

CITY OF GERONIMO
Geronimo, Oklahoma

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

FOR THE YEAR ENDED JUNE 30, 2023

BY



City of Geronimo
Geronimo, Oklahoma
Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Geronimo
Geronimo, Oklahoma

Report on the Audit of the Financial Statements

Opinions

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 City of Geronimo, Oklahoma (the "City") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City'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 City of Geronimo, 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 Opinions

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

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 as described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 City of Geronimo'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 City of Geronimo's ability to continue as a going concern for a reasonable period of time.

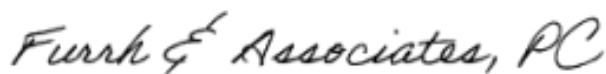
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Geronimo, Oklahoma’s basic financial statements. The accompanying General Fund budgetary comparison schedule, the schedule of grant activity, the schedule of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of 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 and certain additional procedures, including comparing and reconciling such information directly 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 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 dated February 7, 2024 on our consideration of the City of Geronimo’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Geronimo’s internal control over financial reporting and compliance.



FURRH & ASSOCIATES, PC
Lawton, Oklahoma
February 7, 2024

City of Geronimo, OK
Statement of Net Position
(Modified Cash Basis)
June 30, 2023

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 498,776	\$ 522,922	\$ 1,021,698
Due to (from) General Fund	0	16,735	16,735
Prepaid Insurance	0	4,075	4,075
Accounts Receivable (Net)	0	54,876	54,876
Capital Assets	462,670	4,173,968	4,636,638
Accumulated Depreciation	(295,810)	(1,529,937)	(1,825,747)
	\$ 665,636	\$ 3,242,639	\$ 3,908,275
<u>Liabilities</u>			
Due to Depositors	\$ 0	\$ 67,667	\$ 67,667
Due to (from) General Fund	16,735	0	16,735
Accounts Payable	0	35,441	35,441
Payroll Liabilities	0	9,483	9,483
	16,735	112,591	129,326
<u>Net assets</u>			
Invested in Capital, Net of Related Deb	166,860	2,644,031	2,810,891
Restricted	0	13,766	13,766
Unrestricted	482,041	472,251	954,292
	648,901	3,130,048	3,778,949
Total Net Assets	648,901	3,130,048	3,778,949
Total Liabilities & Net Assets	\$ 665,636	\$ 3,242,639	\$ 3,908,275

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Statement of Activities
(Modified Cash Basis)
Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
<u>Primary Government</u>					<u>Governmental Activities</u>	<u>Enterprise Activities</u>	<u>Total</u>
Governmental Activities							
General Government	\$ 117,395	\$ 31,045	\$ 0	\$ 0	\$ (86,350)	\$ 0	\$ (86,350)
Public Safety - Police	112,976	18,591	5,002	0	(89,383)	0	(89,383)
Nutrition Fund	73,844	15,188	46,116	0	(12,540)	0	(12,540)
Public Safety - Fire	62,137	26,587	31,386	0	(4,164)	0	(4,164)
Parks and Recreation	18,542	2,858	1,320	0	(14,364)		(14,364)
Street and Alley	4,433	0	0	0	(4,433)	0	(4,433)
Total Governmental Activities	<u>389,327</u>	<u>94,269</u>	<u>83,824</u>	<u>0</u>	<u>(211,234)</u>	<u>0</u>	<u>(211,234)</u>
Enterprise Activities							
Public Works Authority	<u>1,016,060</u>	<u>859,854</u>	<u>0</u>	<u>1,010,441</u>	0	854,235	854,235
Total Enterprise Activities	<u>1,016,060</u>	<u>859,854</u>	<u>0</u>	<u>1,010,441</u>			
Total Primary Government	<u>\$ 1,405,387</u>	<u>\$ 954,123</u>	<u>\$ 83,824</u>	<u>\$ 1,010,441</u>	(211,234)	854,235	643,001
			<u>General Revenue</u>				
			Taxes:				
					144,785	0	144,785
					52,771	0	52,771
					20,814	0	20,814
					10,424	0	10,424
					6,298	0	6,298
					883	0	883
					3,609	0	3,609
					478	684	1,162
					<u>240,062</u>	<u>684</u>	<u>240,746</u>
					0	0	0
					28,828	854,919	883,747
					<u>620,073</u>	<u>2,275,129</u>	<u>2,895,202</u>
					<u>\$ 648,901</u>	<u>\$ 3,130,048</u>	<u>\$ 3,778,949</u>

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Governmental Funds-General Fund
Balance Sheet
(Modified Cash Basis)
June 30, 2023

Assets

Cash and Cash Equivalents	\$ 478,399	
Restricted Cash and Cash Equivalents	20,377	
Total Assets		\$ 498,776

Liabilities and Fund Balances

Due to Other Funds	\$ 16,735	
Total Liabilities		\$ 16,735
Fund Balances		
Unrestricted	482,041	
Total Fund Balances		482,041
Total Liabilities and Fund Balances		498,776

Reconciliation to Statement of Net Assets

Amounts reported for governmental activities in the Statement of Net Assets are different because:		482,041
Capital Assets used in governmental activities of \$462,670 Net of Accumulated Depreciation of \$295,810 are not financial resources and, therefore, are not reported in the funds.		166,860
<u>Net Assets of Governmental Activities</u>		\$ 648,901

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Governmental Funds - General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2023

Revenue

Tax Revenue	\$ 225,551	
Nutrition Revenue	61,304	
Fire Revenue	57,973	
Rental Income	28,803	
Fines	18,591	
Street & Alley Revenue	10,424	
Miscellaneous Income	8,611	
Park & Recreation Revenue	4,178	
Permits	2,242	
Interest	478	
	<hr/>	
Total Revenue		\$ 418,155

Expenditures

General Government:		
General Government	126,874	
Public Safety:		
Police	103,698	
Fire	66,897	
Street and Public Works:		
Streets	4,433	
Community:		
Parks & Recreation	12,913	
Nutrition Center	73,288	
	<hr/>	
Total Expenditures		<hr/> 388,103

<u>Net Changes in Fund Balance</u>	<hr/> 30,052
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<u>Fund Balance, June 30, 2022</u>	<hr/> 451,989
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<u>Fund Balance, June 30, 2023</u>	<hr/> <hr/> \$ 482,041
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Please see accompanying notes to financial statements.

City of Geronimo, OK
Governmental Funds - General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2023

Total Net Change in Fund Balances		\$ 30,052
Total Governmental Funds		\$ 30,052
Amounts reported for <i>Governmental Activities</i> in the Statement of Activites are different because:		
Add Back: Captial Assets	\$ 24,857	
Capital expenses allocated over useful lives as annual depreciation as shown in the statement of activities	(26,081)	
Net effect of Capital Related Expenditures		(1,224)
Change in Net Position of Governmental Activities		\$ 28,828

Please see accompanying notes to financial statements.

City of Geronimo, OK
Geronimo Public Works Authority
Enterprise Fund
Statement of Net Position
(Modified Cash Basis)
June 30, 2023

ASSETS

Current Assets

Cash and Cash Equivalents	\$	441,489	
Accounts Receivable (Net)		54,876	
Restricted Cash and Cash Equivalents		81,433	
Prepaid Insurance		4,075	
Due to (from) General Fund		16,735	
Total Current Assets	\$		598,608

Noncurrent Assets

Capital Assets		4,173,968	
Accumulated Depreciation		(1,529,937)	
Total Noncurrent Assets			2,644,031

Total Assets			\$ 3,242,639
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LIABILITIES

Current Liabilities

Due to Depositors	\$	67,667	
Accounts Payable		35,441	
Payroll Related Liabilities		9,483	
Total Liabilities	\$		112,591

NET ASSETS

Invested in Capital Assets, Net of Related Debt		2,644,031	
Restricted		13,766	
Unrestricted		472,251	
Total Net Assets			3,130,048

Total Net Assets and Liabilities			\$ 3,242,639
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Please see accompanying notes to the financial statements.

City of Geronimo, OK
Geronimo Public Works Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Net Position
(Modified Cash Basis)
Year Ended June 30, 2023

Operating Revenue

Water Revenue	\$ 338,844	
Refuse Revenue	277,258	
Sewer Revenue	193,402	
Late Charges and Misc. Penalties	24,460	
Miscellaneous Income	23,250	
Rental Revenue	2,640	
Total Operating Revenue	\$ 859,854	\$ 859,854

Operating Expense

Payroll Expense	262,664	
Water Purchases	198,885	
Repair & Maintenance	122,452	
Water Operations	103,359	
Depreciation	101,999	
Landfill	66,505	
Sewer Expense	43,509	
Lease Expense	24,000	
Professional Fees	23,802	
Bank Charges	18,782	
Utilities	12,760	
Supplies & Postage	11,825	
Bad Debt Expense	9,506	
Insurance Expense	7,666	
Fuel	5,409	
Licenses and Permits	2,937	
Total Operating Expense	1,016,060	1,016,060

Net Operating Income (Loss) (156,206)

Nonoperating Revenue (Expense)

Grant Revenue	1,010,441
Interest Income	684

Net Nonoperating Income (Loss) 1,011,125

Net Revenue (Loss) 854,919

Total Net Assets, June 30, 2022 2,275,129

Total Net Assets, June 30, 2023 \$ 3,130,048

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Geronimo Public Works Authority
Enterprise Fund
Statement of Cash Flows
(Modified Cash Basis)
Year Ended June 30, 2023

Cash Flows from Operating Activities

Receipts from Customers	\$ 786,840
Miscellaneous Revenue	23,251
Payroll Expenses	(253,793)
Operating Expenses	<u>(632,160)</u>
Net Cash Provided by Operating Activities	(75,862)

Cash Flows from Noncapital Financing Activities

Grant Proceeds	<u>1,010,441</u>
Net Cash Provided by Noncapital Financing Activities	1,010,441

Cash Flows from Investing Activities

Purchase of Capital Assets	(1,030,513)
Interest Income	<u>684</u>
Net Cash Provided by Investing Activities	<u>(1,029,829)</u>

Net Increase (Decrease) in Cash and Cash Equivalents (95,250)

Cash and Cash Equivalents - June 30, 2022 618,172

Cash and Cash Equivalents - June 30, 2023 \$ 522,922

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ (156,206)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Depreciation Expense	101,999
(Increase)/Decrease in Accounts Receivable	(54,876)
(Increase)/Decrease in Prepaid Insurance	(4,075)
(Increase)/Decrease in Due to/from General Fund	(12,129)
Increase/(Decrease) in Due to Depositors	5,113
Increase/(Decrease) in Accounts Payable	35,441
Increase/(Decrease) in Payroll Related Liabilities	<u>8,871</u>
Net Cash Provided by Operating Activities	<u><u>\$ (75,862)</u></u>

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Geronimo, Oklahoma (the “City”) operates under a Council-Manager form of government and provides for the following services as authorized by ordinance: public safety and health; maintenance of highways and streets; culture and recreation; zoning and planning; sanitation services; water distribution; wastewater treatment; and general administration.

The accounting policies and presentation of the basic financial statements of the City 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 City as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the City may be financially accountable and, as such, should be included within the City’s financial statements. The City (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 City.

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

Primary Government: City of Geronimo
Blended Component Units: Geronimo 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 City Council or the component unit provides services entirely to the City. The component unit’s fund is blended into those of the City’s by appropriate activity type to comprise the primary government presentation.

The Geronimo Public Works Authority was created to finance, develop and operate the utility services activities. The current City Council serves as the governing body (Trustees) of the Public Works Authority. Any issuance of debt would require a two-thirds approval of the City Council. The Public Works Authority is reported as proprietary fund.

City of Geronimo, OK
Notes to Basic 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 City does not have any discretely presented component units.

B. Basis of Presentation

The City'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 City 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 City as a whole.

These statements include financial activities of the primary government; fiduciary activities, if any, have been excluded. 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 City'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, such as sales taxes, are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each city function is self-financing or draws from the general revenues of the City.

Fund Financial Statements:

The financial transactions of the City 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 and proprietary funds 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 the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

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

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

fund. All other expenses are reported as non-operating. The City's proprietary fund include the Public Works Authority.

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 City 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 City 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.

Fund Types and Major Funds:

The City reports the following major governmental fund:

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

The City reports the following major enterprise funds:

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

D. Cash and Investments

The City 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 City 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. The City's policy is 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. Capital Assets and Depreciation

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.

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

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 building improvements, infrastructure (runway) and machinery and equipment. The City does not have a formal capital asset policy and, therefore, no capitalization threshold is used for additions to report capital assets. Historically, any capital assets exceeding \$100 were capitalized. Capital assets are reported at actual or estimated historical cost.

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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building Improvements	39
Machinery and Equipment	5 - 7

H. Compensated Absences

Under terms of City personnel policies, City employees are granted vacation, sick, and personal leave in varying amounts, based on the length of employment. Employees can accumulate up to 240 hours of vacation leave. Under the modified cash basis of accounting, the City does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

In the event of termination, an employee is paid for accumulated vacation time. No accumulated sick leave or personal leave will be paid to an employee upon termination of employment.

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 City's utility services are located within the same geographic area within Comanche County, Oklahoma.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 City’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 City 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.
- b. *Restricted* - includes amounts that can be spent only for specific purposes because of the City Charter, City 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 City Council ordinance or resolution. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Council. The City 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.
- e. *Unassigned* - includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the City’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 City considers amounts

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 City. 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 City officials or employees during the year ended June 30, 2023.

N. Estimates

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires the City'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.

O. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all demand and savings accounts, which are highly liquid investments, to be cash. Cash invested in certificates of deposit with an original maturity of three-months or less is considered to be a cash equivalent.

P. Budget

The City's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The City'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.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Q. Deferred Outflow/Inflows of Resources

In addition to assets, 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 City currently has no items that qualify for reporting as deferred outflows of resources.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows 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 inflow of resources (revenues) until that time. The City currently has no items that qualify for reporting as deferred inflows 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 City will adopt GASB 87 on July 1, 2023, for the June 30, 2023, reporting year. The City does not expect GASB 87 to have a significant impact on the financial statements.

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 City will adopt GASB 96 on July 1, 2023, for the June 30, 2023, reporting year. The City does not expect GASB 96 to have a significant impact on the financial statements.

In April 2023, GASB issued Statement No. 99, *Omnibus 2023* (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 City will adopt the sections that were effective immediately on July 1, 2023, for the June 30, 2023, reporting year. The remaining sections will be adopted by the City 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.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

In June 2023, 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 City will adopt GASB 100 on July 1, 2023, for the June 30, 2024, reporting year. The City does not expect GASB 100 to have a significant impact on the financial statements.

In June 2023, 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 City will adopt GASB 101 on July 1, 2024, for the June 30, 2025, reporting year. The City has not determined the impact that GASB 101 will have on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

Cash Deposits

The City’s governmental and proprietary funds’ cash deposits consist of checking, savings accounts, and certificates of deposits. These deposits are stated at cost. The City 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 \$498,776. At June 30, 2023, the carrying amount and the bank balance of the proprietary fund cash deposits was \$522,922. Cash deposits includes petty cash and cash on hand of \$225 in the General Fund and \$125 in the Public Works Authority Fund.

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

Unrestricted Cash and Cash Equivalents

Governmental Funds:

General Fund	\$ 398,267
Nutrition Fund	71,027
Municipal Court Bond Fund	8,880
Cash on Hand	225
Total	<u>\$ 478,399</u>

Enterprise Funds:

Public Works Authority	\$ 441,489
Total	<u>\$ 441,489</u>

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

At June 30, 2023, the following deposits were considered restricted funds:

Restricted Cash, Cash Equivalents and Investments

Governmental Funds:

Comanche County - Fire Department Fund	\$ 20,377
Total	\$ 20,377

Enterprise Funds:

Municipal Authority - Meter Deposits	\$ 81,433
Total	\$ 81,433

Deposits and Investment Risks:

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

The City 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 City 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 City’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the City’s cash, deposits, and investments 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.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	A	B	C	Total
Town of Geronimo	\$ 1,021,323	\$ 0	\$ 375	\$ 1,021,698

Investment Credit Risk – State law limits the investments available to the City 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 City 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.

The City 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.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 3 – ACCOUNTS RECEIVABLE

The Public Works Authority has accounts receivable as of June 30, 2023:

	Accounts Receivable
Balance, July 1, 2022	\$ 0
Additions	64,382
Deletions	0
Less Allowance for Doubtful Accounts	(9,506)
Balance, June 30, 2023	\$ 54,876

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

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

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2022	\$ 437,812	\$ 269,729
Additions	24,858	26,081
Total	462,670	295,810
Disposals	0	0
Balance, June 30, 2023	\$ 462,670	\$ 295,810

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

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2022	\$ 3,143,455	\$ 1,427,938
Additions	1,030,513	101,999
Total	4,173,968	1,529,937
Disposals	0	0
Balance, June 30, 2023	\$ 4,173,968	\$ 1,529,937

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 5 – METER DEPOSITS

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

	<u>Meter Deposits</u>
Balance, July 1, 2022	\$ 62,554
Additions	5,113
Total	67,667
Disposals	0
Balance, June 30, 2023	\$ 67,667

NOTE 6 – PENSION

The City participates in the Oklahoma Public Employees Retirement System for their employees. During the year ended June 30, 2023, the City contributed 1% of the qualified employee wages and each employee made contributions of 3% of their wages.

	Employer Portion 1%	Employee Portion 3%
FYE June 30, 2022	\$ 2,739	\$ 6,989
FYE June 30, 2023	\$ 2,739	\$ 8,216

All firefighters participate in the Statewide Oklahoma Firefighter’s Pension and Retirement City. The City contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

NOTE 7 – COMMITMENTS AND CONTINGENT LIABILITES

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.

City of Geronimo, OK
Notes to Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 8 – RISK MANAGEMENT

The City 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. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

The City carries multiple insurance coverage as protection against possible loss contingencies.

NOTE 9 – MANAGEMENT EVALUATION OF SUBSEQUENT EVENTS

Management has reviewed information to evaluate the necessity for the disclosure of subsequent events through February 7, 2024, which is the issuance date of the financial statements.



**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***

City Council
City of Geronimo
Geronimo, 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 City of Geronimo, 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 7, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Geronimo, 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.

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, however, we did identify one deficiency in internal control that we consider to be a significant deficiency. It is identified

as Finding 2023-1. We also identified one deficiency in internal control that we consider to be a material weakness. It is identified as Finding 2023-2.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

February 7, 2024

City of Geronimo, OK
Schedule of Findings and Responses
Year Ended June 30, 2023

Reportable Conditions of Internal Control, Compliance and Other Matters

2023-1 Non-employee Compensation Forms

Condition – The City did not issue form 1099 to their Rodeo Director .

Effect – The City was not in compliance with Federal law.

Cause – Miscommunication among staff.

Criteria – Section 6071(c) of the Internal Revenue Service tax code require that a payments for service to one individual that exceeds \$600 for the year should be issued form 1099-NEC.

Recommendation – We recommend that the appropriate personnel review IRS publications regarding non-employee compensation.

Management response – Management has implemented procedures to ensure all persons that meet the requirements for a form 1099-NEC receive the appropriate form timely.

2023-2 Utility Disconnection

Condition – The City did not disconnect utility service for the non-payment citizens during the month of December 2022.

Effect – The City lost revenue due to the lack of reconnection fees.

Cause – Miscommunication among staff and council.

Criteria – Ordinance Section 16-12 Water service payments shall be due on the 10th of the month of the billing month and shall be late on the 11th day of the month of billing; a late fee of \$5.00 will be charged to all outstanding accounts on the 11th of the month billing. Cut off notices will be sent at the end of the billing month, with a \$5.00 fee added, and service disconnected of overdue amounts are not paid by date on the notice. A fee of \$35.00 shall be charged for reconnections.

Recommendation – We recommend that the procedures be implemented to prevent office personnel from repeating this error.

Management response – Management has implemented procedures to ensure all ordinances are followed.

City of Geronimo, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance (Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2023

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Sales Tax	\$ 105,660	\$ 144,785	\$ (39,125)
Fire Revenue	76,550	57,973	18,577
Nutrition Fund	58,280	61,304	(3,024)
Grants	55,000	7,861	47,139
Use Tax	46,360	52,771	(6,411)
Fines	28,790	18,591	10,199
Rental	24,000	28,803	(4,803)
Franchise Tax	21,300	20,814	486
Park & Recreation	12,300	4,178	8,122
Street & Alley	11,370	10,424	946
Miscellaneous Income	7,110	750	6,360
Alcohol Tax	6,490	6,298	192
Permits	1,520	2,242	(722)
Cigarette Tax	860	883	(23)
Interest Earned	240	478	(238)
Total Revenue	<u>455,830</u>	<u>418,155</u>	<u>37,675</u>
<u>Expenditures</u>			
<u>General Government</u>			
Personal Services	29,690	49,376	(19,686)
Maintenance and Operations	92,210	67,252	24,958
Capital Outlay	40,000	10,246	29,754
Total General Government	<u>161,900</u>	<u>126,874</u>	<u>35,026</u>
<u>Police Department</u>			
Personal Services	83,670	68,985	14,685
Maintenance and Operations	16,470	34,713	(18,243)
Capital Outlay	3,000	0	3,000
Total Police Department	<u>103,140</u>	<u>103,698</u>	<u>(558)</u>

Please see accompanying notes to the financial statements.

City of Geronimo, OK

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2023

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Fire Department</u>			
Maintenance and Operations	\$ 78,490	\$ 52,286	\$ 26,204
Capital Outlay	10,000	14,611	(4,611)
Total Fire Department	88,490	66,897	21,593
<u>Street & Alley</u>			
Maintenance and Operations	6,350	4,433	1,917
Total Street & Alley	6,350	4,433	1,917
<u>Nutrition Fund</u>			
Personal Services	23,070	28,213	(5,143)
Maintenance and Operations	35,420	45,075	(9,655)
Total Community Building	58,490	73,288	(14,798)
<u>Parks & Recreation</u>			
Maintenance and Operations	14,820	12,913	1,907
Capital Outlay	10,000	0	10,000
Total Parks & Recreation	24,820	12,913	11,907
Total Expenditures	443,190	388,103	55,087
<u>Revenue Over (Under) Expenditures</u>	12,640	30,052	(17,412)
<u>Other Financing Sources (Uses)</u>			
Transfer In / (Out)	0	0	0
Total Other Financing Sources (Uses)	0	0	0
<u>Revenue and Other Financing Sources</u>			
<u>Over (Under) Expenditures & Other Uses</u>	12,640	30,052	(17,412)
<u>Fund Balance, June 30, 2022</u>	427,687	451,989	(24,302)
<u>Fund Balance, June 30, 2023</u>	\$ 440,327	\$ 482,041	\$ (41,714)

Please see accompanying notes to the financial statements.

City of Geronimo, OK
Notes to Required Supplemental Information
Year Ended June 30, 2023

Note 1 - Notes to Required Supplemental Information

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

The City 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

It is the City's policy that all appropriations lapse at the end of the fiscal year.

The operating budgets of the grants cover the period designated in the grant documents. The City prepares its annual operating budget on the modified cash basis of accounting, the same basis used to account for actual revenues and expenditures.

City of Geronimo, OK
Geronimo Public Works Authority
ASCOG Nutrition Center

Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)

June 30, 2023

	Original Budget	Final Budget	Total	(Over) Under Budget
<u>Revenue</u>				
ARPA Revenue - Federal	\$ 12,894	\$ 12,894	\$ 12,667	\$ 227
Title III B Revenue - Federal	22,548	22,548	21,816	732
Title III B Revenue - State	3,979	3,979	3,850	129
CENA Revenue	9,512	10,012	10,012	0
ARPA Revenue - State	2,239	2,239	2,235	4
Matching Funds	5,000	5,000	15,000	(10,000)
Participant Funds	0	0	15,188	(15,188)
Total Revenue	56,172	56,672	80,768	(24,096)
<u>Expenditures</u>				
Personnel Expenses	18,091	18,091	28,213	(10,122)
Food Costs	9,512	10,012	22,016	(12,004)
Utilities / Rent	12,938	12,938	7,938	5,000
Supplies	4,620	4,620	4,620	0
Mileage	2,000	2,000	2,000	0
Miscellaneous	9,011	9,011	7,414	1,597
Total Expenditures	56,172	56,672	72,201	(15,529)
Revenue Over (Under) Expenditure:	\$ 0	\$ 0	\$ 8,567	\$ 8,567

Project Number: 261.12
Contract Number: CENA SFY23
Contract Period: July 1, 2022 - June 30, 2023

Please see accompanying Accountant's Report.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

City Council
City of Geronimo
Geronimo, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Geronimo's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Geronimo's major federal programs for the year ended June 30, 2023. City of Geronimo's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations, Uniform Administrative Requirement, Cost Principles, and Audit Requirements For Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Geronimo and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Geronimo's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Geronimo's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Geronimo's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about City of Geronimo's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Geronimo's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Geronimo's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Geronimo's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is suitable for any other purpose.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

February 7, 2024

City of Geronimo, OK
Schedule of Grant Activity
Modified Cash Basis
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
FEDERAL AWARDS				
<u>Association of South Central Oklahoma Governments</u>				
Title III and VIII Project	93.045	\$ 22,548	\$ 21,816	\$ 21,816
American Rescue Plan Act	93.045	12,894	12,667	12,667
<u>US Department of Treasury</u>				
American Rescue Plan Act	21.019	209,875	209,875	212,376
American Rescue Plan Act	21.027	212,206	107,109	73,960
<u>Oklahoma Water Resources Board</u>				
Clean Water State Revolving Fund Project	66.458	653,500	626,057	626,057
<u>Oklahoma Environmental Quality</u>				
Drinking Water State Revolving Fund Project	66.468	800,000	22,500	79,927
Total Federal Awards		<u>\$ 1,911,023</u>	<u>\$ 1,000,024</u>	<u>\$ 1,026,803</u>

Please see accompanying Accountant's Report.

City of Geronimo, OK
Schedule of Grant Activity
Modified Cash Basis
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA No.</u>	<u>Award Amount</u>	<u>Received Amount</u>	<u>Contract Expenditures</u>
STATE AWARDS				
<u>Association of South Central Oklahoma Governments</u>				
American Recovery Plan Act		\$ 2,239	\$ 2,235	\$ 2,235
Title III and VIII Nutrition Project		3,979	3,850	3,850
Community Expansion of Nutrition Assistance (CENA)		10,012	0	0
Rural Economic Action Plan (REAP)		45,000	44,900	44,900
<u>Oklahoma Department of Agriculture</u>				
Forestry Services - Rural Fire Grant		10,053	10,053	10,053
Total State Awards		<u>\$ 71,283</u>	<u>\$ 61,038</u>	<u>\$ 61,038</u>
OTHER AWARDS				
Cotton Electric Charitable Foundation		\$ 3,161	\$ 3,161	\$ 3,161
Total Other Awards		<u>\$ 3,161</u>	<u>\$ 3,161</u>	<u>\$ 3,161</u>

Please see accompanying Accountant's Report.

City of Geronimo, OK
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of City of Geronimo under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on modified cash basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 3 – Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Geronimo, OK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Summary of Auditor's Results

1. The Auditor's report expresses an unmodified opinion on the financial statements of the City of Geronimo.
2. One significant deficiency and one material weakness relating to the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs.
3. No instances of noncompliance material to the financial statements of the City of Geronimo were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Schedule of Findings and Questioned Costs.
5. The auditor's report on compliance for each major program on internal control over compliance as required by the Uniform Guidance expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 2 CFR 200.561(a) of the Uniform Guidance are reported.
7. The program tested as major was the Oklahoma Water Resources Board, Clean Water State Revolving Fund Loan Forgiveness Program, CFDA 66.458.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. City of Geronimo did not qualify as a low-risk auditee.

Findings – Financial Statement Audit

1. Finding 2023-1: Did not issue form 1099-NEC as required by IRS Section Code 6071(c).
2. Finding 2023-2: Did not follow Ordinance 16-12 that requires past due utility accounts to be disconnected.