

TOWN OF APACHE
Apache, Oklahoma

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2023

BY



Town of Apache
Apache, Oklahoma
Year Ended June 30, 2023

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Town of Apache
Apache, Oklahoma
Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Apache
Apache, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apache, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Apache's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apache, as of June 30, 2023, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Apache, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation of and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Apache, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about Town of Apache, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Apache, Oklahoma's basic financial statements. The budgetary comparison schedule, the combining nonmajor fund financial statements, and the schedule of federal, state, and other awards are presented for 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule, the combining nonmajor fund financial statements, and the schedule of federal, state, and other awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024, on our consideration of the Town of Apache, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Apache, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Apache, Oklahoma's internal control over financial reporting and compliance.

FURRH & ASSOCIATES, PC
Lawton, Oklahoma
February 5, 2024

Town of Apache, Oklahoma
Statement of Net Position - Modified Cash Basis
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 444,714	\$ 200,369	\$ 645,083
Investments	104,667	241,006	345,673
Restricted Cash and Cash Equivalents	0	25,696	25,696
Restricted Investments	0	23,500	23,500
Accounts Receivable	0	59,166	59,166
Prepaid Expenses	0	1,992	1,992
Deferred Inflow	3,675	1,717	5,392
Capital Assets, net of accumulated depreciation	652,092	1,202,958	1,855,050
Lease Assets, net of accumulated amortization	0	19,188	19,188
Intangible Assets, net of accumulated amortization	0	0	0
Total Assets	<u>\$ 1,205,148</u>	<u>\$ 1,775,592</u>	<u>\$ 2,980,740</u>
LIABILITIES AND NET POSITION			
Liabilities:			
Meter Deposits	\$ 0	\$ 49,196	\$ 49,196
Accounts Payable	0	23,910	23,910
Lease Liability	0	19,188	19,188
Due within one year			
Notes Payable	20,206	0	20,206
Due in more than one year			
Notes Payable	56,675	0	56,675
Total Liabilities	<u>76,881</u>	<u>92,294</u>	<u>169,175</u>
Net Position:			
Net Investment in Capital Assets	652,092	1,202,958	1,855,050
Restricted for:			
Cemetery Perpetual Care	114,744	0	114,744
Cemetery Maintenance & Operations	47,599	0	47,599
Cemetery Lot Sales	44,203	0	44,203
Municipal Court	40,538	0	40,538
Fire Department	37,486	0	37,486
Street & Alley	20,554	0	20,554
Library	14,284	0	14,284
Ambulance	1,500	0	1,500
Grants Special	605	0	605
Public Works Authority	0	100,997	100,997
Unrestricted	154,662	379,343	534,005
Total Net Position	<u>1,128,267</u>	<u>1,683,298</u>	<u>2,811,565</u>
Total Liabilities and Net Position	<u>\$ 1,205,148</u>	<u>\$ 1,775,592</u>	<u>\$ 2,980,740</u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 132,572	\$ 0	\$ 0	\$ 130,301	\$ (2,271)	\$ 0	\$ (2,271)
Public Safety - Police	224,370	79,773	0	0	(144,597)	0	(144,597)
Ambulance	241,227	43,109	0	0	(198,118)	0	(198,118)
Public Safety - Fire	72,235	3,000	25,103	0	(44,132)	0	(44,132)
Culture and Recreation - Library	32,890	461	11,263	0	(21,166)	0	(21,166)
Culture and Recreation - Community Bldg	11,847	6,635	0	0	(5,212)	0	(5,212)
Street and Public Works - Streets	58,367	0	0	0	(58,367)	0	(58,367)
Judicial and Legal - Municipal Court	15,099	0	0	0	(15,099)	0	(15,099)
Culture and Recreation - Parks	10,157	0	0	0	(10,157)	0	(10,157)
Cemetery	1,691	14,650	0	0	12,959	0	12,959
Total Governmental Activities	800,455	147,628	36,366	130,301	(486,160)	0	(486,160)
Business-Type Activities:							
Water	242,145	319,165	0	0	0	77,020	77,020
Sewer	135,634	178,775	0	0	0	43,141	43,141
Garbage	211,592	224,542	0	0	0	12,950	12,950
Miscellaneous	13,335	17,577	0	0	0	4,242	4,242
Total Business-Type Activities	602,706	740,059	0	0	0	137,353	137,353
Total Primary Government	\$ 1,403,161	\$ 887,687	\$ 36,366	\$ 130,301	(486,160)	137,353	(348,807)
General Revenues:							
Taxes:							
Sales Tax					480,410	0	480,410
Use Tax					78,381	0	78,381
Franchise Tax					42,328	0	42,328
Alcoholic Beverage Tax					18,322	0	18,322
Vehicle Tax					10,501	0	10,501
Cigarette Tax					2,611	0	2,611
Miscellaneous Income					39,299	0	39,299
Interest Revenue (Expense)					1,147	(478)	669
Total General Revenues					672,999	(478)	672,521
Change in Net Position before Transfers					186,839	136,875	323,714
Net Transfers					(219,448)	219,448	0
Change in Net Position after Transfers					(32,609)	356,323	323,714
Net Position - beginning					1,160,876	1,326,975	2,487,851
Net Position - ending					\$ 1,128,267	\$ 1,683,298	\$ 2,811,565

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2023

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 227,868	\$ 216,846	\$ 444,714
Investments	0	104,667	104,667
Deferred Inflow	3,675	0	3,675
Total Assets	<u>\$ 231,543</u>	<u>\$ 321,513</u>	<u>\$ 553,056</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred Outflow	\$ 0	\$ 0	\$ 0
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:			
Non-spendable	0	0	0
Restricted	0	321,513	321,513
Committed	0	0	0
Assigned	0	0	0
Unassigned	231,543	0	231,543
Total Fund Balances	<u>231,543</u>	<u>321,513</u>	<u>553,056</u>
Total Liabilities and Fund Balances	<u>\$ 231,543</u>	<u>\$ 321,513</u>	

Reconciliation to Statement of Net Position:

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities of \$2,119,512 net of
accumulated depreciation of \$1,467,420 are not financial
resources and therefore are not reported in the funds. 652,092

Long-term liabilities, including notes payable, are not due and payable
in the current period and, therefore, are not reported in the funds. (76,881)

Total Net Position of Governmental Activities \$ 1,128,267

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Town of Apache, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Tax Revenue	\$ 534,820	\$ 97,733	\$ 632,553
Grants	0	150,286	150,286
Fines	1,050	78,723	79,773
Donations	0	16,381	16,381
Ambulance Service	0	43,109	43,109
Miscellaneous Income	33,403	6,357	39,760
Cemetery	0	14,650	14,650
Rent	6,635	0	6,635
Fire Service	0	3,000	3,000
Interest	575	572	1,147
Total Revenues	<u>576,483</u>	<u>410,811</u>	<u>987,294</u>
EXPENDITURES			
Current:			
General Government	109,011	7,500	116,511
Ambulance	0	241,227	241,227
Public Safety - Police	216,499	0	216,499
Public Safety - Fire	24,185	31,704	55,889
Streets	38,759	151	38,910
Library	20,994	8,078	29,072
Municipal Court	6,600	8,499	15,099
Community Building	6,866	0	6,866
Culture and Recreation	8,927	0	8,927
Cemetery	1,541	150	1,691
Debt service:			
Principal	19,629	0	19,629
Interest and fiscal charges	2,539	0	2,539
Capital Outlay	3,000	0	3,000
Total Expenditures	<u>458,550</u>	<u>297,309</u>	<u>755,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>117,933</u>	<u>113,502</u>	<u>231,435</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	92,963	0	92,963
Transfers Out	(110,886)	(201,525)	(312,411)
Total Other Financing Sources (Uses)	<u>(17,923)</u>	<u>(201,525)</u>	<u>(219,448)</u>
Net Change in Fund Balances	100,010	(88,023)	11,987
Fund Balances - beginning	<u>131,533</u>	<u>409,536</u>	<u>541,069</u>
Fund Balances - ending	<u>\$ 231,543</u>	<u>\$ 321,513</u>	<u>\$ 553,056</u>

Please see accompanying notes to financial statements.

Town of Apache, Oklahoma
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	\$	11,987
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital Outlay	\$	3,000
Depreciation		<u>(67,225)</u>
		(64,225)
<p>Debt service principal retirement expensed in fund level financial statements but treated as reduction in outstanding debt in government-wide financial statements.</p>		
		<u>19,629</u>
		<u>19,629</u>
Change in Net Position after Transfers of governmental activities	\$	<u><u>(32,609)</u></u>

Please see accompanying notes to financial statements.

Town of Apache, Oklahoma
Statement of Net Position - Modified Cash Basis
Proprietary Funds
June 30, 2023

		Business-Type Activities - Enterprise Fund
		Apache Public Works Authority
<hr/>		
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$	200,369
Investments		241,006
Restricted Cash and Cash Equivalents		25,696
Restricted Investments		23,500
Accounts Receivable		59,166
Prepaid Expenses		1,992
Deferred Inflow		1,717
Total Current Assets	\$	<u>553,446</u>
Noncurrent assets:		
Capital Assets		3,280,213
Accumulated Depreciation		(2,077,255)
Lease Assets		91,860
Accumulated Amortization		(72,672)
Intangible Assets		27,247
Accumulated Amortization		(27,247)
Total Noncurrent Assets		<u>1,222,146</u>
Total Assets	\$	<u><u>1,775,592</u></u>
LIABILITIES AND NET POSITION		
Liabilities:		
Current Liabilities:		
Customer Deposits	\$	49,196
Accounts Payable		20,094
Lease Liability, current portion		8,775
Accrued Payroll and Compensated Absences		3,816
Total Current Liabilities		<u>81,881</u>
Noncurrent Liabilities:		
Lease Liability, less current portion		<u>10,413</u>
Total Noncurrent Liabilities		<u>10,413</u>
Total Liabilities		<u><u>92,294</u></u>
Net Position:		
Net investment in Capital Assets		1,202,958
Restricted		100,997
Unrestricted		379,343
Total Net Position		<u><u>1,683,298</u></u>
Total Liabilities and Net Position	\$	<u><u>1,775,592</u></u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
	Apache Public Works Authority
Operating Revenues:	
Water Revenue	\$ 319,165
Garbage Revenue	224,542
Sewer Revenue	178,775
Late Charges and Misc. Penalties	8,795
Miscellaneous Income	8,782
Total Operating Revenues	\$ 740,059
Operating Expenses:	
Garbage Service Expense	211,592
Personal Services	160,825
Depreciation	100,576
Operating Supplies	44,025
Professional Services	30,088
Automobile Expense	16,250
Insurance	9,984
Repairs and Maintenance	9,157
Telephone and Utilities	5,759
Bad Debt	5,359
Postage	5,319
Miscellaneous	2,099
DEQ Fees	1,673
Total Operating Expense	602,706
Operating Income	137,353
Nonoperating Revenues (Expenses):	
Interest Income	3,382
Interest and Fiscal Charges	(3,860)
Net Nonoperating Revenues (Expenses)	(478)
Income before Transfers	136,875
Net Transfers	219,448
<u>Net Income (Loss)</u>	356,323
<u>Net Position - beginning</u>	1,326,975
<u>Net Position - ending</u>	\$ 1,683,298

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Statement of Cash Flows - Modified Cash Basis
Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund
	Apache Public Works Authority
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 672,111
Miscellaneous Revenue	8,782
Payments to Suppliers	(211,592)
Operating Expense	(106,606)
Payments to Employees	(160,825)
Net Cash Provided by Operating Activities	\$ 201,870
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Transfers in from other funds	219,448
Interest paid	(3,860)
Net Cash Used by Capital and Related Financing Activities	215,588
CASH FLOWS FROM INVESTING ACTIVITIES	
Increase in Investments	(40,009)
Acquisition of Capital Assets	(416,911)
Interest Income	3,382
Net Cash Provided by Investing Activities	(453,538)
Net Increase (Decrease) in Cash and Cash Equivalents	(36,080)
<u>Cash and Cash Equivalents - beginning</u>	262,145
<u>Cash and Cash Equivalents - ending</u>	\$ 226,065
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 137,353
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:	
Depreciation Expense	100,576
Change in Current Assets and Current Liabilities:	
Decrease/(Increase) in Assets	(68,251)
(Decrease)/Increase in Liabilities	32,192
Net Cash Provided by Operating Activities	\$ 201,870

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Apache, Oklahoma (the “Town”) operates the streets and alley, municipal court, fire department, cemetery, library, grants special, ambulance, and administrative activities of the Town. The Town of Apache is located in Caddo County, Oklahoma and is governed by a five-member board (including the mayor) elected by the citizens of the Town of Apache, Oklahoma.

The accounting policies and presentation of the basic financial statements of the Town have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

A. Financial Reporting Entity

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Town’s financial reporting entity is comprised of the following:

Primary Government:	Town of Apache
Blended Component Unit:	Apache Public Works Authority

Blended Component Units:

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town by appropriate activity type to comprise the primary government presentation.

The Apache Public Works Authority was created to finance, develop and operate the following utility services activities: electric, water, sewer, and garbage. The current Town Council serves as the governing body (Trustees) of the Public Works Authority. The Public Works Authority is reported as proprietary fund.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Discretely presented component units:

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending. Currently, the Town does not have any discretely presented component units.

B. Basis of Presentation and Accounting

The Town's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The government-wide focus is on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Town as a whole.

These statements include financial activities of the primary government. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Town's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each town function is self-financing or draws from the general revenues of the Town.

Fund Financial Statements:

The financial transactions of the Town are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for all or most of a Town's general activities.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements. Currently, the Town does not have any fiduciary funds.

C. Measurement Focus

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the city-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

Basis of Accounting:

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The Town maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Fund Types and Major Funds:

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major enterprise fund:

The Public Works Authority is used to account for the revenues and expenses associated with providing utility services to the Town.

D. Cash and Investments

The Town is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. Certificates of deposit are reported at cost.

The Town is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

E. Interfund Activities and Balances

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. It is the Town's policy to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

F. Inventories

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

G. Intangible Assets and Capital Assets

Intangible Assets consist of refinancing loan cost of the Apache Public Works Authority. Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of land, land improvement, construction in process (if any), buildings, building improvements, machinery and equipment, as well as infrastructure. Capital assets are reported at actual or estimated historical cost.

Both the Town and PWA did not have any policy regarding classifying a purchase as a capital asset or an expense.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Intangible assets and capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Infrastructure	40
Buildings	30 – 40
Building Improvements	15 – 40
Improvements	15
Loan costs	10
Machinery and equipment	5 -10

H. Compensated Absences

Under terms of Town personnel policies, Town employees are granted comp time, vacation and sick leave in varying amounts. Under the modified cash basis of accounting, the Town does not record any accrued compensated absences on the governmental fund financial statements. Those benefits utilized in the current year are recorded through payroll.

In the event of termination or resignation, an employee is paid for accumulated vacation time. Sick leave is paid only if an employee has been employed for at least 5 years before the end of the employment. The estimated liabilities for vested benefits also include salary related payments such as employment taxes. Governmental funds report only the matured compensated absences payable to currently terminating or retiring employees.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

I. Long-Term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

J. Concentration of Credit Risk

All users of the Town's utility services are located within the same geographic area within Caddo County, Oklahoma.

K. Fund Equity

Government-wide Statements

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

- a. *Net investment in capital assets* - 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 improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Fund balance is the difference between assets and liabilities in a governmental fund. The Town reports a governmental fund's fund balance into the following classifications:

- a. *Nonspendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. The Town currently reports no nonspendable fund balance.
- b. *Restricted* - includes amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.
- c. *Committed* - includes amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established,

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

modified, or rescinded only through ordinances or resolutions approved by the Town Council. The Town currently reports no committed fund balance.

- d. Assigned - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Town currently reports no assigned fund balance.
- e. Unassigned - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The City presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

L. Program Revenues

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the Town. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

M. Related Party Transactions

There were no material related party transactions with Town officials or employees during the year ended June 30, 2023.

N. Use of Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

O. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Town considers all demand accounts, which are highly liquid investments, to be cash. Cash in excess of current requirements is invested in interest-bearing certificates of deposit and is considered to be an investment.

P. Budget

The Town's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The Town's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the financial statements will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. As of June 30, 2023, the Town is showing deferred inflows in the amount of \$3,675 for governmental activities and \$1,717 for business-type activities.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The Town currently has no items that qualify for reporting as deferred outflows of resources.

R. Recent Accounting Pronouncements

Governmental Accounting Policies Adopted During Current Year

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87). GASB 87 defines a lease as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. GASB 87 improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Town adopted GASB 87 on July 1, 2022, for the June 30, 2023, reporting year. The adoption of GASB 87 did not have a significant impact on the financial statements.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). GASB 96 provides accounting and financial reporting guidance for the governmental end users of subscription-based information technology arrangements (SBITAs). GASB 96 defines an SBITA, establishes right-to-use assets and corresponding liabilities, and provides capitalization criteria and the note disclosures required for SBITAs. The Town adopted GASB 96 on July 1, 2022, for the June 30, 2023, reporting year. The adoption of GASB 96 did not have a significant impact on the financial statements.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). GASB 99 is a technical omnibus statement that addresses issues or concerns from previous statements that were discovered during implementation and application of those statements. GASB 99 covers several topics including but not limited to, financial guarantees, derivatives, leases, non-monetary transactions, future revenue pledges and terminology updates. The Town adopted the sections that were effective immediately on July 1, 2022, for the June 30, 2023, reporting year. The remaining sections were adopted by the Town for the June 30, 2024, reporting year, as required by GASB 99. The City does not expect GASB 99 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100). GASB 100 proscribes accounting and financial reporting for accounting changes and error corrections to the financial statements. GASB 100 defines what constitutes an accounting change versus a change in accounting principle or error correction and outlines the appropriate note disclosures in each circumstance. The Town adopted GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The Town does not expect GASB 100 to have a significant impact on the financial statements.

In June 2022, GASB issued Statement No. 101, *Compensated Absences* (GASB 101). GASB 101 outlines the definition of compensated absences and sets forth the accounting and financial reporting for compensated absence liabilities. GASB 101 outlines that leave accrued should be measured using the employees pay rate at the financial statement date and that certain salary related payments, such as Social Security and Medicare, should be included in such measurement. The Town will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The Town has not determined the impact that GASB 101 will have on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash Deposits

The Town's governmental and proprietary funds' cash deposits consist of checking accounts. These deposits are stated at cost. The Town is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2023, the carrying amount and the bank balance of the governmental funds' cash deposits were \$452,546. At June 30, 2023, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$228,281. Those cash deposit amounts do not include cash on hand of \$250 in the General Fund and \$250 in the Public Works Authority's fund.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Investments

The Town invests excess cash into interest-bearing certificates of deposit, which are stated at cost. At June 30, 2023 the carrying amount of those investments were \$106,918 in the governmental funds and \$225,026 in the proprietary funds.

At June 30, 2023, the governmental and proprietary funds held the following deposits of unrestricted funds:

Unrestricted Cash and Cash Equivalents

Governmental Funds:

Shamrock Bank - General Fund Checking	\$ 227,618
Shamrock Bank - Fire Department Checking	37,486
Liberty National Bank - Cemetery Maint. & Op. Checking	47,599
Shamrock Bank - Street & Alley Checking	40,538
Liberty National Bank - Cemetery Lot Sales Checking	29,932
Liberty National Bank - Cemetery Perp. Care Savings	24,348
Shamrock Bank - Municipal Court Checking	20,554
Shamrock Bank - Library Checking	14,284
Shamrock Bank - Ambulance Checking	1,500
Shamrock Bank - Grants Special Checking	605
Petty Cash - General Fund	250
Total	\$ 444,714

Proprietary Funds:

Shamrock Bank - PWA Checking	\$ 200,169
Cash on Hand - PWA	200
Total	\$ 200,369

Unrestricted Investments

Governmental Funds:

Liberty National Bank - Cemetery Perpetual Care CD	\$ 58,333
Liberty National Bank - Cemetery Perpetual Care CD	32,063
Liberty National Bank - Cemetery Lot Sales CD	14,271
Total	\$ 104,667

Proprietary Funds:

Liberty National Bank - PWA CD	\$ 100,008
Liberty National Bank - Meter Deposit CD	40,000
Liberty National Bank - Sewer Reserve CD	50,998
Liberty National Bank - Sewer Reserve CD	50,000
Total	\$ 241,006

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

At June 30, 2023, the proprietary funds held the following deposits of restricted funds:

Restricted Cash, Cash Equivalents and Investments

Enterprise Funds:

Shamrock Bank - PWA Checking	\$	25,696
Liberty National Bank - Water Meter Deposit CD		23,500
Total	\$	49,196

There were no deposits of restricted funds in the governmental funds at June 30, 2023.

Deposits and Investment Risks:

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the Town holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Town’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Town’s name.

The Town does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the Town’s deposits are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity’s name.
- B. Collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
- C. Uncollateralized.

	A	B	C
Governmental Funds	\$ 549,131	\$ 0	\$ 250
Proprietary Funds	490,371	0	200
Total	\$ 1,039,502	\$ 0	\$ 450

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Investment Credit Risk – State law limits the investments available to the Town and is described below.

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations rating agencies. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

If applicable, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs. The Town currently has no investments that require a fair value measurement.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 3 – ACCOUNTS RECEIVABLE

The Apache Public Works Authority has accounts receivable from utility services in the amount of \$64,525. Management does not consider the entire amount of accounts receivable to be fully collectible. Accordingly, an allowance for doubtful accounts in the amount of \$5,1359 has been computed on the accounts receivable balance, resulting in accounts receivable, net in the amount of \$59,166.

NOTE 4 – PREPAID EXPENSES

Prepaid expenses in the financial statement represent insurance payments made during the fiscal year ending June 30, 2023 to insurers for insurance coverage periods after the fiscal year ends. As of June 30, 2023 the Town’s proprietary funds had prepaid expenses in the amount of \$1,992.

NOTE 5 – DEFERRED INFLOWS OF RESOURCES

The deferred inflows in the amount of \$3,675 in the governmental funds financial statement represents the escrow amount left on deposit with OMAG, which is to be disbursed or applied to outstanding premium balances at a later period. The deferred inflows in the amount of \$1,717 in the proprietary funds financial statements represent pending credit and debit card payments from utility service customers, that have not cleared yet as of June 30, 2023.

NOTE 6 – CHANGES IN CAPITAL, LEASE AND INTANGIBLE ASSETS

Changes in governmental capital assets during the year ending June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Government Activities:				
Fire Department: Fixed Assets	\$ 654,516	\$ 0	\$ (1,100)	\$ 653,416
Streets: Fixed Assets	533,302	0	0	533,302
General Government: Fixed Assets	315,226	0	0	315,226
Police: Fixed Assets	180,978	0	0	180,978
Community Building: Fixed Assets	170,535	3,000	0	173,535
Parks & Recreation: Fixed Assets	150,866	0	0	150,866
Library: Fixed Assets	100,689	0	0	100,689
Cemetery: Fixed Assets	11,500	0	0	11,500
Accumulated Depreciation	(1,400,195)	(68,325)	1,100	(1,467,420)
Governmental Net Capital Assets	<u>\$ 717,417</u>	<u>\$ (65,325)</u>	<u>\$ 0</u>	<u>\$ 652,092</u>

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Changes in proprietary capital, lease and intangible assets during the year ending June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Disposals	Balance June 30, 2023
Business Type Activities:				
Water & Sewer: Loan Cost on Refinancing	\$ 27,247	\$ 0	\$ 0	\$ 27,247
Accumulated Amortization	(27,247)	0	0	(27,247)
Water & Sewer: Fixed Assets	2,863,302	416,911	0	3,280,213
Accumulated Depreciation	(1,980,619)	(96,636)	0	(2,077,255)
Business Type Net Capital Assets	<u>\$ 882,683</u>	<u>\$ 320,275</u>	<u>\$ 0</u>	<u>\$ 1,202,958</u>

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Government Activities:	
Streets: Depreciation	\$ 19,457
Fire Department: Depreciation	16,346
General Government: Depreciation	16,061
Police: Depreciation	5,332
Community Building: Depreciation	4,981
Library: Depreciation	3,818
Parks & Recreation: Depreciation	1,230
Total	<u>\$ 67,225</u>
Business Type Activities:	
Water & Sewer: Depreciation	\$ 96,636
Water & Sewer: Amortization	0
Total	<u>\$ 96,636</u>

NOTE 7 – LEASE AGREEMENT

In July 2009, the Apache Public Works Authority entered into a non-cancellable lease agreement with James Hrbacek for the Lagoon Irrigation. The lease term is for 20 years, the payment due at inception was \$5,850. The annual lease payments started in the amount of \$5,850 in 2009 with an increase of 17% every five years.

As of June 30, 2023, the Authority recorded a right-of-use (“ROU”) asset of approximately \$19,188 and a total lease liability of approximately \$19,188 based on a discount rate of 5.00% at lease inception.

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

The ROU asset at June 30, 2023 is summarized as follows:

Lease ROU Asset	\$	91,860
Less: accumulated reduction		<u>(72,672)</u>
Balance of ROU Asset	\$	<u>19,188</u>

The lease liability related to the ROU asset at June 30, 2023 is summarized as follows:

Lease Liability	\$	91,860
Less: accumulated reduction		<u>(72,672)</u>
Balance of Lease Liability	\$	<u>19,188</u>

As of June 30, 2023, the remaining lease payments under this lease are as follows:

Fiscal year ending	Lease Payment
June 30, 2024	\$ 8,775
June 30, 2025	8,775
June 30, 2026	8,775
June 30, 2027	8,775
June 30, 2028	<u>8,775</u>
Total lease payments	43,875
Less: Interest	<u>(24,687)</u>
Present value of lease payments	\$ 19,188
Less: current portion	<u>(8,775)</u>
Lease payment, net of current portion	<u>10,413</u>

As of June 30, 2023, the remaining lease term was 5 years at the average discount rate of 5.00%. The lease expense for the year ended June 30, 2023, was \$7,800.

NOTE 8 – CUSTOMER DEPOSITS

The Town has an established policy for the reimbursement of customer deposits for their utility services. Changes during the year ending June 30, 2023, were as follows:

		<u>Customer Deposits</u>
Balance, July 1, 2022	\$	54,576
Current Year Changes		<u>(5,380)</u>
Balance, June 30, 2023	\$	<u>49,196</u>

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 9 – ACCOUNTS PAYABLE

As of June 30, 2023, the Apache Public Works Authority had Accounts Payable in the total amount of \$20,094, which consists of obligations to various suppliers and creditors for goods and services received on or before June 30, 2023 that have not been paid for by the end of the fiscal year.

NOTE 10 – ACCRUED PAYROLL AND COMPENSATED ABSENCES LIABILITIES

The paycheck on July 10, 2023 was for the pay period from June 24 – July 7, 2023. Therefore, part of that is recorded as accrued payroll as of June 30, 2023 in the proprietary fund. Additionally, the Apache Public Works Authority records an accrued compensated absences liability for accumulated vacation time (for all eligible employees regardless of the period of employment) and for sick leave (only for employees that have been employed for at least 5 years before the end of the employment).

As of June 30, 2023 the Town’s proprietary funds had accrued payroll liabilities in the amount of \$3,112 and an accrued compensated liability balance in the amount of \$704.

NOTE 11 – LONG-TERM DEBT

Governmental Funds – Notes Payable

On March 9, 2022, the Town of Apache’s General Fund borrowed \$102,928 from Shamrock Bank to finance the purchase of a police vehicle, with a fixed interest rate of 2.90% for a total of 60 months.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	<u>Note Payable at</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Note Payable at</u> <u>July 1, 2023</u>
Governmental Activities:				
Shamrock Bank Note Payable	\$ 96,510	\$ 0	\$ (19,629)	\$ 76,881
Total	<u>\$ 96,510</u>	<u>\$ 0</u>	<u>\$ (19,629)</u>	<u>\$ 76,881</u>

The annual debt service requirements to maturity for this note payable are as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,206	\$ 1,962	\$ 22,168
2025	20,800	1,369	22,169
2026	21,411	757	22,168
2027	14,464	157	14,621
Total	<u>\$ 76,881</u>	<u>\$ 4,245</u>	<u>\$ 81,126</u>

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Interest Expense

Interest expense on long-term debt of \$2,539 was reported in the governmental activities.

NOTE 12 – FUND EQUITY

During the fiscal year ending June 30, 2023, the Town had the following Non-spendable, Restricted, Committed, Assigned, and Unassigned Fund Balances:

Government Activities:

a. Non-spendable

The Town had no non-spendable funds as of June 30, 2023.

b. Restricted

Fund	Amount
Non-major Governmental Funds:	
Street & Alley	\$ 40,538
Municipal Court	20,554
Fire Department	37,486
Cemetery Maintenance & Operations	47,599
Cemetery Perpetual Care	114,744
Cemetery Lot Sales	44,203
Library	14,284
Grants Special	605
Ambulance	1,500
Total Non-major Governmental Funds:	321,513
Total Restricted Funds	\$ 321,513

c. Committed

The Town had no committed funds as of June 30, 2023.

d. Assigned

The Town had no assigned funds as of June 30, 2023.

e. Unassigned

Fund	Amount
General Fund	\$ 231,543
Total Unassigned Funds	\$ 231,543

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 13 – INTERFUND TRANSFERS

Interfund transfers which occurred during the fiscal year ending June 30, 2023 are as follows:

Fund	Transfers In	Transfers
to General Fund:		
from Municipal Court	\$ 67,200	\$
from Fire Department	763	
from Public Works Authority	25,000	
to Public Works Authority:		
from ARPA	244,448	
to Meter Deposit:		
from Public Works Authority	150	
from Municipal Court:		
to General Fund		67,200
from Fire Department:		
to General Fund		763
from ARPA:		
to Public Works Authority		244,448
from Public Works Authority:		
to General Fund		25,000
to Meter Deposit		150
	\$ 337,561	\$ 337,561

NOTE 14 – PENSION PLAN

In the fiscal year ending June 30, 2023, the Town established a Defined Contribution Plan (the “Plan”) in the form of a Simple IRA Plan with American Funds. The Plan started in January 2023, and the first contributions were made in February 2023. Employees qualify for participation in the Plan if they are working full-time and have earned at least \$5,000 per year during the last two preceding years. All accounts are immediately vested and nonforfeitable.

The Plan requires all participating employees to contribute 3% of their wages and the Town contributes 3% of the employee’s wages. For the year ended June 30, 2023, the following required contributions were made:

For the Year				
Ending	Employee	Employer	Total	
2023	\$ 1,109	\$ 1,088	\$ 2,197	

Town of Apache, Oklahoma
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

The Apache Police retirement match expenses are shown in the governmental activities (General Fund) in the amount of \$656, and the Apache Public Works retirement match expenses are shown in the proprietary activities (Public Works Authority) in the amount of \$432.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Grant Audit

The Town receives grant funds from various Federal and State agencies during the normal course of operations. These grants are subject to review and audit by agents of the appropriate federal or state agency, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

NOTE 16 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters for which the Town carries commercial insurance. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

There have been no significant reductions in coverage from the prior year. Claims have not exceeded coverage in the current year or either of the two previous years.

NOTE 17 – DATE OF MANAGEMENT’S REVIEW

Management has evaluated subsequent events through February 5, 2024, the date of which the financial statements were available to be issued. The effect of the following items on the financial statements of the component unit have not been evaluated:

1. On November 21, 2023, the Town of Apache received notice of a pending litigation regarding a former employee. This case was alleging a violation of Title VII of the Civil Rights Act of 1964 and Oklahoma Open Meetings Act. This case was settled in the fiscal year ending June 30, 2024. OMAG paid the plaintiff. The Town owes OMAG \$30,000 to be paid in the fiscal year ending June 30, 2024.
2. In June 2023, the Town’s property sustained hail damage. Insurance proceeds of \$334,497 was received in fiscal year ending June 30, 2024 to repair this damage.



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

To the Mayor and Town Council
Town of Apache
Apache, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Apache, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated February 5, 2024.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified one deficiency in internal control that we consider to be material weaknesses. It is identified in the following schedule as 2023-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Apache, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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.

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

February 5, 2024

Town of Apache, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2023

Reportable Conditions of Internal Control, Compliance and Other Matters

2023-1 Past Due Accounts Were Not Disconnected

Condition – Multiple citizens and Town employees had past due accounts and their utility service did not get shut off.

Effect – The Town did not receive adequate revenue.

Cause – Personnel did not perform duties as instructed.

Recommendation – We recommend that the Town Council provide greater oversight of the office activities.

Management response – This situation was corrected upon the termination of a particular office personnel. All accounts that require shut off are now being disconnected since that employee is no longer with the Town of Apache.

Town of Apache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis

General Fund
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Sales Tax	\$ 389,841	\$ 389,841	\$ 393,178	\$ (3,337)
Use Tax	74,256	74,256	78,381	(4,125)
Franchise Tax	33,956	33,956	42,328	(8,372)
Alcohol Beverage Tax	22,413	22,413	18,322	4,091
Miscellaneous Revenue	9,848	9,848	29,532	(19,684)
Rent Revenue	6,615	6,615	6,635	(20)
Tobacco Tax	3,056	3,056	2,611	445
Permits and Licenses	1,411	1,411	3,871	(2,460)
Interest	500	500	575	(75)
Fines	187	187	1,050	(863)
Total Revenues	<u>542,083</u>	<u>542,083</u>	<u>576,483</u>	<u>(34,400)</u>
EXPENDITURES				
Current:				
<u>General Government</u>				
Personal Services	87,746	87,746	40,270	47,476
Maintenance and Operations	61,527	61,527	68,741	(7,214)
Capital Outlay	45,158	45,158	0	45,158
Total General Government	<u>194,431</u>	<u>194,431</u>	<u>109,011</u>	<u>85,420</u>
<u>Police Department</u>				
Personal Services	187,486	187,486	161,911	25,575
Maintenance and Operations	42,459	42,459	54,588	(12,129)
Capital Outlay	2,800	2,800	0	2,800
Total Police Department	<u>232,745</u>	<u>232,745</u>	<u>216,499</u>	<u>16,246</u>
<u>Fire Department</u>				
Personal Services	17,083	17,083	0	17,083
Maintenance and Operations	11,534	11,534	24,185	(12,651)
Capital Outlay	0	0	0	0
Total Fire Department	<u>28,617</u>	<u>28,617</u>	<u>24,185</u>	<u>4,432</u>
<u>Street & Alley</u>				
Maintenance and Operations	0	0	38,759	(38,759)
Total Street & Alley	<u>0</u>	<u>0</u>	<u>38,759</u>	<u>(38,759)</u>
<u>Culture and Recreation</u>				
Maintenance and Operations	14,615	14,615	8,927	5,688
Capital Outlay	3,500	3,500	0	3,500
Total Culture and Recreation	<u>18,115</u>	<u>18,115</u>	<u>8,927</u>	<u>9,188</u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended June 30, 2023

	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Over (Under)</u>
<u>Community Building</u>				
Maintenance and Operations	8,910	8,910	6,866	2,044
Capital Outlay	9,458	9,458	3,000	6,458
Total Community Building	<u>18,368</u>	<u>18,368</u>	<u>9,866</u>	<u>8,502</u>
<u>Library</u>				
Personal Services	13,638	13,638	12,509	1,129
Maintenance and Operations	9,719	9,719	8,485	1,234
Capital Outlay	3,333	3,333	0	3,333
Total Library	<u>26,690</u>	<u>26,690</u>	<u>20,994</u>	<u>5,696</u>
<u>Municipal Court</u>				
Personal Services	6,600	6,600	6,600	0
Total Municipal Court	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>	<u>0</u>
<u>Cemetery</u>				
Maintenance and Operations	0	0	1,541	(1,541)
Total Cemetery	<u>0</u>	<u>0</u>	<u>1,541</u>	<u>(1,541)</u>
Debt service:				
Principal	0	0	19,629	(19,629)
Interest and Financial Charges	0	0	2,539	(2,539)
Total Expenditures	<u>525,566</u>	<u>525,566</u>	<u>458,550</u>	<u>67,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,517</u>	<u>16,517</u>	<u>117,933</u>	<u>(101,416)</u>
OTHER FINANCING SOURCES (USES)				
Net Transfer In/(Out)	(16,517)	(16,517)	(17,923)	1,406
Total Other Financing Sources (Uses)	<u>(16,517)</u>	<u>(16,517)</u>	<u>(17,923)</u>	<u>1,406</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>\$ 0</u>	100,010	<u>\$ (100,010)</u>
Fund Balances - beginning			<u>131,533</u>	
Fund Balances - ending			<u>\$ 231,543</u>	

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Combining Balance Sheet - Modified Cash Basis
Nonmajor Governmental Funds
June 30, 2023

	<u>Street & Alley</u>	<u>Municipal Court</u>	<u>Fire Dept.</u>	<u>Cemetery Maint. & Operations</u>	<u>Cemetery Perpetual Care</u>	<u>Cemetery Lot Sales</u>	<u>Library</u>	<u>Grants Special</u>	<u>Ambulance</u>	<u>ARPA</u>	<u>Total Non- Major Govt Funds</u>
ASSETS											
Cash and Cash Equiv.	\$ 40,538	\$ 20,554	\$ 37,486	\$ 47,599	\$ 24,348	\$ 29,932	\$ 14,284	\$ 605	\$ 1,500	\$ 0	\$ 216,846
Investments	0	0	0	0	90,396	14,271	0	0	0	0	104,667
Deferred Inflow	0	0	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$ 40,538</u>	<u>\$ 20,554</u>	<u>\$ 37,486</u>	<u>\$ 47,599</u>	<u>\$ 114,744</u>	<u>\$ 44,203</u>	<u>\$ 14,284</u>	<u>605</u>	<u>\$ 1,500</u>	<u>\$ 0</u>	<u>\$ 321,513</u>
FUND BALANCES											
Fund Balances:											
Restricted	<u>\$ 40,538</u>	<u>\$ 20,554</u>	<u>\$ 37,486</u>	<u>\$ 47,599</u>	<u>\$ 114,744</u>	<u>\$ 44,203</u>	<u>\$ 14,284</u>	<u>\$ 605</u>	<u>\$ 1,500</u>	<u>\$ 0</u>	<u>\$ 321,513</u>
Total Fund Balances	<u>\$ 40,538</u>	<u>\$ 20,554</u>	<u>\$ 37,486</u>	<u>\$ 47,599</u>	<u>\$ 114,744</u>	<u>\$ 44,203</u>	<u>\$ 14,284</u>	<u>\$ 605</u>	<u>\$ 1,500</u>	<u>\$ 0</u>	<u>\$ 321,513</u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Modified Cash Basis
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Street & Alley	Municipal Court	Fire Dept.	Cemetery Maint. & Operations	Cemetery Perpetual Care	Cemetery Lot Sales	Library	Grants Special	Ambulance	ARPA	Total Non- Major Govt Funds
REVENUES											
Grants	\$ 0	\$ 0	\$ 10,053	\$ 0	\$ 0	\$ 0	\$ 9,932	\$ 7,500	\$ 0	\$ 122,801	\$ 150,286
Tax Revenue	10,501	0	0	0	0	0	0	0	87,232	0	97,733
Fines	0	78,262	0	0	0	0	461	0	0	0	78,723
Ambulance Service	0	0	0	0	0	0	0	0	43,109	0	43,109
Donations	0	0	15,050	0	0	0	1,331	0	0	0	16,381
Cemetery Revenue	0	0	0	13,225	0	1,425	0	0	0	0	14,650
Miscellaneous	0	0	4,814	0	0	0	1,543	0	0	0	6,357
Fire Service	0	0	3,000	0	0	0	0	0	0	0	3,000
Interest	111	0	0	353	69	39	0	0	0	0	572
Total Revenues	<u>10,612</u>	<u>78,262</u>	<u>32,917</u>	<u>13,578</u>	<u>69</u>	<u>1,464</u>	<u>13,267</u>	<u>7,500</u>	<u>130,341</u>	<u>122,801</u>	<u>410,811</u>
EXPENDITURES											
Personal Services	0	0	0	0	0	0	0	0	0	0	0
Maintenance & Operations	151	8,499	30,604	150	0	0	8,078	7,500	241,227	0	296,209
Capital Outlay	0	0	0	0	0	0	0	0	0	0	0
Total Expenditures	<u>151</u>	<u>8,499</u>	<u>30,604</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>8,078</u>	<u>7,500</u>	<u>241,227</u>	<u>0</u>	<u>296,209</u>
Excess (deficiency) of revenues over (under) expenditures	10,461	69,763	2,313	13,428	69	1,464	5,189	0	(110,886)	122,801	114,602
OTHER FINANCING SOURCES (USES)											
Transfers In / (Out)	0	(67,200)	(763)	0	0	0	0	0	110,886	(244,448)	(201,525)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(67,200)</u>	<u>(763)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,886</u>	<u>(244,448)</u>	<u>(201,525)</u>
Net Change in Fund Balances	10,461	2,563	1,550	13,428	69	1,464	5,189	0	0	(121,647)	(86,923)
Fund Balances - beginning	<u>30,077</u>	<u>17,991</u>	<u>35,936</u>	<u>34,171</u>	<u>114,675</u>	<u>42,739</u>	<u>9,095</u>	<u>605</u>	<u>1,500</u>	<u>121,647</u>	<u>408,436</u>
Fund Balances - ending	<u>\$ 40,538</u>	<u>\$ 20,554</u>	<u>\$ 37,486</u>	<u>\$ 47,599</u>	<u>\$ 114,744</u>	<u>\$ 44,203</u>	<u>\$ 14,284</u>	<u>\$ 605</u>	<u>\$ 1,500</u>	<u>\$ 0</u>	<u>\$ 321,513</u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Schedule of Federal, State, and Other Awards - Modified Cash Basis
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
FEDERAL AWARDS				
<u>United States Department of the Treasury</u>				
Passed through the Oklahoma Office of Management and Enterprise Services				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	\$ 122,801	\$ 122,801	\$ 244,448
Total Federal Awards		<u>\$ 122,801</u>	<u>\$ 122,801</u>	<u>\$ 244,448</u>
STATE AWARDS				
<u>Oklahoma Department of Agriculture</u>				
Forestry Services - Rural Fire Grant		\$ 10,053	\$ 10,053	\$ 10,053
<u>Oklahoma Department of Libraries</u>				
ARPA Targeted Reimbursement		4,479	4,479	4,479
FY23 State Aid Grant		2,453	2,453	2,453
ARPA Ready2Read Collection Grant		2,000	2,000	2,000
ARPA Multifunctional Printer Grant		1,000	1,000	1,000
<u>Association South Central Oklahoma Governments</u>				
Rural Economic Action Plan 232220		45,000	-	-
Total State Awards		<u>\$ 64,985</u>	<u>\$ 19,985</u>	<u>\$ 19,985</u>
OTHER AWARDS				
<u>United States Police Canine Association, Inc.</u>				
Adopt a K-9 Cop matching grant		\$ 7,500	\$ 7,500	\$ 7,500
Total Other Awards		<u>\$ 7,500</u>	<u>\$ 7,500</u>	<u>\$ 7,500</u>

Please see accompanying notes to the financial statements.

Town of Apache, Oklahoma
Notes to Supplementary Information
June 30, 2023

Note 1 – Budgets and Budgetary Accounting

The Town’s annual operating budget represents appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the “Municipal Budget Act” which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

Note 2 – Individual Fund Disclosures

No Funds had an excess of expenditures over appropriations for the year ended June 30, 2023.