

TOWN OF BOSWELL, OKLAHOMA
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2011

BROWN & DAVIS, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**TOWN OF BOSWELL, OKLAHOMA
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011**

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INDEPENDENT AUDITOR'S REPORT

To the City Council
Town of Boswell, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Boswell, Oklahoma (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the Town of Boswell, Oklahoma, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012 on our consideration of the Town'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 6 and 26 through 27 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boswell, Oklahoma's financial statements as a whole.



Brown & Davis, LLP

Certified Public Accountants

January 31, 2012

TOWN OF BOSWELL, OKLAHOMA

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis provides an overview of the financial activities of the Town of Boswell, Oklahoma for the year ended June 30, 2011. Please read it in conjunction with the accompanying financial statements and disclosures.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Town's basic financial statements. The basic financial statements include (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements

The government-wide financial statements includes the Statement of Net Assets and the Statement of Activities. These statements report information about the Town as a whole and about its activities and helps show whether the Town has improved or deteriorated overall since the previous year.

The Statement of Net Assets and the Statement of Activities shows the Town divided into two kinds of activities:

Governmental Activities - Most of the Town's basic services are reported here, including the streets, parks, and other general public services which are financed by sales taxes, franchise taxes and other general income.

Business-type Activities - The Town has two business-type activities of providing rental property in one activity and water, sewer and trash services in the other activity both of which are financed from fees charged for these services.

The Statement of Net Assets shows the Town's overall assets and liabilities with the difference shown as net assets. The net assets of the Town increase or decrease over time which reflects the overall financial position of the Town as a whole and whether it is improving or declining. Evaluation of the overall economic health of the Town would extend to other non-financial factors such as diversification of the population or the condition of the Town's infrastructure in addition to the financial information provided in this report. The Statement of Activities reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenue provided by the Town's taxpayers.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations.

The Town of Boswell has two kinds of funds:

Governmental funds include essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spending resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town's proprietary funds are essentially the same as the business-type activities in the government-wide statements.

Notes to the Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

In addition to the basic financial statements, this report also presents certain Required Supplemental Information which is a comparison to the Town's adopted budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Financial Highlights

As of June 30, 2011, the Town's total assets were \$2,920,182 with \$442,528 reported as assets of governmental activities and \$2,477,654 of business-type activities. Of these total assets, \$2,617,193 were capital assets, net of accumulated depreciation. Governmental accounting rules require that the cost of the capital assets such as streets, roadways, buildings, furniture, equipment, and water and sewer systems be capitalized and their costs be recovered over their estimated useful lives. The remainder of the total assets of the Town include the deposits on hand with the bank in the form of demand deposit accounts and certificates of deposit totaling \$270,586 and water, sewer, and trash billing receivables, net of allowance for doubtful accounts, of \$23,310 and unexpired insurance of \$9,093.

Liabilities of the Town include current accounts payable to vendors for supplies and services totaling \$18,685 and accrued expenses of \$33,150. Also included in noncurrent liabilities is the value of customers' deposits for water and sewer services. These deposits are available to apply to final bills and any remaining balance is refunded to the customer, therefore, they are reported as liabilities and not as net assets of the Town. The bond debt is \$770,000 of which \$10,000 plus interest will be due within the next year.

The net assets of the Town at June 30, 2011 are \$2,074,974 compared to \$1,951,817 for the prior year for an increase of \$123,157. Net assets are reported as invested in capital assets, net of their related debt, of \$1,857,193, restricted assets of \$105,334, and the remainder as unrestricted net assets.

The major sources of revenue for the Town for the year ended June 30, 2011 were \$440,537 charges for services and \$296,426 grants and contributions, \$192,669 taxes, and \$834 interest earnings. Total revenue for the Town from all sources was \$932,017.

Capital assets purchased during the year was \$440,777 for additions to the sewer system, \$42,173 for a new Pavillion, and \$16,276 for a new dog pound, and \$7,030 for police cars and equipment.

The following is a comparative summary of financial information:

Assets	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Cash	\$ 533,955	\$ 270,586
Receivables	28,025	23,310
Prepaid expenses	6,563	9,093
Capital assets, net	<u>2,248,856</u>	<u>2,617,193</u>
Total assets	<u>2,817,399</u>	<u>2,920,182</u>
Liabilities		
Accounts payable	20,245	18,685
Accrued expenses	30,647	26,718
Bonds issued	780,000	770,000
Customer deposits	<u>34,690</u>	<u>29,805</u>
Total liabilities	<u>865,582</u>	<u>845,208</u>
Net assets	<u>\$ 1,951,817</u>	<u>\$ 2,074,974</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS, cont.

Revenue	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Charges for services	\$ 399,546	\$ 440,537
Intergovernmental revenue	155,387	192,669
Interest earned	287	834
Franchise fees	1,509	1,551
Insurance reimbursement & other	-	11,200
Grants and contributions	<u>66,705</u>	<u>296,426</u>
Total income	<u>623,434</u>	<u>943,217</u>
Expenses		
Programs and services	695,347	779,426
Bond related	<u>44,119</u>	<u>40,634</u>
Total expenses	<u>739,466</u>	<u>820,060</u>
Revenue over (under) expenses	<u>\$ (116,032)</u>	<u>\$ 123,157</u>

Revenue in excess of expenses improved \$239,189 for the current year ended June 30, 2011.

Summary

Overall, the Town of Boswell has paid its debts in a timely manner and continues to plan for expected growth in population. The Town Trustees and interested citizens are working together. Further questions about the Town and its plans for the future may be submitted to the Town of Boswell, PO Box 478, Boswell, Oklahoma 74727.

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF NET ASSETS
JUNE 30, 2011

ASSETS	Governmental Activities	Business- Type Activities	Total
Current assets			
Cash and equivalents	\$ 16,739	\$ 14,564	\$ 31,303
Bond construction acct	-	92,773	92,773
Certificates of deposit	-	41,176	41,176
Accounts receivable, net of allowance	-	23,310	23,310
Prepaid insurance	5,298	3,795	9,093
Total current assets	22,037	175,618	197,655
Noncurrent assets			
Restricted cash and equivalents	-	105,334	105,334
Capital assets, net of depreciation	420,491	2,196,702	2,617,193
Total noncurrent assets	420,491	2,302,036	2,722,527
Total assets	\$ 442,528	\$ 2,477,654	\$ 2,920,182
LIABILITIES			
Current liabilities			
Accounts payable	\$ 7,556	\$ 11,129	\$ 18,685
Accrued salaries payable	4,710	4,562	9,272
Accrued payroll deductions	2,725	2,468	5,193
Accrued interest payable - bonds	-	12,253	12,253
Bonds payable - current portion	-	10,000	10,000
Total current liabilities	14,991	40,412	55,403
Noncurrent liabilities			
Bonds payable	-	760,000	760,000
Customer water meter deposits	-	29,805	29,805
Total noncurrent liabilities	-	789,805	789,805
Total liabilities	14,991	830,217	845,208
NET ASSETS			
Restricted	-	105,334	105,334
Invested in capital assets, net of related debt	420,491	1,436,702	1,857,193
Unrestricted	7,046	105,401	112,447
Total net assets	427,537	1,647,437	2,074,974
Total liabilities and net assets	\$ 442,528	\$ 2,477,654	\$ 2,920,182

See accompanying notes to the basic financial statements.
Brown & Davis, LLP, Certified Public Accountants

**TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in net Assets Primary Government		
	Expenses	Charges for services	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 153,575	\$ 3,180	-	\$ (150,395)	-	\$ (150,395)
Nutrition program	79,095	-	70,631	(8,464)	-	(8,464)
Police department	158,139	124,481	-	(33,658)	-	(33,658)
Fire department operating	18,719	9,398	-	(9,321)	-	(9,321)
Fire department equipment	9,052	-	-	(9,052)	-	(9,052)
Total governmental activities	418,580	137,059	70,631	(210,890)	-	(210,890)
Business-type activities:						
Industrial Park	23,289	16,390	-	-	(6,899)	(6,899)
Public Works Authority	337,557	287,088	225,795	-	175,326	175,326
Total business-type activities	360,846	303,478	225,795	-	168,427	168,427
Total primary government	\$ 779,426	\$ 440,537	\$ 296,426	\$ (210,890)	\$ 168,427	\$ (42,463)
General revenues:						
Intergovernmental revenue				175,259	17,410	192,669
Interest earnings				47	787	834
Franchise fees				1,551	-	1,551
Other income				-	11,200	11,200
Operating transfers				(13,000)	13,000	-
Bond interest expense				-	(40,634)	(40,634)
Total general revenues and transfers				163,857	1,763	165,620
Changes in net assets				(47,033)	\$ 170,190	\$ 123,157
Net assets - beginning				474,570	1,477,247	1,951,817
Net assets - ending				\$ 427,537	\$ 1,647,437	\$ 2,074,974

See accompanying notes to the basic financial statements.
Brown & Davis, LLP, Certified Public Accountants

TOWN OF BOSWELL, OKLAHOMA
BALANCE SHEETS - GOVERNMENTAL FUNDS
JUNE 30, 2011

ASSETS

	General Fund	Nutrition Program Fund	Police Dept Fund	Fire Dept Operating Fund	Fire Dept Equipment Fund	Total Governmental Funds
Cash and equivalents	\$ 3,284	\$ 13,816	\$ (5,660)	\$ 5,306	\$ (7)	\$ 16,739
Certificates of deposit	-	-	-	-	-	-
Prepaid insurance	4,508	790	-	-	-	5,298
Total assets	7,792	14,606	(5,660)	5,306	(7)	22,037

LIABILITIES

Accounts payable	2,520	1,202	2,122	1,712	-	7,556
Accrued salaries payable	3,477	1,233	-	-	-	4,710
Accrued payroll deductions	2,186	539	-	-	-	2,725
Total liabilities	8,183	2,974	2,122	1,712	-	14,991

FUND BALANCES

Unreserved, reported in:						
General fund	(391)	-	-	-	-	(391)
Nutrition program fund	-	11,632	-	-	-	11,632
Police department fund	-	-	(7,782)	-	-	(7,782)
Fire department operating fund	-	-	-	3,594	-	3,594
Fire department equipment fund	-	-	-	-	(7)	(7)
Total fund balances	(391)	11,632	(7,782)	3,594	(7)	7,046
Total liabilities and fund balances	\$ 7,792	\$ 14,606	\$ (5,660)	\$ 5,306	\$ (7)	\$ 420,491

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$ 1,539,857

Net assets of governmental activities

\$ 420,491
<u>\$ 427,537</u>

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

REVENUES

Current:

General revenues:

Intergovernmental revenue
 Police fines
 Nutrition grant - KANP
 KANP - food paid direct
 Other income
 Donation from County
 Miscellaneous
 Nutrition grant match
 Duracom
 Membership dues revenue
 Licenses, fees & permits
 Allegio Comm
 Interest earnings
 Total revenues

	General Fund	Nutrition Program Fund	Police Department Fund	Fire Dept Operating Fund	Fire Dept Equipment Fund	Total Governmental Funds
	\$ 148,659	\$ 8,120	\$ 9,190	\$ 9,290	\$ -	\$ 175,259
	-	-	124,481	-	-	124,481
	-	44,956	-	-	-	44,956
	-	18,634	-	-	-	18,634
	1,116	-	-	5,198	-	6,314
	-	5,000	-	-	-	5,000
	1,804	-	-	375	-	2,179
	-	2,041	-	-	-	2,041
	1,430	-	-	-	-	1,430
	-	-	-	645	-	645
	260	-	-	-	-	260
	121	-	-	-	-	121
	29	-	-	18	-	47
	153,419	78,751	133,671	15,526	-	381,367

EXPENDITURES

Current:

General government:

Salaries and wages
 Telephone and utilities
 Capital outlay
 Repairs and supplies
 Insurance and bonds
 Accounting services
 Payroll taxes
 Elected officials pay
 Office supplies
 Vehicle gas & oil
 Contribution to cemetery
 Publishing
 Professional services - legal

	56,216	-	-	-	-	56,216
	16,756	-	-	-	-	16,756
	16,276	-	-	-	-	16,276
	15,438	-	-	-	-	15,438
	12,898	-	-	-	-	12,898
	6,000	-	-	-	-	6,000
	4,667	-	-	-	-	4,667
	3,015	-	-	-	-	3,015
	2,860	-	-	-	-	2,860
	2,596	-	-	-	-	2,596
	2,326	-	-	-	-	2,326
	634	-	-	-	-	634
	500	-	-	-	-	500

See accompanying notes to the basic financial statements.
 Brown & Davis, LLP, Certified Public Accountants

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

EXPENDITURES, cont.

Current:	General Fund	Nutrition Program Fund	Police Department Fund	Fire Dept Operating Fund	Fire Dept Equipment Fund	Total Governmental Funds
General government, cont.						
Dues, fees and licenses	928	-	-	-	-	928
Election expense	824	-	-	-	-	824
Professional services - other	695	-	-	-	-	695
Travel	275	-	-	-	-	275
Miscellaneous and other	205	-	-	-	-	205
Bank service charges	5	-	-	-	-	5
Total general government	143,114	-	-	-	-	143,114
Nutrition program						
Salaries and wages	-	32,657	-	-	-	32,657
Food costs	-	18,634	-	-	-	18,634
Building maintenance	-	6,808	-	-	-	6,808
Utilities	-	5,555	-	-	-	5,555
Insurance	-	4,994	-	-	-	4,994
Payroll taxes	-	2,765	-	-	-	2,765
Matching funds	-	2,041	-	-	-	2,041
Repairs & supplies	-	1,490	-	-	-	1,490
Travel	-	1,366	-	-	-	1,366
Telephone	-	1,251	-	-	-	1,251
Accounting services	-	600	-	-	-	600
Pest control	-	540	-	-	-	540
Miscellaneous	-	210	-	-	-	210
Advertising	-	124	-	-	-	124
Bank charges	-	60	-	-	-	60
Total nutrition program	-	79,095	-	-	-	79,095

**TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

EXPENDITURES, cont.	General Fund		Nutrition Program		Police Department		Fire Dept Operating		Fire Dept Equipment		Total Governmental Funds	
		Fund		Fund		Fund		Fund		Fund		Funds
Current:												
Police Department	-		-		69,295		-		-			69,295
Salaries & wages	-		-		15,681		-		-			15,681
Vehicle - gas and oil	-		-		12,798		-		-			12,798
Professional fees	-		-		9,715		-		-			9,715
Vehicle - repairs and maintenance	-		-		8,251		-		-			8,251
Capital outlay	-		-		6,190		-		-			6,190
Payroll taxes	-		-		5,603		-		-			5,603
Workers comp insurance	-		-		5,541		-		-			5,541
Utilities - telephone	-		-		4,530		-		-			4,530
Supplies	-		-		4,131		-		-			4,131
Miscellaneous	-		-		2,328		-		-			2,328
Office supplies	-		-		1,701		-		-			1,701
Vehicle insurance	-		-		911		-		-			911
Repairs	-		-		210		-		-			210
Uniforms	-		-		146,885		-		-			146,885
Total police department	-		-		146,885		-		-			146,885
Fire Department Operating												
Diesel and gas	-		-		-		7,186		-			7,186
Insurance	-		-		-		2,671		-			2,671
Building repairs	-		-		-		1,729		-			1,729
Utilities	-		-		-		1,651		-			1,651
Equipment repairs	-		-		-		1,517		-			1,517
Supplies	-		-		-		1,330		-			1,330
Telephone	-		-		-		1,136		-			1,136
Oklahoma Firefighters pension	-		-		-		900		-			900
Dues	-		-		-		60		-			60
Total fire department operating	-		-		-		18,180		-			18,180
Total expenditures	143,114		79,095		146,885		18,180		-			387,274
Excess (deficiency) of revenues over expenditures	10,305		(344)		(13,214)		(2,654)		-			(5,907)

See accompanying notes to the basic financial statements.
Brown & Davis, LLP, Certified Public Accountants

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011

	General Fund	Nutrition Program Fund	Police Department Fund	Fire Dept Operating Fund	Fire Dept Equipment Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(23,200)	-	10,200	-	-	(13,000)
Net changes in fund balances	(12,895)	(344)	(3,014)	(2,654)	-	(18,907)
Fund balances - beginning	12,504	11,976	(4,768)	6,248	(7)	25,953
Fund balances - ending	\$ (391)	\$ 11,632	\$ (7,782)	\$ 3,594	\$ (7)	\$ 7,046

**TOWN OF BOSWELL, OKLAHOMA
 STATEMENTS OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2011**

**Reconciliation of the change in fund balances - total governmental funds
 to the change in net assets of governmental activities:**

Net change in fund balances - total governmental funds	\$	(18,907)
Amounts reported for governmental activities in the Statement of Activities are different because:		

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset transactions		16,853
Depreciation expense		(44,979)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:

Principal payments		-
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Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(47,033)</u>
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TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF NET ASSETS - PROPRIETARY FUNDS
JUNE 30, 2011

	Business-Type Activities		
	Industrial	Public Works	Totals
	Park Fund	Authority Fund	
ASSETS			
Current assets			
Cash and equivalents	\$ 5,412	\$ 9,152	\$ 14,564
Bond construction acct	-	92,773	92,773
Certificates of deposit	-	41,176	41,176
Accounts receivable, net of allowance	-	23,310	23,310
Prepaid insurance	430	3,365	3,795
Total current assets	5,842	169,776	175,618
Noncurrent assets			
Restricted cash and equivalents			
Bond reserve acct	-	58,180	58,180
Bond sinking acct	-	5	5
Bond acct	-	19,804	19,804
Customer meter deposits	-	27,345	27,345
Capital assets, net of depreciation	561,938	1,634,764	2,196,702
Total noncurrent assets	561,938	1,740,098	2,302,036
Total assets	\$ 567,780	\$ 1,909,874	\$ 2,477,654
LIABILITIES			
Current liabilities			
Accounts payable	\$ -	\$ 11,129	\$ 11,129
Accrued salaries payable	-	4,562	4,562
Accrued payroll deductions	-	2,468	2,468
Accrued interest payable - bonds	-	12,253	12,253
Bonds payable - current portion	-	10,000	10,000
Total current liabilities	-	40,412	40,412
Noncurrent liabilities			
Bonds payable	-	760,000	760,000
Customer water meter deposits	-	29,805	29,805
Total noncurrent liabilities	-	789,805	789,805
Total liabilities	-	830,217	830,217
NET ASSETS			
Restricted	-	105,334	105,334
Invested in capital assets	561,938	874,764	1,436,702
Unrestricted	5,842	99,559	105,401
Total net assets	567,780	1,079,657	1,647,437
Total liabilities and net assets	\$ 567,780	\$ 1,909,874	\$ 2,477,654

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities		
	Industrial	Public Works	Totals
	Park Park	Authority Fund	
OPERATING REVENUES:			
Water, sewer and sanitation fees	\$ -	\$ 281,558	\$ 281,558
Insurance reimbursement and other	-	5,530	5,530
Rent income	16,390	-	16,390
Total operating revenues	16,390	287,088	303,478
OPERATING EXPENSES:			
Salaries and wages	-	113,096	113,096
Sanitations costs	-	46,259	46,259
Repairs and maintenance	2,223	43,186	45,409
Utilities and telephone	-	16,815	16,815
Vehicle maintenance and fuel	-	10,363	10,363
Chemicals and supplies	-	10,093	10,093
Payroll taxes	-	9,387	9,387
Insurance	647	7,062	7,709
Accounting service	-	6,000	6,000
Dues, fees and licenses	-	3,720	3,720
Office supplies	-	3,621	3,621
Uniforms and laundry	-	3,322	3,322
Uncollectible accounts receivable	-	2,334	2,334
Postage	-	2,119	2,119
Testing fees	-	651	651
Professional fees - legal	50	400	450
Miscellaneous	275	-	275
Travel	-	75	75
Bank charges	-	45	45
Advertising	-	20	20
Total operating expenses	3,195	278,568	281,763
Net operating income before depreciation	13,195	8,520	21,715
Depreciation	20,094	58,989	79,083
Net operating income after depreciation	(6,899)	(50,469)	(57,368)
Non-operating revenue (expense)			
Grant - Okla Department of Commerce	-	225,795	225,795
Intergovernmental revenue	-	17,410	17,410
Other income	11,200	-	11,200
Interest income	24	735	759
Bond interest income	-	28	28
Bond interest expense	-	(40,634)	(40,634)
Net income before operating transfers	4,325	152,865	157,190
Net operating transfers	13,000	-	13,000
Net income (loss)	17,325	152,865	170,190
Net assets - beginning of year	550,455	926,792	1,477,247
Net assets - end of year	\$ 567,780	\$ 1,079,657	\$ 1,647,437

TOWN OF BOSWELL, OKLAHOMA
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2011

	Business-Type Activities		
	Industrial	Public Works	Total
	Park Fund	Authority Fund	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers for services	\$ -	\$ 288,273	\$ 288,273
Receipts from renters	16,390	-	16,390
Refund from insurance	11,000	-	11,000
Donations	200	-	200
Grant	-	225,795	225,795
Intergovernmental	-	17,410	17,410
Interest received	24	763	787
Payments to suppliers	(3,625)	(171,053)	(174,678)
Payments to employees	-	(112,534)	(112,534)
Interest expense	-	(43,665)	(43,665)
Net cash provided (used) by operating activities	23,989	204,989	228,978
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Net transfers from (to) general fund	13,000	-	13,000
CASH FLOWS FROM FINANCING ACTIVITIES			
Principle pmts on bonds	-	(10,000)	(10,000)
Net cash provided (used) by financing activities	-	(10,000)	(10,000)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of capital assets	(34,771)	(440,775)	(475,546)
Net cash provided (used) by investing activities	(34,771)	(440,775)	(475,546)
Net increase (decrease) in cash and cash equivalents	2,218	(245,786)	(243,568)
Balances - beginning of the year	3,194	494,221	497,415
Balances - end of the year	\$ 5,412	\$ 248,435	\$ 253,847
Cash and equivalents	\$ 5,412	\$ 101,925	107,337
Certificates of deposit	-	41,176	41,176
Restricted cash and equivalents	-	105,334	105,334
Total	\$ 5,412	\$ 248,435	\$ 253,847
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Net operating income (loss)	\$ 4,325	\$ 152,865	\$ 157,190
Adjustments to reconcile operating activities to net cash provided (used) by operating activities:			
Depreciation	20,094	58,989	\$ 79,083
Changes in assets and liabilities:			
Receivables, net of allowance	-	1,185	\$ 1,185
Prepaid insurance	(430)	(3,365)	\$ (3,795)
Accounts payable	-	2,211	\$ 2,211
Accrued salaries payable	-	562	\$ 562
Payroll taxes payable	-	458	\$ 458
Accrued interest payable	-	(3,031)	\$ (3,031)
Customer meter deposits	-	(4,885)	(4,885)
Net cash provided (used) by operating activities	\$ 23,989	\$ 204,989	\$ 228,978

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Boswell, Oklahoma have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units herein referred to as generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB issued the long awaited statement on the new government financial reporting. GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments have become effective for all governmental entities over the period of time since 1999 depending on the size of the entity. The Town of Boswell adopted GASB No. 34 for the fiscal year ended June 30, 2007. Significant accounting policies are described below.

1.A. FINANCIAL REPORTING ENTITY

The Town of Boswell, Oklahoma is an incorporated town under the provisions of the State of Oklahoma. The Town provides public safety, streets and maintenance, fire protection, and administrative services.

The financial services of the Town include those separately administered organizations that are controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing body.

Based on the foregoing criteria, included are the financial statements of the Boswell Economic Development Authority, a component unit of the Town, which includes the Industrial Park Fund. The town created the Boswell Economic Development Authority on December 10, 2002. A grant in the amount of \$500,000 was approved by the United States Department of Agriculture - Rural Development on June 29, 2004 to be used for the development of the industrial park.

The Boswell Public Works Authority, a component unit of the Town, provides water, sewage, and trash removal services to the Town and is also included as a Business-Type Activity identified as the Public Works Authority Fund which together with the Boswell Economic Development Authority funds make up the Town of Boswell Proprietary Funds.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District applies all Governmental Accounting Standards Board (GASB) statements and all Financial Accounting Standards Board (FASB) pronouncements which do not conflict with or contradict GASB statements.

Fund Financial Statements

Governmental Funds

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The governmental funds of the Town are the general fund which is the operating fund of the Town and is used to account for all financial revenues and expenditures except those legally or administratively required to be accounted for in another fund; the Nutrition Program Fund is used to account for the revenues and expenditures for the Boswell Nutrition Center; the Police Department, Fire Department and Fire Department Equipment Funds which are used the account for the revenues and expenditures in those funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds.

The Boswell Economic Development Authority is accounted for in the Industrial Park Fund which is used to account for the revenues and expenses of rented buildings. The Boswell Public Works Authority is accounted for in the Public Works Administration Fund which is used to account for the revenue and expenses of water, sewer, and trash removal services. These proprietary funds are reported as business-type activities.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

1.D. ASSETS, LIABILITIES, AND EQUITY

Cash and equivalents

For the purpose of the proprietary fund Statement of Cash Flows, "cash and equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the period aging of accounts receivable.

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

Capital Assets

The accounting treatment over capital assets depends on whether the assets are used in government fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Prior to July 1, 2006, the governmental funds' entire infrastructure was not capitalized. GASB No. 34 requires these infrastructure assets to be reported and depreciated. Streets and buildings have been valued at estimated historical cost and are now recorded on the statements.

Depreciation of exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and Improvements	20 years
Vehicles	5 years
Streets and Roads	30 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements. The range of estimated useful lives by type of asset in the proprietary fund is as follows:

Equipment	3-10 years
Vehicles	5 years
Water and Sewer System & Improvements	40 years

Restricted Assets

Restricted assets are cash and equivalents and certificates of deposit that are restricted as to their use. Refundable customer deposits for water, sewer and trash removal services are considered restricted.

Noncurrent Liabilities

The accounting treatment of noncurrent debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All noncurrent debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements.

Noncurrent debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statement as it is in the government-wide statements.

Accumulated Vacation Pay

The Town and Public Works Authority's permanent, full-time employees earn up to 10 days of vacation per year depending upon their length of service. After 10 years of employment employees earn 4 weeks of vacation time per year. No more than five days of vacation time can be carried over to a subsequent year. Payment of unused vacation time will be paid upon proper termination of an employee. Sick leave is earned at the rate of one day per month of employment and can accumulate up to 90 days. At the end of the calendar year, the employee may elect to be paid for unused sick leave or let it accumulate. The Town and Public Works Authority do not accrue for these compensated absences. Accrued compensated absences are paid when claimed by the employee.

**TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Revenues

Revenues to the governmental funds are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing.

Expenditures

In the fund financial statements, governmental funds report expenditures of financial resources. Expenditures are recognized when the related fund liability is incurred.

Interfund Transfers

Permanent reallocation of resources between funds of the reporting entity are classified as transfers.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts in various funds. Actual results could differ from those estimates.

NOTE 2. STEWARDSHIP AND ACCOUNTABILITY

2.A. BUDGET

A budget is adopted annually by the Town City Council. After adoption, the budget may be amended by a majority vote of the Council.

2.B. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance to cover these possible liabilities.

The Town also participates in a workers compensation plan that carries a requirement for a self-funded retention level. The workers compensation plan purchases excess workers compensation insurance so the Town's liability is limited to their loss retention level.

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

2.C. COMPLIANCE CONTINGENCY

The Town is recipient of various grants. Under the terms of the grants, the Town is subject to program compliance audits by the grantor or their representatives. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the grantor agencies. The amounts of expenditures that might be disallowed by the grantor agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES AND ACCOUNTS

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

3.A. CASH AND EQUIVALENTS

The accounts of the Town of Boswell are required by state law to be secured by collateral pledged by the financial institution and/or FDIC deposit insurance.

In accordance with rules promulgated by the GASB deposits are to be classified into the following three categories:

Category 1: Insurance or collateralized with securities held by the entity or by its agent or in the entity's name.

Category 2: Collateralized with securities held by pledging financial institutions trust department or agent in the entity's name.

Category 3: Uncollateralized, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or agent but not in the entity's name.

Federal Deposit Insurance covers non-interest bearing deposits to \$100,000 and interest bearing deposits for an additional \$100,000. The Emergency Economic Stabilization Act of 2008 temporarily raised the basic limit on FDIC coverage to \$250,000 per depositor. This coverage limit will return to \$100,000 after December 31, 2013. First Texoma National Bank has pledged additional collateral and, therefore, all deposits for the Town of Boswell are classified as Category 1.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of receivables for water, sewer, and trash services. Final bills are paid from customer deposits and any remaining deposit amount is refunded to the customer.

3.C. ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance has been established in the event that uncollectible customer accounts exceed the required deposit and are 90 days or more past due.

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

3.D. CAPITAL ASSETS

<u>Governmental Activities</u>	<u>Balance</u> <u>6/30/2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2011</u>
Buildings & improvements	\$ 403,174	\$ 16,276	\$ -	\$ 419,450
Vehicles and equipment	212,181	28,648	42,399	198,430
Streets & roads	1,342,467	-	-	1,342,467
Totals	<u>1,957,822</u>	<u>44,924</u>	<u>42,399</u>	<u>1,960,347</u>
Less accumulated depreciation:				
Buildings & improvements	(208,260)	(10,019)	-	(218,279)
Vehicles and equipment	(71,370)	(28,144)	14,328	(85,186)
Streets & roads	(1,229,575)	(6,816)	-	(1,236,391)
Totals	<u>(1,509,205)</u>	<u>(44,979)</u>	<u>14,328</u>	<u>(1,539,856)</u>
Net of depreciation	\$ 448,617	\$ (55)	\$ 28,071	\$ 420,491
<u>Business-Type Activities</u>				
Land	\$ 53,380	\$ -	\$ -	\$ 53,380
Buildings and improvements	642,144	42,703	7,932	676,915
Vehicles	44,904	-	-	44,904
Water and sewer system and equip.	1,661,260	440,775	-	2,102,035
Totals	<u>2,401,688</u>	<u>483,478</u>	<u>7,932</u>	<u>2,877,234</u>
Less accumulated depreciation:				
Buildings and improvements	(55,783)	(21,514)	-	(77,297)
Vehicles	(26,572)	(5,238)	-	(31,810)
Water & sewer system and equip.	(519,094)	(52,331)	-	(571,425)
Totals	<u>(601,449)</u>	<u>(79,083)</u>	<u>-</u>	<u>(680,532)</u>
Net of depreciation	<u>1,800,239</u>	<u>404,395</u>	<u>7,932</u>	<u>2,196,702</u>
Totals	<u>\$ 2,248,856</u>	<u>\$ 404,340</u>	<u>\$ 36,003</u>	<u>\$ 2,617,193</u>

TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

<u>Governmental Activities</u>	<u>Balance</u> <u>6/30/2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2010</u>
Buildings & improvements	\$ 403,174	\$ -	\$ -	\$ 403,174
Vehicles and equipment	212,181	-	-	212,181
Streets & roads	1,342,467	-	-	1,342,467
Totals	1,957,822	-	-	1,957,822
Less accumulated depreciation:				
Buildings & improvements	(198,650)	(9,610)	-	(208,260)
Vehicles and equipment	(35,937)	(35,433)	-	(71,370)
Streets & roads	(1,222,735)	(6,840)	-	(1,229,575)
Totals	(1,457,322)	(51,883)	-	(1,509,205)
Net of depreciation	\$ 500,500	\$ (51,883)	\$ -	\$ 448,617
<u>Business-Type Activities</u>				
Land	\$ 53,380	\$ -	\$ -	\$ 53,380
Buildings and improvements	642,144	-	-	642,144
Vehicles	44,904	-	-	44,904
Water and sewer system and equip.	1,655,860	5,400	-	1,661,260
Totals	2,396,288	5,400	-	2,401,688
Less accumulated depreciation:				
Buildings and improvements	(34,359)	(21,424)	-	(55,783)
Vehicles	(21,334)	(5,238)	-	(26,572)
Water & sewer system and equip.	(472,224)	(46,870)	-	(519,094)
Totals	(527,917)	(73,532)	-	(601,449)
Net of depreciation	1,868,371	(68,132)	-	1,800,239
Totals	\$ 2,368,871	\$ (120,015)	\$ -	\$ 2,248,856

3.E. NOTES PAYABLE AND CAPITAL LEASES

The remaining balance of notes and capital leases were paid during the year ended June 30, 2010.

3.F. VOLUNTEER FIREMEN PENSION

The Town participates in the Oklahoma Firefighters Pension and Retirement System (the Plan) for its volunteer fire fighters. The Plan provides retirement, death and disability benefits to plan members and beneficiaries. The Plan is an agent multiple-employer (or municipality) contributory defined benefit pension plan. The authority to amend and establish the benefit provisions of the Plan rests with the Board of Trustees of the Plan. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Oklahoma Fire Pension and Retirement System, c/o Oklahoma State Fire Fighters Association, 4545 N. Lincoln Blvd, Oklahoma City, OK 73105-3414.

**TOWN OF BOSWELL, OKLAHOMA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

3.G. BONDS PAYABLE

On March 1, 2008, the Boswell Public Works Authority issued utility system revenue bonds, series 2008, in the total amount of \$800,000 with semi-annual interest payable March 1 and September 1 beginning September 1, 2008.

MATURITY SCHEDULE

\$135,000	4.850%	Term Bonds Maturing March 1, 2018
\$170,000	5.500%	Term Bonds Maturing March 1, 2026
\$220,000	5.750%	Term Bonds Maturing March 1, 2033
<u>\$275,000</u>	5.850%	Term Bonds Maturing March 1, 2038
\$800,000		

MANDATORY REDEMPTION DATES

<u>One Year Ended:</u>	<u>Principal</u>	<u>Interest</u>
June 30, 2012	10,000	43,395
June 30, 2013	15,000	42,905
June 30, 2014	15,000	42,155
June 30, 2015	15,000	41,390
June 30, 2016	15,000	40,610
<u>Five Years ended:</u>		
June 30, 2021	90,000	190,000
June 30, 2026	115,000	162,060
June 30, 2031	150,000	126,085
June 30, 2036	195,000	78,200
June 30, 2038	<u>150,000</u>	<u>14,663</u>
Totals	\$ 770,000	\$ 781,463

Wells Fargo Bank, NA, Oklahoma City, Oklahoma is the trustee bank and registrar for the bond issue. The Boswell Public Works Authority makes monthly payments into a sinking fund at Wells Fargo to pay bond interest and redemptions as required.

RESERVE FUND

The Boswell Public Works Authority Sinking Fund Reserve fund (the "Reserve") is a special Trust Fund to be used to supply any deficiency in the Sinking Fund, for payment of principal of and interest on Series 2008 Bonds. Otherwise, it may not be used unless its use would extinguish all outstanding Series 2008 Bonds. The Reserve for the Series 2008 Bonds is equal to the average annual debt service on the Series 2008 Bonds and is capitalized from bond proceeds. With the payment of the final maturity of the Series 2008 Bonds, the Reserve will be available to the Authority for any lawful purpose, including payment of Series 2008 Bonds or its prorata return to the Authority.

3.H. RESTRICTED NET ASSETS

Bond sinking fund and reserve accounts	\$ 75,529
Customer meter deposits	<u>29,805</u>
	\$ 105,334

**TOWN OF BOSWELL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
ALL GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Total Revenue	\$ 333,646	\$ 381,367	\$ 47,721
EXPENDITURES			
Elected officials pay	3,000	3,015	15
Fire department miscellaneous	2,325	-	(2,325)
Fire department repairs & maintenance	4,500	-	(4,500)
Other expense	100	-	(100)
Supplies	9,150	-	(9,150)
Advertising	250	124	(126)
Equipment - capital outlay	5,000	24,527	19,527
Uniforms	300	210	(90)
Postage	800	-	(800)
Office supplies	4,475	5,188	713
Gifts, Flowers & awards	1,000	-	(1,000)
Bank service charges	380	65	(315)
Dues, fees, & licenses	3,000	988	(2,012)
Loan principal payments	1,800	-	(1,800)
Election expense	-	824	824
Insurance & bonds	3,400	22,264	18,864
Fuel expense	20,000	25,463	5,463
Interest	150	-	(150)
Miscellaneous	3,800	415	(3,385)
Professional fees - other	1,200	695	(505)
Professional fees - accounting	6,600	6,600	-
Professional fees - legal fees	3,000	500	(2,500)
Publishing	1,500	634	(866)
Repairs & supplies	3,100	53,202	50,102
Telephone & utilities	29,625	31,890	2,265
Travel	4,075	1,641	(2,434)
Salaries & wages	116,073	158,168	42,095
Payroll taxes	10,810	13,622	2,812
Food costs	-	18,634	18,634
Matching funds	2,041	2,041	-
Pest control	550	540	(10)
Professional fees - police dept	8,500	12,798	4,298
Contribution to cemetery	-	2,326	2,326
Oklahoma Firefighters Pension	-	900	900
Total expenditures	250,504	387,274	136,770
Totals	\$ 83,142	\$ (5,907)	\$ (89,049)

**TOWN OF BOSWELL, OKLAHOMA
BUDGETARY COMPARISON SCHEDULE
PUBLIC WORKS AUTHORITY FUND
YEAR ENDED JUNE 30, 2011**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Total Revenue	\$ 271,650	\$ 531,056	\$ 259,406
EXPENDITURES			
Advertising	450	20	(430)
Chemical supplies	14,500	10,093	(4,407)
Bank service charges	650	45	(605)
Insurance	4,000	7,062	3,062
Equipment	1,000	-	(1,000)
Interest & penalties	50,650	40,634	(10,016)
Miscellaneous	1,500	-	(1,500)
Other expenses	120	2,119	1,999
Office supplies	3,500	3,621	121
Professional fees - attorney retainer	3,000	400	(2,600)
Professional fees - accounting	6,000	6,000	-
Uncollectable accounts	-	2,334	2,334
Repairs & maintenance	7,000	43,186	36,186
Salaries & wages	97,734	113,096	15,362
Payroll taxes	8,230	9,387	1,157
Testing fees	900	651	(249)
Travel	350	75	(275)
Uniforms	3,500	3,322	(178)
Utilities & telephone	18,000	16,815	(1,185)
Vehicle maintenance & repairs & fuel	6,350	10,363	4,013
Operating expense - PWA - other	350	-	(350)
Sanitation costs	42,500	46,259	3,759
Dues, fees & licenses	-	3,720	3,720
Total expenses	<u>270,284</u>	<u>319,202</u>	<u>48,918</u>
Totals	<u>\$ 1,366</u>	<u>\$ 211,854</u>	<u>\$ 210,488</u>

**TOWN OF BOSWELL, OKLAHOMA
SCHEDULE OF GRANTS AND EXPENDITURES
YEAR ENDED JUNE 30, 2011**

	Revenue		Expenditures
Oklahoma Department of Commerce	\$ 249,999		
less refunded amount	(24,204)		
	\$ 225,795		\$ 225,795
 Kiamichi Area Nutrition Project (KANP)			
Grant			
Personnel, travel, rent, utilities, phone and pest control	\$ 44,956		\$ 44,956
Food costs paid	18,634		18,634

BROWN & DAVIS, LLP

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN COMPLIANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
Town of Boswell, Oklahoma

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boswell, Oklahoma (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated January 31, 2012. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Boswell's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Boswell, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Boswell, 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 correct on a timely basis.

Our 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Boswell, Oklahoma's financial statements are free of 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*.

This report is intended solely for the information and use of management, the audit committee, Town Trustees, 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.



Brown & Davis, LLP
Certified Public Accountants

January 31, 2012