

FINANCIAL STATEMENTS
AND
AUDITOR'S REPORTS

TOWN OF BOSWELL
For the Years Ended
JUNE 30, 2014 and 2013

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dwg, inc. Certified Public Accountant and Consultant

Independent Auditor's Report

To the Town Council
Town of Boswell, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boswell, Oklahoma as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprises the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Boswell, Oklahoma, as of June 30, 2014 and 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by *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. Management has elected not to include a Management's Discussion and Analysis as part of this report but did include budgetary comparison information.

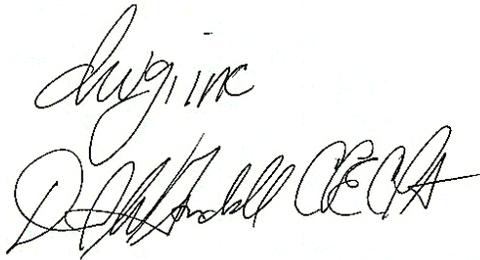
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Expenditures of Awards and combining proprietary fund statements as required by the grantor agencies and statute are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 information is 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 through the audit report date 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, grants 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* in considering the Town's internal control over financial reporting and compliance.

Handwritten signature of David W. Gandall, CFE, CPA. The signature is written in black ink and includes the initials 'dwg, inc' above the main signature.

dwg, inc.
David W. Gandall, CFE, CPA
May 14, 2015

Town of Boswell
Statement of Net Position
As of June 30, 2014 and 2013

	<u>2014</u>			<u>2013</u>		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS						
Current Assets						
Cash and investments	\$ 55,070	\$ 61,224	\$ 116,294	\$ 57,766	\$ 25,317	\$ 83,083
Cash and investments - restricted	-	153,077	153,077	-	153,105	153,105
Accounts receivable	3,344	27,363	30,707	5,267	34,842	40,109
Allowance for doubtful accounts	-	(2,431)	(2,431)	-	(802)	(802)
Net accounts receivable	3,344	24,932	28,276	5,267	34,040	39,307
Taxes receivable	16,077	-	16,077	15,233	-	15,233
Due from other funds	5,135	3,349	8,484	4,889	3,188	8,077
Other assets	-	-	-	-	-	-
Total current assets	79,626	242,582	322,208	83,155	215,650	298,805
Capital Assets						
Non-depreciable capital assets	-	53,380	53,380	-	53,380	53,380
Depreciable capital assets	1,974,146	2,854,904	4,829,050	1,953,198	2,854,904	4,808,102
Accumulated depreciation	(1,643,777)	(925,059)	(2,568,836)	(1,608,272)	(845,761)	(2,454,033)
Net capital assets	330,369	1,983,225	2,313,594	344,926	2,062,523	2,407,449
TOTAL ASSETS	409,995	2,225,807	2,635,802	428,081	2,278,173	2,706,254
LIABILITIES						
Current Liabilities						
Accounts payable	16,469	19,402	35,871	15,758	20,629	36,387
Due to other funds	8,932	-	8,932	8,077	-	8,077
Accrued liabilities	2,443	13,666	16,109	2,418	13,908	16,326
Current portion of long-term debt	4,682	15,000	19,682	4,718	15,000	19,718
Total current liabilities	32,526	48,068	80,594	30,971	49,537	80,508
Noncurrent Liabilities						
Meter deposits refundable	-	46,654	46,654	-	41,349	41,349
Long-term debt, less current portion	16,752	710,000	726,752	8,352	725,000	733,352
Total noncurrent liabilities	16,752	756,654	773,406	8,352	766,349	774,701
TOTAL LIABILITIES	49,278	804,722	854,000	39,323	815,886	855,209
NET ASSETS						
Invested in capital assets, net of debt	308,935	1,219,543	1,528,478	331,856	1,284,143	1,615,999
Restricted for:						
Debt service	-	108,617	108,617	-	108,719	108,719
Unrestricted	51,782	92,925	144,707	56,902	69,425	126,327
TOTAL NET POSITION	\$ 360,717	\$ 1,421,085	\$ 1,781,802	\$ 388,758	\$ 1,462,287	\$ 1,851,045

**Town of Boswell
Statement of Activities
For the Years Ended June 30, 2014 and 2013**

2014		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Activities
Functions/Programs	Expenses						
Governmental activities:							
General fund	\$ (177,296)	\$ 821	\$ -	\$ -	\$ (176,475)	\$ -	\$ (176,475)
Nutrition program fund	(55,664)	-	48,646	-	(7,018)	-	(7,018)
Police Department fund	(67,312)	106,877	-	-	39,565	-	39,565
Fire Department operating fund	(23,388)	7,655	4,474	-	(11,259)	-	(11,259)
Fire Department equipment fund	-	-	-	-	-	-	-
Total governmental activities	(323,660)	115,353	53,120	-	(155,187)	-	(155,187)
Business-type activities:							
Water and sewer	(238,877)	247,318	-	-	-	8,441	8,441
Sanitation	(45,607)	48,551	-	-	-	2,944	2,944
Industrial Park	(3,145)	8,150	-	-	-	5,005	5,005
Other fees and charges	(8,897)	116	-	-	-	(8,781)	(8,781)
Total business-type activities	(296,526)	304,135	-	-	-	7,609	7,609
Total all activities	(620,186)	419,488	53,120	-	(155,187)	7,609	(147,578)
Interest expensed in:				General revenues:			
General government	424			Sales and use taxes	172,160	20,924	193,084
Water and sewer	41,725			Franchise taxes	12,096	-	12,096
Industrial Park	-			Other income (loss)	9,877	116	9,993
Total	42,149			Change in capital assets	(57,426)	(53,881)	(111,307)
				Transfers in	-	9,561	9,561
				Transfers(out)	(9,561)	-	(9,561)
				Total general revenues and transfers	127,146	(23,280)	103,866
				Change in net assets	(28,041)	(15,671)	(43,712)
				Beginning net assets	388,758	1,462,287	1,851,045
				Ending net assets	\$ 360,717	\$ 1,446,616	\$ 1,807,333

2013		Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total Activities
Functions/Programs	Expenses						
Governmental activities:							
General fund	\$ (127,517)	\$ 3,176	\$ -	\$ -	\$ (124,341)	\$ -	\$ (124,341)
Nutrition program fund	(60,785)	-	42,039	-	(18,746)	-	(18,746)
Police Department fund	(87,729)	39,687	-	-	(48,042)	-	(48,042)
Fire Department operating fund	(23,810)	14,120	4,484	-	(5,206)	-	(5,206)
Fire Department equipment fund	(6,652)	-	-	-	(6,652)	-	(6,652)
Total governmental activities	(306,493)	56,983	46,523	-	(202,987)	-	(202,987)
Business-type activities:							
Water and sewer	(364,168)	229,980	20,000	-	-	(114,188)	(114,188)
Sanitation	(45,306)	53,681	-	-	-	8,375	8,375
Industrial Park	(25,555)	7,997	-	-	-	(17,558)	(17,558)
Other fees and charges	(1,045)	3,793	-	-	-	2,748	2,748
Total business-type activities	(436,074)	295,451	20,000	-	-	(120,623)	(120,623)
Total all activities	(742,567)	352,434	66,523	-	(202,987)	(120,623)	(323,610)
Interest expensed in:				General revenues:			
General government	2,034			Sales and use taxes	173,606	21,251	194,857
Water and sewer	42,453			Franchise taxes	11,097	-	11,097
Industrial Park	-			Other income (loss)	1,798	56	1,854
Total	44,487			Transfers in	-	6,130	6,130
				Transfers(out)	(6,130)	-	(6,130)
				Total general revenues and transfers	180,371	27,437	207,808
				Change in net assets	(22,816)	(93,186)	(115,802)
				Beginning net assets	411,374	1,555,473	1,966,847
				Ending net assets	\$ 388,758	\$ 1,462,287	\$ 1,851,045

**Town of Boswell
Balance Sheet
Governmental Funds
As of June 30, 2014 and 2013**

2014

	Major Funds				Non-Major Fund		Total Governmental Funds
	General Fund	Nutrition Program Fund	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund		
ASSETS							
Cash and investments	\$ 12,417	\$ 13,362	\$ 17,617	\$ 11,681	\$ (7)	\$	55,070
Taxes receivable	16,077	-	-	-	-	-	16,077
Accounts receivable	-	3,344	-	-	-	-	3,344
Due from other funds	-	1,562	1,787	1,786	-	-	5,135
TOTAL ASSETS	28,494	18,268	19,404	13,467	(7)		79,626
LIABILITIES							
Accounts payable	6,714	1,741	5,794	2,220	-	-	16,469
Accrued payroll payable	1,573	242	628	-	-	-	2,443
Due to other funds	8,932	-	-	-	-	-	8,932
TOTAL LIABILITIES	17,219	1,983	6,422	2,220	-		27,844
FUND BALANCES							
Unreserved	11,275	16,285	12,982	11,247	(7)		51,782
TOTAL FUND BALANCES	11,275	16,285	12,982	11,247	(7)		51,782
TOTAL LIABILITIES AND FUND BALANCES	28,494	18,268	19,404	13,467	(7)		79,626

Reconciliation of general fund balance to net assets of governmental activities:

Fund balance	\$ 51,782
Capital assets	1,974,146
Accumulated depreciation	(1,643,777)
Capital assets financed - net	(21,434)
Net assets of governmental activities	\$ 360,717

2013

	Major Funds				Non-Major Fund		Total Governmental Funds
	General Fund	Nutrition Program Fund	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund		
ASSETS							
Cash and investments	\$ 31,251	\$ 6,591	\$ 373	\$ 19,558	\$ (7)	\$	57,766
Taxes receivable	15,233	-	-	-	-	-	15,233
Accounts receivable	844	4,423	-	-	-	-	5,267
Prepaid insurance	-	1,487	1,701	1,701	-	-	4,889
Due from other funds	47,328	12,501	2,074	21,259	(7)	-	83,155
TOTAL ASSETS							
LIABILITIES	7,614	1,750	5,157	1,237	-	-	15,758
Accounts payable	1,510	487	421	-	-	-	2,418
Accrued payroll payable	8,077	-	-	-	-	-	8,077
Due to other funds	17,201	2,237	5,578	1,237	-	-	26,253
TOTAL LIABILITIES							
FUND BALANCES							
Unreserved	30,127	10,264	(3,504)	20,022	(7)		56,902
TOTAL FUND BALANCES	30,127	10,264	(3,504)	20,022	(7)		56,902
TOTAL LIABILITIES AND FUND BALANCES	47,328	12,501	2,074	21,259	(7)		83,155

Reconciliation of general fund balance to net assets of governmental activities:

Fund balance	\$ 56,902
Capital assets	1,953,198
Accumulated depreciation	(1,608,272)
Capital assets financed - net	(13,070)
Net assets of governmental activities	\$ 388,758

Town of Boswell
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Years Ended June 30, 2014 and 2013

2014

	Major Funds			Non-Major Fund		Total Governmental Funds
	General Fund	Nutrition Program Fund	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund	
REVENUES						
Taxes	\$ 152,167	\$ 9,759	\$ 11,165	\$ 11,165	\$ -	\$ 184,256
Licenses, fees and permits	110	-	-	-	-	110
Fines and forfeitures	-	-	106,877	-	-	106,877
Sales and services	711	-	-	-	-	711
Grants and awards	-	48,646	-	4,474	-	53,120
Membership dues	-	-	-	7,655	-	7,655
Other revenues	5,597	-	-	4,260	-	9,857
Interest	12	-	-	8	-	20
TOTAL REVENUES	158,597	58,405	118,042	27,562	-	362,606
EXPENDITURES						
Salaries and wages	96,734	32,125	34,196	-	-	163,055
Payroll taxes	8,564	2,779	3,033	-	-	14,376
Telephone and utilities	17,822	7,629	3,138	5,000	-	33,589
Repairs, maintenance and supplies	15,136	2,358	8,376	4,650	-	30,520
Insurance and bonds	7,137	3,280	2,841	1,916	-	15,174
Interest expense	-	-	424	-	-	424
Professional services	7,950	650	5,245	-	-	13,845
Elected officials expense	4,475	-	-	-	-	4,475
Office supplies and expenses	4,516	166	3,321	31	-	8,034
Vehicle diesel, gas and oil	2,805	-	2,790	7,715	-	13,310
Cemetery	2,796	-	-	-	-	2,796
Travel	1,131	1,528	415	-	-	3,074
Pest control	-	540	-	-	-	540
Dues, fees and licenses	4,683	-	-	309	-	4,992
Oklahoma Firefighter pension expense	-	-	-	1,972	-	1,972
Grant matching funds	-	3,309	-	-	-	3,309
Other expense	3,547	1,300	3,533	1,795	-	10,175
TOTAL EXPENDITURES	177,296	55,664	67,312	23,388	-	323,660
REVENUES OVER (UNDER) EXPENDITURES	(18,699)	2,741	50,730	4,174	-	38,946
OTHER FINANCING SOURCES (USES)						
Capital assets purchased	(1,938)	-	(34,615)	(13,896)	-	(50,449)
Capital assets financed	-	-	9,130	-	-	9,130
Capital assets disposed	-	-	(14,500)	-	-	(14,500)
Transfers-in (out)	(153)	3,280	(15,995)	12,281	-	(587)
TOTAL OTHER FINANCING SOURCES (USES)	(153)	3,280	(55,980)	(1,615)	-	(56,406)
NET CHANGE IN FUND BALANCE	(18,852)	6,021	(5,250)	2,559	-	(17,460)
BEGINNING FUND BALANCE	30,127	10,264	(3,504)	8,688	(7)	45,568
ENDING FUND BALANCE	\$ 11,275	\$ 16,285	\$ (8,754)	\$ 11,247	\$ (7)	\$ 28,108

Reconciliation of the net change in fund balance to the change in net assets of governmental activities:

Net change in fund balance	(17,460)
Principal payments	42,298
Capital asset purchases capitalized	(50,449)
Capital asset disposed	14,500
Funds borrowed recorded as revenue in the fund financial statements	-
but recorded as long term liability in the government wide financial statements	22,200
Depreciation expense	(39,130)
Change in net assets of governmental activities	\$ (28,041)

2013

	Major Funds			Non-Major Fund		Total Governmental Funds
	General Fund	Nutrition Program Fund	Police Department Fund	Fire Department Operating Fund	Fire Department Equipment Fund	
REVENUES						
Taxes	\$ 152,649	\$ 9,912	\$ 11,340	\$ 11,340	\$ -	\$ 185,241
Licenses, fees and permits	1,966	-	-	-	-	1,966
Fines and forfeitures	-	-	39,687	-	-	39,687
Sales and services	1,210	-	-	-	-	1,210
Grants and awards	-	42,039	-	4,484	-	46,523
Membership dues	-	-	-	14,120	-	14,120
Other revenues	1,179	500	-	100	-	1,779
Interest	10	-	-	9	-	19
TOTAL REVENUES	157,014	52,451	51,027	30,053	-	290,545
EXPENDITURES						
Salaries and wages	56,597	32,045	31,633	-	-	120,275
Payroll taxes	4,965	2,772	1,160	-	-	8,897
Food costs	-	509	-	-	-	509
Telephone and utilities	14,860	6,850	4,067	3,320	-	29,097
Repairs, maintenance and supplies	5,132	5,091	9,626	3,849	-	23,698
Insurance and bonds	5,092	3,616	3,608	2,698	-	15,014
Interest expense	1,763	-	271	-	-	2,034
Professional services	8,230	650	5,942	-	-	14,822
Elected officials expense	4,259	-	-	-	-	4,259
Office supplies and expenses	3,054	30	2,410	2,086	-	7,580
Vehicle diesel, gas and oil	-	-	3,786	9,264	-	13,050
Cemetery	2,839	-	-	-	-	2,839
Travel	-	1,511	-	-	-	1,511
Pest control	-	540	-	-	-	540
Dues, fees and licenses	2,167	-	-	-	-	2,167
Oklahoma Firefighter pension expense	-	-	-	1,440	-	1,440
Grant matching funds	-	5,400	-	-	-	5,400
Other expense	324	1,771	4,996	598	-	7,689
TOTAL EXPENDITURES	109,282	60,785	67,499	23,255	-	260,821
REVENUES OVER (UNDER) EXPENDITURES	47,732	(8,334)	(16,472)	6,798	-	29,724
OTHER FINANCING SOURCES (USES)						
Capital assets purchased	-	-	(14,500)	(500)	-	(15,000)
Capital assets financed	-	-	14,500	-	-	14,500
Transfers-in (out)	(32,962)	13,918	7,878	5,036	-	(6,130)
TOTAL OTHER FINANCING SOURCES (USES)	(32,962)	13,918	7,878	4,536	-	(6,630)
NET CHANGE IN FUND BALANCE	14,770	5,584	(8,594)	11,334	-	23,094
BEGINNING FUND BALANCE	15,357	4,680	5,090	8,688	(7)	33,808
ENDING FUND BALANCE	\$ 30,127	\$ 10,264	\$ (3,504)	\$ 20,022	\$ (7)	\$ 56,902

Reconciliation of the net change in fund balance to the change in net assets of governmental activities:

Net change in fund balance	23,094
Principal payments	263
Capital asset purchases capitalized	(15,000)
Funds borrowed recorded as revenue in the fund financial statements	-
but recorded as long term liability in the government wide financial statements	14,500
Depreciation expense	(45,673)
Change in net assets of governmental activities	\$ (22,816)

**Town of Boswell
Statement of Fund Position
Proprietary Funds
As of June 30, 2014 and 2013**

	<u>Proprietary Fund</u>	
	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Unrestricted cash and cash equivalents	\$ 61,224	\$ 25,317
Utility billing receivables, net of allowance	24,932	33,540
Other accounts receivables	-	500
Due from other funds	3,349	3,188
Restricted assets:		
Customer meter deposits	31,771	29,712
Cash and cash equivalents	121,306	123,393
Total current assets	<u>242,582</u>	<u>215,650</u>
Noncurrent Assets		
Non-depreciable capital assets	53,380	53,380
Depreciable capital assets	2,854,904	2,854,904
Accumulated depreciation	<u>(925,059)</u>	<u>(845,761)</u>
Net capital assets	<u>1,983,225</u>	<u>2,062,523</u>
TOTAL ASSETS	<u>2,225,807</u>	<u>2,278,173</u>
LIABILITIES		
Current Liabilities		
Accounts payable	19,402	20,629
Accrued interest	13,666	13,908
Current portion of long-term debt	15,000	15,000
Total current liabilities	<u>48,068</u>	<u>49,537</u>
Noncurrent liabilities		
Customer meter deposits refundable	46,654	41,349
Long-term debt, less current portion	710,000	725,000
Total noncurrent liabilities	<u>756,654</u>	<u>766,349</u>
TOTA LIABILITIES	<u>804,722</u>	<u>815,886</u>
NET POSITION		
Invested in capital assets, net of debt	1,219,543	1,282,987
Restricted for:		
Debt service	108,617	108,719
Unrestricted	92,925	70,581
TOTAL NET POSITION	<u>\$ 1,421,085</u>	<u>\$ 1,462,287</u>

Town of Boswell
Statement of Revenues, Expenses and Changes in Fund Position
Proprietary Funds
For the Years Ended June 30, 2014 and 2013

	<u>Proprietary Fund</u>	
	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
Water revenue	\$ 155,728	\$ 144,005
Sewer revenue	91,590	85,975
Sanitation revenue	48,551	53,681
Rental revenue	8,150	7,997
Grants and awards revenue	-	20,000
Interest revenue	116	56
Other fees and charges	-	3,793
TOTAL OPERATING REVENUES	<u>304,135</u>	<u>315,507</u>
OPERATING EXPENSES		
Water and Sewer	83,028	97,144
Sanitation	45,607	45,306
Materials, goods and services	117,269	169,052
Interest expense	41,725	42,453
Other expense	8,897	2,201
TOTAL OPERATING EXPENSES	<u>296,526</u>	<u>356,156</u>
OPERATING INCOME (LOSS)	7,609	(40,649)
OTHER INCOME (EXPENSE)		
Depreciation expense	<u>(79,297)</u>	<u>(81,074)</u>
TOTAL OTHER INCOME (EXPENSE)	(79,297)	(81,074)
INCOME BEFORE TRANSFERS	(71,688)	(121,723)
TRANSFERS IN	30,486	27,381
TRANSFERS (OUT)	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	(41,202)	(94,342)
NET POSITION, BEGINNING	1,462,287	1,556,629
PRIOR PERIOD ADJUSTMENTS	-	-
NET POSITION, ENDING	<u><u>\$ 1,421,085</u></u>	<u><u>\$ 1,462,287</u></u>

**Town of Boswell
Statement of Cash Flows
Proprietary Funds
For the Years Ended June 30, 2014 and 2013**

	<u>Proprietary Fund</u>	
	<u>2014</u>	<u>2013</u>
Cash flows from operations:		
Customers	\$ 304,477	\$ 271,560
Rental income	5,301	7,497
Grants and awards	-	20,000
Other fees and charges	-	3,793
Interest	116	56
Cash payments for:		
Salaries and wages	(71,737)	(113,890)
Goods and services	(189,111)	(191,848)
Interest paid on long term debt	(40,633)	(42,696)
Net cash provided from operations	<u>8,413</u>	<u>(45,528)</u>
Cash flows from capital financing activities:		
Transfers from bond account	56,725	70,263
Capital expenditures	-	(27,100)
Long term debt payments	(15,000)	(15,000)
Net cash from capital financing activities	<u>41,725</u>	<u>28,163</u>
Cash flows from non-capital financing activities:		
Certificate of deposit	(74)	(16)
Prepaid expenses	0	1,773
Customer deposits	(2,056)	7,195
Interfund transfers	30,325	25,308
Net cash from non-capital financing	<u>28,195</u>	<u>34,260</u>
Net increase (decrease) in cash	78,333	16,895
Beginning cash	8,422	8,422
Ending cash	<u>\$ 86,755</u>	<u>\$ 25,317</u>
Reconciliation of income from operations to net cash from operations:		
Operating income (loss) before transfers	\$ (71,690)	\$ (120,569)
Adjustments to income from operations:		
Depreciation and amortization	79,297	81,074
Change in assets and liabilities:		
(Increase) decrease in receivables	5,759	(12,601)
(Increase) decrease in prepaid expenses	0	1,773
(Increase) decrease in due from other funds	0	(1,552)
(Increase) decrease in restricted cash	-	-
Increase (decrease) in payables	(6,045)	(2,066)
Increase (decrease) in accrued expenses	1,092	(243)
Increase (decrease) in refundable deposits	0	8,656
Net cash provided by operations	<u>\$ 8,413</u>	<u>\$ (45,528)</u>
Restricted cash in certificates of deposit	\$ 18,060	\$ 26,326
Restricted cash in trust accounts	198,152	97,067
Total restricted cash	<u>216,212</u>	<u>123,393</u>
Operating Cash	86,755	25,317
Total cash and cash equivalents	<u>\$ 302,967</u>	<u>\$ 148,710</u>

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Boswell, Oklahoma is an incorporated town under the provisions of the State of Oklahoma. The Town provides the following services: public safety, nutrition program, streets and alley maintenance, sanitation, water and sewer department, fire protection, and administrative services.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the Town's operations include how the budget is adopted, whether debt is secured by general obligation of the Town, the Town's duty to cover any deficits that may occur, taxing authority, and supervision over the accounting functions. Any separate accounting entities would be considered component units. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the Town's reporting entity. As of June 30, 2014, the Town had two component units: Boswell Economic Development Authority and Boswell Public Works Authority, which together make up the Town of Boswell Proprietary Funds.

Basis of Presentation-Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories.

The Town's governmental funds are the general fund, which is the operating fund of the Town and 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, the Police Department Fund, the Fire Department Fund and the Fire Department Equipment Fund are used to account for the revenues and expenditures in those funds.

The Town's proprietary funds consist of the Boswell Economic Development Authority, which is accounted for in the Industrial Park Fund for revenues and expenses of rented buildings, and the Boswell Public Works Authority, which is accounted for in the Public Works Administration Fund for revenues and expenses of water, sewer and sanitation services.

Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Indirect expenses for centralized services and administrative overhead are allocated among programs, functions and segments using a full cost allocation approach and presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

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.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within one month of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state-levied locally shared taxes (including motor vehicle fees). Reimbursement due for federally funded projects is accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Other revenues, including licenses and permits, certain charges for services and miscellaneous income are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental 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 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. Allocation of costs, such as depreciation, is recorded in proprietary funds. The proprietary funds use standards issued by the Financial Accounting Standard Board whenever possible, if no FASB pronouncement is applicable then Government Accounting Standards Board pronouncements are used.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances are not recognized as the equivalent of expenditures; therefore, the reserve for encumbrances is reported as part of the fund balance on the balance sheet. However, it should be noted that the Town did not recognize any outstanding reserves as of June 30, 2014.

Budget

In accordance with Oklahoma Statutes, Title 68, Section 2483, the Town Council should formally adopt an annual budget which include substantially all funds. These annual budgets should be adopted on a basis consistent with the guidelines established by the Oklahoma Municipal Code. The Town Council did so for the fiscal year ended June 30, 2014.

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

Risk Management

Significant losses are covered by commercial insurance for all Town operations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less for the date of acquisition. Cash and cash equivalents restricted for debt service, meter deposits and other long term purposes are excluded from this definition.

Property, Plant and Equipment

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, such as roads, sidewalks, and bridges are not capitalized. Property, plant, and equipment acquired or constructed for general governmental operations are recorded as expenditures in the fund making the expenditure, and capitalized at cost in the General Fixed Assets Account Group.

Property, plant and equipment acquired for proprietary funds are capitalized at cost and depreciated over their estimated useful lives using the straight-line method of depreciation. Estimated useful lives have been estimated as follows:

Buildings and improvements	25 - 30 years
Machinery and equipment	3 - 10 years
Vehicles	5 years
Streets	40 years
Water and sewer systems and improvements	40 years

Accounts Payable

The City is responsible for outstanding obligations to vendors and others for operating materials, services or other charges.

Long-term Debt

Long-term debt to be repaid from governmental funds is recorded in the general long-term debt account group. Long-term debt to be repaid from proprietary funds is recorded in the fund. The current portion of long-term debt to be repaid within one year is recorded in the fund.

2. Cash and Investments

Deposits and investments made by the Town are summarized below. The deposits are classified as to credit risk within the following three categories:

- | | |
|------------|--|
| Category 1 | Insured or collateralized, with securities held by the Town or its agent in the Town's name. |
| Category 2 | Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name. |
| Category 3 | Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the Town's name). |

Federal Deposit Insurance covers non-interest bearing deposits up to \$250,000 and interest bearing deposits for an additional \$250,000. First Texoma National Bank has pledged additional collateral and,

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

therefore, for the year ending June 30, 2014, the Town and its component units had all category one deposits up to the FDIC insurance limits.

3. Property, Plant and Equipment

Governmental Funds

As of June 30, 2014 and 2013 the governmental funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated fair market value for those assets where recorded amounts were not available. As of June 30, 2014, depreciation of \$35,505 for the governmental funds was recorded for the following: General Fund \$14,948; Police Department \$11,936; Fire Department - operations \$8,051; and Fire Department - equipment \$570. As of June 30, 2013 depreciation expense for the governmental funds recorded in total was \$45,673.

For the Year Ended June 30, 2014:

	Balance		Balance	
	June 30, 2013	Additions	Deletions	June 30, 2014
General Fund	\$ 1,758,025	\$ 1,938	\$ -	\$ 1,759,963
Police Department	118,339	34,615	(29,501)	123,453
Fire Department-operating	72,524	13,896	-	86,420
Fire Department-equipment	4,309	-	-	4,309
Total	1,953,198	50,449	(29,501)	1,974,146
Accumulated Depreciation	(1,608,272)	(35,505)	-	(1,643,777)
Net Capital Assets	\$ 344,926	\$ 14,944	\$ (29,501)	\$ 330,369

For the Year Ended June 30, 2013:

	Balance		Balance	
	June 30, 2012	Additions	Deletions	June 30, 2013
General Fund	\$ 1,758,025	\$ -	\$ -	\$ 1,758,025
Police Department	103,839	14,500	-	118,339
Fire Department-operating	72,524	-	-	72,524
Fire Department-equipment	3,809	500	-	4,309
Total	1,938,198	15,000	-	1,953,198
Accumulated Depreciation	(1,562,599)	(45,673)	-	(1,608,272)
Net Capital Assets	\$ 375,599	\$ (30,673)	\$ -	\$ 344,926

Proprietary Funds

As of June 30, 2014 and 2013 the proprietary funds had no capitalized assets that were not being depreciated or had not been depreciated. Depreciation is computed using the straight line method of depreciation over the estimated useful lives of the assets. Assets are recorded at cost or their estimated

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

fair market value for those assets where recorded amounts were not available. As of June 30, 2014, depreciation of \$79,297 for the proprietary funds was recorded for the following: Industrial Park \$21,554; and Public Works Authority \$57,743. As of June 30, 2013 depreciation expense for the proprietary fund recorded in total was \$81,074.

For the Year Ended June 30, 2014:

	Balance		Additions		Deletions		Balance	
	June 30, 2013						June 30, 2014	
Land	\$	53,380	\$	-	\$	-	\$	53,380
Industrial Park		611,265		-		-		611,265
Public Works Authority		2,243,639		-		-		2,243,639
Total		2,908,284		-		-		2,908,284
Accumulated Depreciation		(845,761)		(79,297)				(925,059)
Net Capital Assets	\$	2,062,523	\$	(79,297)			\$	1,983,225

For the Year Ended June 30, 2013:

	Balance		Additions		Deletions		Balance	
	June 30, 2012						June 30, 2013	
Land	\$	53,380					\$	53,380
Industrial Park		607,315		3,950				611,265
Public Works Authority		2,216,539		27,100				2,243,639
Total		2,877,234		31,050		-		2,908,284
Accumulated Depreciation		(764,687)		(81,074)				(845,761)
Net Capital Assets	\$	2,112,547	\$	(50,024)			\$	2,062,523

4. Long-term Debt

Governmental Funds:

On March 22, 2013 the Town of Boswell entered into a contract with Kansas State Bank – Manhattan, in the amount of \$14,500, with thirty-six monthly payments of \$425 beginning April 22, 2013 and ending March 16, 2016. The Police Department Fund makes the monthly payments as required. On April 30, 2014, the Town of Boswell paid off this contract in total and lien was released with Kansas State Bank. A new contract was entered into with First Texoma State Bank. This new contract is in the amount of \$22,200, with 54 payments of \$443 beginning June 10, 2014 and ending November 10, 2018. The Police Department Fund makes the monthly payments as required. A summary of the year's debt activity and future debt service requirements to maturity by year is listed below:

Debt Service:

Maturity Schedule

For the One Years Ended:	Interest Payments	Principal Payments	Balance
June 30, 2015	627	4,682	16,752
June 30, 2016	473	4,837	11,915
June 30, 2017	313	4,996	6,919
June 30, 2018	148	5,161	1,758
June 30, 2019	12	1,758	-
	<u>1,573</u>	<u>21,434</u>	

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

Debt Service:

For the Year Ended June 30, 2014:

Balance 06/30/2013	Additions	Principal Payments	Balance 06/30/2014
\$ 13,070	22,200	13,836	\$ 21,434

Debt Service:

For the Year Ended June 30, 2013:

Balance 06/30/2012	Additions	Principal Payments	Balance 06/30/2013
\$ -	14,500	1,430	\$ 13,070

Proprietary Funds:

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 on March 1 and September 1, beginning September 1, 2008. Bank of Oklahoma, NA, Oklahoma City, Oklahoma is the trustee bank and registrar for the bond issue. The Boswell Publics Works Authority makes monthly payments to a bond sinking fund at Bank of Oklahoma to pay bond interest and redemption as required. A maturity schedule by bond is listed below:

Maturity Schedule

Term Bond	Rate	Amount
Term bonds maturing March 1, 2018	4.850%	\$ 135,000
Term bonds maturing March 1, 2026	5.500%	170,000
Term bonds maturing March 1, 2033	5.750%	220,000
Term bonds maturing March 1, 2038	5.800%	275,000
		<u>800,000</u>

Cash reserves are required for the bonds and certain notes. For the year just ended, the Town complied with these requirements. Total interest expense on proprietary debt during the year ended June 30, 2014 and 2013 totaled \$41,725 and \$42,453, respectively. A summary of the year's debt activity and future debt service requirements to maturity by year is listed below:

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

Debt Service:

For the Year Ended June 30, 2014

Balance 06/30/2013	Additions	Principal Payments	Balance 06/30/2014
\$ 740,000	-	15,000	\$ 725,000

For the Year Ended June 30, 2013:

Balance 06/30/2012	Additions	Principal Payments	Balance 06/30/2013
\$ 755,000	-	15,000	\$ 740,000

**Future Debt Service:
Mandatory Redemption Dates**

For the One Year Ended:	Interest	Principal	Balance
June 30, 2015	40,998	15,000	710,000
June 30, 2016	40,270	15,000	695,000
June 30, 2017	39,543	15,000	680,000
June 30, 2018	38,815	15,000	665,000
June 30, 2019	38,815	15,000	650,000
For the Five Years Ended:			
June 30, 2024	180,538	95,000	555,000
June 30, 2029	150,500	130,000	425,000
June 30, 2034	109,763	165,000	260,000
June 30, 2038	56,160	260,000	-
Totals	<u>695,401</u>	<u>725,000</u>	

5. Defined Benefit Pension Plans

The Town participates in one employee pension system as follows:

Oklahoma Firefighters Pension and Retirement System

Plan Description: The Town contributes to the Oklahoma Firefighters Pension and Retirement System (the System); a cost-sharing multiple-employer defined benefit pension plan administered by a 13-member board which acts as fiduciary for investment of funds and the application of plan interpretations. The System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The System is a component unit of the State of Oklahoma and is authorized under Title 11, Oklahoma Statutes 1981, sections 48-101 ET. seq. The System issues a publicly available financial report that includes financial statements and required supplementary information for the plan and may be obtained from their offices at 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105, or by calling 1-800-525-7461.

Funding Policy: Paid firefighters are required to contribute 8% of covered payroll, with the Town contributing 13% of covered payroll. Volunteer firefighters are not required to contribute, but the Town is required to contribute \$60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the

Town of Boswell
Notes to the Financial Statements
As of and for the Years Ended June 30, 2014 and 2013

System for the year ended June 30, 2014 and 2013 of \$1,972 and \$1,400, respectively, was equal to the required contribution for each year.

6. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There was no claims activity for the year just ended. 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.

7. Commitments and Contingencies

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 compliance audits result in questioned or disallowed costs, reimbursements will 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.

8. Subsequent Events

The Town of Boswell has adopted FASB ASC 855-10-50, *Subsequent Events*. The standard reflects the principles of current subsequent event accounting guidance and requires disclosure of the date through which the subsequent events have been evaluated. Management performed an evaluation of the Town's activity through the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through that date.

dwg, inc. Certified Public Accountant and Consultant

**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**

Independent Auditor's Report

The Town Council,
The Town of Boswell

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Boswell, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town of Boswell, Oklahoma's basic financial statements, and have issued our report thereon dated May 14, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We

consider the deficiencies described in the accompanying schedule of findings and responses as items 2014-1 to be material weaknesses.

A *significant deficiency* is a deficiency, or 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2014-2 to be significant deficiencies.

Compliance and Other Matters

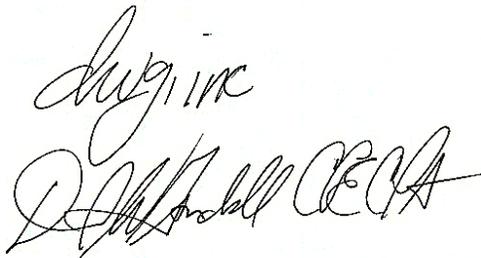
As part of obtaining reasonable assurance about whether The Town of Boswell's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material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

Town of Boswell's Response to Findings

The Town of Boswell's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Boswell's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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

The image shows two handwritten signatures in black ink. The top signature is 'dwg, inc' and the bottom signature is 'David W. Gandall CFE, CPA'. Both are written in a cursive, flowing style.

dwg, inc.
David W. Gandall, CFE, CPA
May 14, 2015

Town of Boswell
Schedule of Findings and Responses
For the Year Ended June 30, 2014

Current Year Findings:

2014-1

Criteria

The Town Council should receive accurate financial statements prepared in accordance with accounting principles generally accepted in the United States.

Condition

The Town is not dedicating sufficient resources to properly maintain the financial accounting records of the Town's activities. During our audit we noted fund, inter-fund transfers, and expenses posted to incorrect general ledger accounts. For instance, sales tax transfers totaling \$12,175 from the General Fund to the Police Department Fund were classified as professional fees. Since this is not expense but an inter-fund transfer, it should be recorded as such in the Sales Tax Transfer to Police Fund account. Police fine income totaling \$32,349 was deposited in the General Fund as police fine income. These deposits should have been recorded in the Police Fund, and then transferred to the General Fund as needed. The police Department payroll expenses are not consistently recorded in the Police Department Fund.

Effect

The Town Council and department heads are not being provided accurate financial statements. This compromises budget and actual comparisons and the integrity of financial information for both internal and external purposes.

Recommendation

Proper resources should be devoted to maintaining the Town's financial accounting records. In addition, department heads should review detailed financial information of their departmental activities on a monthly basis and provide input on necessary corrections.

2014-2

Criteria

Oklahoma statute requires city treasurers to report unclaimed intangible property to include, but not be limited to:

1. Outstanding treasury checks, vouchers or warrants that have remained outstanding and unclaimed for a period of one year or more.

Condition

The Town has seventy-five checks that are outstanding and unclaimed for periods exceeding one year. As of June 30, 2014, of these outstanding checks, seven were issued in 2013, fourteen were issued in 2012, and forty-six were issued in 2011, 2010, 2009 and 2008.

Effect

The Town is not in compliance with Oklahoma law.

Recommendation

Management should be instructed to complete the unclaimed property reporting and remittance procedure in accordance with Oklahoma Statute.

Town of Boswell
 Schedule of Expenditures of Grants and Awards
 For the Year Ended June 30, 2014

<u>Program Title</u>	<u>Fund Type</u>	<u>Project Description</u>	<u>Revenues</u>	<u>Expenditures</u>
Kiamichi Economic Development District of Oklahoma	Nutrition Fund	Nutrition program operational expenses	48,646	52,355
Oklahoma Department of Forestry	Fire Department Fund	Fire Department operational expenses	4,474	4,850
Total Awards and Grants			<u>\$ 53,120</u>	<u>\$ 57,205</u>

Town of Boswell
Budgetary Statement of Revenue and Expenditures
Governmental Funds
For the Year Ended June 30, 2014

	General Fund				Nutrition Fund				Police Department Fund			
	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance
Revenues												
Taxes	\$ 152,167	\$ 190,980	\$(38,813)	-20.32%	\$ 9,759	\$ 10,000	\$ (241)	-2.41%	\$ 11,165	\$ 11,500	\$ (335)	-2.91%
Licenses and Permits	110	-	110	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	48,646	50,400	(1,754)	-3.48%	-	-	-	-
Charges for Services	711	-	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	106,877	60,000	46,877	78.13%
Rents	-	500	(500)	-100.00%	-	-	-	-	-	-	-	-
Interest Income	12	10	2	20.00%	-	-	-	-	-	-	-	-
Miscellaneous Income	5,597	530	5,067	956.04%	-	-	-	-	-	-	-	-
Total Revenues	158,597	192,020	(34,134)	-17.78%	58,405	60,400	(1,995)	-3.30%	118,042	71,500	46,542	65.09%

Expenditures												
	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance
General and Administrative Expenditures	105,298	81,063	24,235	29.90%	34,904	34,747	157	0.45%	37,229	36,800	\$ 429	1.17%
Operation Expenditures	71,998	56,250	15,748	28.00%	20,760	19,525	1,235	6.33%	29,659	32,550	(2,891)	-8.88%
Debt Service Expenditures	-	-	-	-	-	-	-	-	424	-	424	100%
Total Expenditures	\$ 177,296	\$ 137,313	\$ 39,983	29.12%	\$ 55,664	\$ 54,272	\$ 1,392	2.56%	\$ 67,312	\$ 69,350	\$(2,038)	-2.94%

	Fire Department Fund				Totals for Governmental Funds			
	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance
Revenues								
Taxes	\$ 11,165	\$ 11,500	\$ (335)	-2.91%	\$ 184,256	\$ 223,980	\$(39,724)	-29%
Licenses and Permits	-	-	-	-	110	-	110	-
Grants	4,474	-	4,474	100.00%	53,120	50,400	2,720	97%
Charges for Services	-	-	-	-	711	-	711	-
Memberships	7,655	12,000	(4,345)	-36.21%	7,655	12,000	(4,345)	-36%
Fines and Forfeitures	-	-	-	-	106,877	60,000	46,877	78%
Rents	-	500	(500)	-100%	-	500	(500)	-100%
Interest Income	8	20	(12)	-60.00%	20	30	(10)	-40%
Miscellaneous Income	4,260	5,000	(740)	-14.80%	9,857	5,530	4,327	941%
Total Revenues	27,562	28,520	(958)	-3.36%	\$ 362,606	\$ 352,440	\$ 9,455	3%

Expenditures								
	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance
General and Administrative Expenditures	6,916	7,000	(84)	-1.20%	184,347	159,610	24,737	30%
Operation Expenditures	16,472	21,020	(4,548)	-21.64%	138,889	129,345	9,544	4%
Debt Service Expenditures	-	-	-	-	424	-	424	100%
Total Expenditures	\$ 23,388	\$ 28,020	\$ (4,632)	-16.53%	\$ 323,660	\$ 288,955	\$ 34,705	12.01%

Town of Boswell
 Budgetary Statement of Revenue and Expenditures
 Proprietary Funds
 For the Year Ended June 30, 2014

Revenues	Industrial Park				Public Works Authority				Totals for Proprietary Funds			
	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance	Current Year Actual FY 13-14	Current Year Budget FY 13-14	Dollar Variance	Percentage Variance
Taxes	\$ -	\$ -	\$ -	-	\$ 30,320	\$ 24,000	\$ 6,320	26.33%	\$ 30,320	\$ 24,000	\$ 6,320	26%
Licenses and Permits	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	295,869	197,000	98,869	50.19%	295,869	197,000	98,869	50.19%
Memberships	-	-	-	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-	-	-	-
Rents	8,150	24,000	(15,850)	-66.04%	-	-	-	-	8,150	24,000	(1)	-66.04%
Interest Income	3	125	(122)	-97.60%	113	350	(237)	-67.71%	116	475	(238)	-165.31%
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 8,153	\$ 24,125	\$ (15,972)	-66.21%	\$ 326,302	\$ 221,350	\$ 104,952	47.41%	\$ 334,455	\$ 245,475	\$ 104,950	42.75%
Expenditures												
General and Administrative Expenditures	2,060	2,000	60	3.00%	83,574	81,450	2,124	2.61%	85,634	83,450	2,124	5.61%
Operation Expenditures	3,145	4,150	(1,005)	-24.22%	191,553	82,160	109,393	133.15%	194,698	86,310	109,393	108.93%
Debt Service Expenditures	-	-	-	-	41,725	57,453	(15,728)	-27.38%	41,725	57,453	(15,728)	-27%
Total Expenditures	\$ 5,205	\$ 6,150	\$ (945)	-15.37%	\$ 316,852	\$ 221,063	\$ 95,789	43.33%	\$ 322,057	\$ 227,213	\$ 95,789	42.16%

Town of Boswell
Combining Statement of Net Position
Proprietary Funds
As of June 30, 2014

	Industrial Park Fund	Public Works Authority Fund	TOTAL
ASSETS			
Unrestricted cash and cash equivalents	\$ 8,655	\$ 52,569	\$ 61,224
Utility billing receivables, net of allowance	-	24,932	24,932
Due from other funds	-	3,349	3,349
Customer meter deposits	-	31,771	31,771
Restricted:			
Certificates of deposit	-	26,400	26,400
Cash and cash equivalents	-	18,060	18,060
Bond reserve account	-	58,180	58,180
Bond trust account	-	18,666	18,666
Total restricted cash	-	121,306	121,306
Capital assets:			
Non-depreciable capital assets	25,500	27,880	53,380
Depreciable capital assets	611,265	2,243,639	2,854,904
Accumulated depreciation	(134,824)	(790,235)	(925,059)
Net depreciable capital assets	476,441	1,453,404	1,929,845
Total Assets	510,596	1,715,211	2,225,807
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	302	18,182	18,484
Payroll and deductions payable	-	918	918
Accrued interest	-	13,666	13,666
Current portion of long-term debt	-	15,000	15,000
Total current liabilities	302	47,766	48,068
Meter deposits refundable	-	46,654	46,654
Long-term debt, less current portion	-	710,000	710,000
Total noncurrent liabilities	-	756,654	756,654
Total Liabilities	302	804,420	804,722
NET POSITION			
Invested in capital assets, net of debt	476,139	743,404	1,219,845
Restricted for:			
Debt service	-	108,617	108,617
Unrestricted	34,155	58,770	92,925
Total Net Position	\$ 510,295	\$ 910,790	\$ 1,421,085

See accompanying accountant's report

Town of Boswell
Statement of Revenues, Expenses and Changes in Fund Balance
Proprietary Funds
As of June 30, 2014

	Industrial Park Fund	Public Works Authority Fund	TOTAL
Operating revenues			
Water revenue	\$ -	\$ 155,728	\$ 155,728
Sewer revenue	-	91,590	91,590
Sanitation revenue	-	48,551	48,551
Rental revenue	8,150	-	8,150
Grants and awards	-	-	-
Other fees and charges	-	-	-
Interest revenue	3	113	116
Total Revenues	8,153	295,982	304,135
Operating expenses			
Water and Sewer	-	83,028	83,028
Sanitation	-	45,607	45,607
Personal services	-	83,574	83,574
Material and supplies	-	9,428	9,428
Other goods and services	3,145	21,122	24,267
Other expense	2,060	6,837	8,897
Debt Service Interest	-	41,725	41,725
Total operating expenses	5,205	291,321	296,526
Excess operating revenue (deficit)	2,948	4,661	7,609
Depreciation Expenses	(21,554)	(57,743)	(79,297)
Income before transfers	(18,606)	(53,082)	(71,688)
TRANSFERS IN	166	30,320	30,486
NET INCOME	(18,440)	(22,762)	(41,202)
BEGINNING NET ASSETS	528,735	933,552	1,462,287
ENDING NET ASSETS	510,295	910,790	1,421,085

See accompanying accountant's report