposits payable. \$ 32,154

Note Payable Activity during Fiscal Year:

Public Works Authority	Beginning	Incurred	Retired	Ending
USDA Rural Dev	\$267,363	0	17,580	249,629
FSB 48201	5,738	0	5,738	0

FSB 53291	0	19,488	1,524	17,964
FSB 46827	31,873	0	17,946	15,164
FSB 46644	<u>46,999</u>	<u>0</u>	<u>9,580</u>	<u>27,512</u>
Total Public Works	\$ 351,973	19,488	52,368	\$ 310,269
Less: Current Portion				<u>51,238</u>
Total Long-Term Public Works Authority				\$ 347,847
Golf Course Fund	Beginning	Incurred	Retired	Ending
FSB 51314	\$ 0	0	0	0
FSB 53266	31,875	0	4,667	27,158
John Deere Credit	<u>5,498</u>	<u>0</u>	<u>5,498</u>	<u>0</u>
Total Golf Course	\$ 18,636	0	6,262	\$ 27,158
Less: Current Portion				<u>4,905</u>
Total Long-Term Public Works Authority				\$ 22,253

Maturities of Long-Term debt are as follows:

06/30/14	231,356	7,099	2,271	-	-
06/30/15	211,899	-	-	-	-
06/30/16	191,395	-	-	-	-
06/30/17	169,788	-	-	-	-
06/30/18	147,019	-	-	-	-
06/30/19	123,026	-	-	-	-
06/30/20	97,742	-	-	-	-
06/30/21	71,098	-	-	-	-
06/30/22	43,022	-	-	-	-
06/30/23	13,435	-	-	-	-
06/30/24	-	-	-	-	-

G. Short-Term Debt

The City did not issue or retire any short-term debt during the fiscal year and had none outstanding at June 30, 2013. The proprietary funds have a current portion of their long-term debt of \$74,386.

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 \$27,908 for customer utility deposits and \$68,522 for debt service covenants.

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 insures. There have been no significant changes in insurance coverage during the past fiscal year. For the three fiscal years ended June 30, 2012, 2011 and 2010 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 Town 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 a retirement fund and system designated the "Employee Retirement System of Boise City, Oklahoma" under authority granted by Oklahoma Statutes Title 11 § 48-101. The City participates with other cities in the Oklahoma Municipal Retirement System, which is a cost sharing, multiple-employer public employee retirement system (PERS).

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

June 30, 2011	\$ 49,329
June 30, 2012	51,939

June 30, 2013

54,999

*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 OPED as of June 30, 2013.

F. Overlapping Debt

The City has no overlapping debt as of June 30, 2013.

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, 2013.

H. Joint Venture

The City is not and has not entered into any joint ventures as of June 30, 2013.

I. Commitments

As of June 30, 2013, 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, 2013.

K. Subsequent Events

As of May 12, 2014, the issuance date of this report, no subsequent reports have occurred that effect the City or its financial statements as presented.

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

	July 1, 2012	Additions	Disposals	June 30, 2013
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Construction in progress	5,008	689,622	694,630	-
Total capital assets not being depreciated	15,008	689,622	694,630	10,000
Other capital assets				
Buildings	595,215	-	-	595,215
Machinery and equipment	1,609,273	1,814	-	1,611,087
Improvements	659,764	694,630	-	1,354,394
Total other capital assets at historical costs	2,864,252	696,444	-	3,560,696
Less accumulated depreciation for:				
Buildings	517,344	23,809	-	541,153
Machinery and equipment	1,697,553	64,371	-	1,761,924
Improvements	140,416	32,988	-	173,404
Total accumulated depreciation	2,355,313	121,168	-	2,476,481
Other capital assets, net	508,939	575,276	-	1,084,215
Governmental activities capital assets, net	\$ 523,947	\$ 1,264,898	\$ 694,630	\$ 1,094,215
Business-type activities:				
Capital assets not being depreciated:				
Land	40,000	-	-	40,000
Construction in progress	-	-	-	-
Total capital assets not being depreciated	40,000	-	-	40,000
Other capital assets				
Buildings	426,120	-	-	426,120
Machinery and equipment	923,950	7,994	-	931,944
Improvements	3,450,529	90,846	-	3,541,375
Total other capital assets at historical costs	4,800,599	98,840	-	4,899,439
Less accumulated depreciation for:				
Buildings	254,385	17,045	-	271,430
Machinery and equipment	875,774	36,958	-	912,732
Improvements	2,079,934	69,011	-	2,148,945
Total accumulated depreciation	3,210,093	123,013	-	3,333,106
Other capital assets, net	1,590,506	(24,173)	-	1,566,333
Governmental activities capital assets, net	\$ 1,630,506	\$ (24,173)	\$ -	\$ 1,606,333

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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

I have audited 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 City of Boise City, Oklahoma, as of and for the year ended June 30, 2014, which collectively comprise the City of Boise City, State Oklahoma's basic financial statements and have issued our report thereon dated December 31, 2014. I conducted my 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.

Internal Control Over Financial Reporting

Management of City of Boise City, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City of Boise City, State Oklahoma's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Boise City, Oklahoma's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the City of Boise City, Oklahoma's internal control over financial reporting.

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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting.

- Auditor drafted the financial statements and the accompanying notes
- Management, Discussion and Analysis has been omitted

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Boise City, Oklahoma's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items.

I noted certain matters that we reported to management of City of Boise City, Oklahoma, in a separate letter dated December 31, 2012.

City of Boise City, Oklahoma's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not

audit City of Boise City, Oklahoma's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Watonga, Oklahoma
June 30, 2014

City of Boise City
May 12, 2014

this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to be 'W. Watongse', written over a horizontal line.

Watongse, ~~Oklahoma~~
May 12, 2014

SUPPLEMENTAL INFORMATION

CITY OF BOISE CITY, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ 188,450	\$ 188,450	\$ 237,995	\$ 49,545
Resources (Inflows):				
Taxes:				
Sales Tax	310,000	310,000	384,727	74,727
Cigar Tax	-	-	-	-
Dog Tax	450	450	605	155
Total Taxes	310,450	310,450	385,331	74,881
Intergovernmental:				
Alcoholic Beverage Tax	112,000	112,000	128,781	16,781
State Grants	-	-	4,484	4,484
Investment Income	1,000	1,000	731	(269)
Miscellaneous Income				
Code Enforcement	100	100	156	2
Contracted Manager Services	43,100	43,100	43,102	2
Police Fines	1,500	1,500	2,414	914
Fire	5,000	5,000	2,200	(2,800)
Licenses and Permits	1,500	1,500	1,772	272
Swimming Pool	4,000	4,000	3,767	(233)
Cemetery	1,000	1,000	2,363	1,363
Miscellaneous	5,000	5,000	10,421	5,421
Other Financing Sources:				
Transfer from Other Funds	-	-	-	-
Amounts available for appropriations	673,100	673,100	823,517	150,360
General Government				
Personal Services	202,770	202,770	182,983	(19,787)
Maintenance and Operations	63,160	63,160	47,572	(15,588)
Capital Outlay	34,090	34,090	10,763	(23,327)
	300,020	300,020	241,317	(58,703)
City Clerk				
Personal Services	18,120	18,120	18,097	(23)
Maintenance and Operations	730	730	80	(650)
Capital Outlay	-	-	-	-
	18,850	18,850	18,177	(673)
Police Department				
Personal Services	106,780	106,780	71,878	(34,902)
Maintenance and Operations	62,340	62,340	57,116	(5,224)
Capital Outlay	10,000	10,000	10,056	56
	179,120	179,120	139,049	(40,071)

CITY OF BOISE CITY, OKLAHOMA
 Budgetary Comparison Schedule General Fund - Cash Basis
 For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Court				
Personal Services	1,950	1,950	1,950	-
Maintenance and Operations	720	720	1,166	446
Capital Outlay	-	-	-	-
	2,670	2,670	3,116	446
Fire Department				
Personal Services	840	840	1,800	960
Maintenance and Operations	17,780	17,780	16,055	(1,725)
Capital Outlay	6,020	6,020	2,994	(3,026)
	24,640	24,640	20,849	(3,791)
City Parks and Arena				
Personal Services	102,100	102,100	101,764	(336)
Maintenance and Operations	9,440	9,440	7,294	(2,146)
Capital Outlay	2,000	2,000	366	(1,634)
	113,540	113,540	109,424	(4,116)
Swimming Pool				
Personal Services	8,370	8,370	6,611	(1,759)
Maintenance and Operations	12,860	12,860	6,590	(6,270)
Capital Outlay	-	-	5,493	5,493
	21,230	21,230	18,694	(2,536)
Cemetary				
Personal Services	1,000	1,000	800	(200)
Maintenance and Operations	3,950	3,950	3,407	(544)
Capital Outlay	-	-	-	-
	4,950	4,950	4,207	(744)
Animal Control				
Personal Services	800	800	760	(40)
Maintenance and Operations	700	700	452	(248)
Capital Outlay	-	-	-	-
	1,500	1,500	1,212	(288)
School Crossing				
Personal Services	3,430	3,430	3,080	(350)
Maintenance and Operations	250	250	230	(20)
Capital Outlay	-	-	-	-
	3,680	3,680	3,310	(370)
Shop				
Personal Services	-	-	-	-
Maintenance and Operations	2,900	2,900	2,534	(366)
Capital Outlay	-	-	-	-
	2,900	2,900	2,534	(366)
Other Financing Uses:				
Transfer to Other Funds	-	-	11,000	11,000
Total Charges to Appropriations	673,100	673,100	572,889	(100,211)
Ending Budgetary Fund Balance	-	-	\$ 250,628	\$ 250,572

AUDITOR INFORMATION SHEET

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

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

Contact Person & Title: Gore, Ruby, City Clerk

Auditor: William K. Gauer
Email Address: wgauer@gauerca.mygbiz.com
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Firm Name: William K. Gauer, C.P.A.
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Records stored at the address above.

Programs Examined:
(Check as Applicable)

Federal Aviation Administration
Airport CFDA 20.106

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the City Council
City of Boise City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited City of Boise City, Oklahoma's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Boise City, Oklahoma's major federal programs for the year ended June 30, 2013. City of Boise City, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of City of Boise City, 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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 City of Boise City, 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 City of Boise city, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, City of Boise City, 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, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with

respect to these matters.


Report on Internal Control Over Compliance

Management of City of Boise City, 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 City of Oklahoma, 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 OMB Circular A-133, 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 City of Boise City, 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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


W. atongga, Oklahoma
May 12, 2014

CITY OF BOISE CITY, OKLAHOMA
 Cimarron County, Oklahoma
 Schedule of Findings and Questioned Costs
 June 30, 2013

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: CFDA Expenditures
 FAA: Airport Improvement 20.106 \$ 710,441.00

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

1. Auditor Drafted Financial Statements and Notes
2. Auditor Drafted Schedule of Federal Awards

Section III - Federal Award Findings and Questioned Costs

1. Auditor Drafted Financial Statements and Notes
2. Auditor Drafted Schedule of Federal Awards

CITY OF BOISE CITY, OKLAHOMA
Cimarron County, Oklahoma
Schedule of Expenditures of Federal Awards
For Year Ended June 30, 2013

Federal/State Grantor Pass through Grantor Program Title	Federal CDFA Number	Pass- Through Grantor's Number	Program or Award Amount	Cash/ Accrued or (Deferred) Revenue at July 1, 2012	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, 2013
Federal Aviation Administration										
Runway Maintenance AIP-3-40-0010-004-2011	20.106		\$ 710,441	\$ 590,524	\$ 689,622	\$ 689,622	\$ -	\$ -	\$ 34,304	\$ -
Total Federal Programs			710,441	590,524	689,622	689,622	-	-	34,304	-
Department of Agriculture - Fire			4,484	-	4,484	4,484	-	-	-	-
Oklahoma REAP Grants					34,044	34,044				
Oklahoma REAP Grants					46,772	46,772				
Total State Programs			4,484	-	85,300	85,300	-	-	-	-
Total All Programs			714,925	590,524	774,922	774,922	-	-	34,304	-

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