

INDEPENDENT AUDITOR'S REPORT
CITY OF GERONIMO, OKLAHOMA

JUNE 30, 2014

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CITY OF GERONIMO, OKLAHOMA
Management Discussion and Analysis
June 30, 2014

Management’s Discussion and Analysis (“MD&A”) provides an overview of the City of Geronimo’s (“City”) activities and financial performance for the fiscal year ended June 30, 2014. Readers are encouraged to read the MD&A in conjunction with the basic financial statements that immediately follow, along with the letter of transmittal at the beginning of this presentation, and with other portions of this financial report. All amounts have been rounded to the nearest dollar.

FINANCIAL HIGHLIGHTS

Below is the City’s comparative summary statement of net assets for the year ended June 30, 2014 and 2013:

City of Geronimo			
Summary Statement of Net Assets			
For the year ended June 30,			
	2014	2013	% Change
<u>Assets</u>			
Cash and Cash Equivalents	\$ 586,984	\$ 509,704	13.17%
Other receivables	8,621	3,845	55.40%
Prepaid expenses	13,532	-	100.00%
Investments	52,452	52,452	0.00%
Capital Assets	2,324,758	2,131,804	8.30%
Accumulated Depreciation	(944,871)	(871,457)	7.77%
Total Asset	2,041,476	1,826,348	
<u>Liabilities</u>			
Due to Depositors	66,995	57,166	14.67%
Accounts Payable	38,595	3,003	92.22%
Accrued Payroll and Related Liabilities	24,422	9,615	60.63%
Note Payable	89,413	113,041	-26.43%
Total Liabilities	219,425	182,825	
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	1,290,474	1,147,306	11.09%
Restricted for debt service	-	-	0.00%
Temporarily restricted for lagoon improvements	31,502	27,240	13.53%
Unrestricted	500,075	468,977	6.22%
Total Net Position	1,822,051	1,643,523	
Total Liabilities and Net Position	\$ 2,041,476	\$ 1,826,348	

CITY OF GERONIMO, OKLAHOMA
Management Discussion and Analysis
June 30, 2014

FINANCIAL HIGHLIGHTS (CONT'D)

As noted in the “% change” column shown, there have been only minimal changes in the city’s net position from June 30, 2013 to June 30, 2014. The increase in cash and cash equivalents is a positive change for the City and indicates an improved liquidity over the prior year. The City has also reduced its debt during the year while increasing capital assets.

The capital assets account predominantly consists of the plant and equipment required for the Public Water Authority (PWA). Next, the City’s summary statement of activities is shown, below:

	City of Geronimo		
	Summary Statement of Activities		
	For the year ended June 30,		
	2014	2013	% Change
<u>Governmental Activities</u>			
Charges for services	\$ 112,518	\$ 62,482	44.47%
Operating grants and contributions	22,454	27,566	-22.77%
(Expenses)	(186,304)	(158,015)	15.18%
Net revenue/(loss) from governmental activities	(51,332)	(67,967)	
<u>Business-type Activities</u>			
Charges for services	614,896	609,932	0.81%
Grants and contributions	46,165	27,240	40.99%
(Expenses)	(577,080)	(585,204)	-1.41%
Net revenue/(loss) from business-type activities	83,981	51,968	
<u>General Revenue</u>			
Taxes	90,054	81,616	9.37%
Investment income	460	372	19.13%
Miscellaneous	28,960	24,725	14.62%
Reimbursements	44,919	-	
Transfers	(18,514)	29,154	257.47%
Total general revenue	145,879	135,867	
Change in net position	\$ 178,528	\$ 119,868	
Net Position, June 30, 2013	1,643,523	1,523,655	
Net Position June 30, 2014	\$ 1,822,051	\$ 1,643,523	

CITY OF GERONIMO, OKLAHOMA
Management Discussion and Analysis
June 30, 2014

FINANCIAL HIGHLIGHTS (CONT'D)

The reader will note that Governmental Activities – Charges for services balance is significantly higher in 2014 than in 2013. This increase resulted from the addition of manpower to the City's police force during that period and a correlating increase in fine/ticket revenue.

FUTURE PLANS

The City will need to make improvements to the PWA's infrastructure to be able to continue providing consistent service to the City's residence. In an effort to make the needed improvements, the City will pursue grants available from the State of Oklahoma during fiscal year 2015.

CONTACT INFORMATION

For questions and concerns regarding Management's Discussion and Analysis or other sections of this report please contact Kevin Bayman, Mayor, or a member of City Council at City Hall.

Phone number: (580) 353-5511

Mailing address: 100 West Main Street, Geronimo, Oklahoma 73543



INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Geronimo, Oklahoma

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. As discussed in Note 1, the City prepares its financial statements on the modified cash basis for governmental activities and the modified accrual basis for the enterprise fund, which are comprehensive bases of accounting other than accounting principles generally accepted in the United States of America.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities (modified cash basis), the business-type activities (modified accrual basis), the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Geronimo, Oklahoma, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with bases of accounting described in Note 1.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-3 and 30-37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Geronimo, Oklahoma's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Stanfeld & Brim, P.C.

Lawton, Oklahoma
May 6, 2016

CITY OF GERONIMO, OKLAHOMA
Statement of Net Position
(Modified Accrual Basis)
June 30, 2014

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 244,236	\$ 342,748	\$ 586,984
Investments	-	52,452	52,452
Other Receivables	2,403	6,218	8,621
Prepaid Expenses	3,000	10,532	13,532
Capital Assets	194,318	2,130,440	2,324,758
Accumulated Depreciation	(110,358)	(834,513)	(944,871)
Total Asset	<u>333,599</u>	<u>1,707,877</u>	<u>2,041,476</u>
<u>Liabilities</u>			
Due to Depositors	-	66,995	66,995
Accounts Payable	5,098	33,497	38,595
Accrued Payroll Liabilities	1,091	23,331	24,422
Note Payable, current portion	-	25,089	25,089
Note Payable (less current portion)	-	64,324	64,324
Total Liabilities	<u>6,189</u>	<u>213,236</u>	<u>219,425</u>
<u>Net Position</u>			
Invested in Capital, Net of Related Debt	83,960	1,206,514	1,290,474
Restricted for debt service	-	-	-
Temporarily restricted for lagoon repairs	-	31,502	31,502
Unrestricted	243,450	256,625	500,075
Total Net Position	<u>327,410</u>	<u>1,494,641</u>	<u>1,822,051</u>
Total Liabilities and Net Position	<u>\$ 333,599</u>	<u>\$ 1,707,877</u>	<u>\$ 2,041,476</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA

Balance Sheet

(Modified Cash Basis)

Governmental Funds

June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 151,205	\$ 93,031	\$ 244,236
Other Receivable	2,403	-	2,403
Prepaid Expenses	3,000	-	3,000
Total Assets	<u>\$ 156,608</u>	<u>\$ 93,031</u>	<u>\$ 249,639</u>
 <u>Liabilities and Fund Balances</u>			
Accounts Payable	5,098	-	5,098
Payroll Taxes Payable	1,091	-	1,091
Total Liabilities	<u>6,189</u>	<u>-</u>	<u>6,189</u>
 Fund Balances			
Unreserved	<u>150,419</u>	<u>93,031</u>	<u>243,450</u>
Total Liability and Fund Balance	<u>\$ 156,608</u>	<u>\$ 93,031</u>	<u>\$ 249,639</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2014

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 77,101	\$ 12,953	\$ 90,054
Charges for Services	2,821	18,476	21,297
Fines and Forfeitures	60,095	-	60,095
Contributions	-	22,454	22,454
Bull Riding Revenue	-	31,324	31,324
Reimbursement	15,426	-	15,426
Rental Income	24,960	-	24,960
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 180,403	\$ 85,207	\$ 265,610
<u>Expenditures</u>			
General Government:			
General Government	57,072	-	57,072
Clerk-Treasurer	8,741	-	8,741
Municipal Court	14,475	-	14,475
Public Safety:			
Animal Control	6,731	-	6,731
Police	62,279	-	62,279
Fire	-	67,997	67,997
Street and Public Works:			
Streets	-	2,539	2,539
Culture and Recreation:			
Bull Riding Expenses	-	19,938	19,938
Nutrition Center	-	6,614	6,614
Parks	-	7,201	7,201
	<hr/>	<hr/>	<hr/>
Total Expenditures	149,298	104,289	253,587
Revenue Over(Under) Expenditures	\$ 31,105	\$ (19,082)	\$ 12,023
<u>Other Financing Sources (Uses)</u>			
Transfers In	17,725	17,181	34,906
Transfers Out	(7,150)	(11,981)	(19,131)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	\$ 10,575	\$ 5,200	\$ 15,775
Net Changes in Fund Balance	41,680	(13,882)	27,798
Fund Balance, June 30, 2013	108,739	106,913	215,652
	<hr/>	<hr/>	<hr/>
Fund Balance, June 30, 2014	\$ 150,419	\$ 93,031	\$ 243,450

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Net Position – Modified Accrual Basis to
the Statement of Revenue, Expenses, and Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2014

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

Net Change in fund balances - total government funds

Governmental funds report capital outlays as expenditures however, in the
statement of activities, the cost of those assets are allocated over their estimated
useful lives and reported as depreciation expense.

\$ 83,960

Change in net assets of governmental activities

\$ 83,960

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Geronimo Public Works Authority
Enterprise Fund
Statement of Net Position
(Modified Accrual Basis)
Year Ended June 30, 2014

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 342,748	
Investments - Money Market	52,452	
Other Receivables	6,218	
Prepaid Expenses	10,532	
Total Current Assets		\$ 411,950

Noncurrent Assets:

Capital Assets	2,130,440	
Accumulated Depreciation	(834,513)	
Total Noncurrent Assets		1,295,927
Total Assets		\$ 1,707,877

LIABILITIES

Current Liabilities:

Due to Depositors	\$ 66,995	
Accounts Payable	33,497	
Accrued Payroll Liabilities	23,331	
Note Payable, current portion	25,089	
Total Current Liabilities		\$ 148,912

Noncurrent Liabilities:

Notes Payable, less current portion	64,324	
Total Noncurrent Liabilities		64,324

NET ASSETS

Invested in Capital Assets, Net of Related Debt, Restricted	1,206,514	
Restricted for debt service	-	
Temporarily restricted for lagoon repairs	31,502	
Unrestricted	256,625	
Total Net Position		1,494,641
Total Net Position and Liabilities		\$ 1,707,877

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Geronimo Public Works Authority
Enterprise Fund
Statement of Revenue, Expenses, and Change in Fund Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2014

Operating Revenue

Water Revenue	\$ 249,374	
Garbage Revenue	168,529	
Sewer Revenue	194,941	
Grant Revenue	46,165	
Reimbursements	29,493	
Equipment Rental and Other Fees	2,052	
Total Operating Revenue	\$ 690,554	

Operating Expense

Water Purchased	144,388	
Personnel Services	145,657	
Garbage Expense	58,522	
Deprecation	63,769	
Operating Expense	64,959	
Building Rent	22,000	
Legal Expenses	2,700	
Equipment & Maintenance	23,929	
Utilities	17,818	
Insurance	10,936	
Office Expense	8,711	
Other Expenses	9,436	
Total Operating Expense	572,825	

Net Operating Income (Loss) 117,729

Nonoperating Revenue (Expense)

Net Transfers	(34,289)	
Interest Income	262	
Interest Expense	(4,255)	
Net Nonoperating Revenue (Expense)	(38,282)	

Net Revenue (Loss) 79,447

Total Net Position, June 30, 2013 1,415,194

Total Net Position, June 30, 2014 \$ 1,494,641

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Geronimo Public Works Authority
Enterprise Fund
Statement of Cash Flows
(Modified Accrual Basis)
Year Ended June 30, 2013

Cash flows from operating activities:

Cash received from customers	\$ 651,845	
Cash received from grantors	46,165	
Cash payments to suppliers	(340,434)	
Cash payments to employees	(126,980)	
Net cash provided by operating activities		\$ 230,596

Cash flows from capital and related financing activities

Purchases of capital assets	(112,026)	
Principal paid on capital debt	(23,628)	
Interest paid on capital debt	(4,255)	
Capital and Related Financing Activities		(139,909)

Cash flows from investing activities

Interest income	262	
Net Cash Provided (Used) by Investing Activities		262

Cash transfers to other funds

		(34,289)
Net Increase (Decrease) in Cash and Cash Equivalents		56,660
Cash and Cash Equivalents, June 30, 2013		286,088
Cash and Cash Equivalents, June 30, 2014		\$ 342,748

Reconciliation of operating income to net cash provided by operating activities

Operating Income		\$ 117,729
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		63,769
Increase (decrease) in:		
Due to depositors		9,828
Accounts payable		33,497
Accrued payroll liabilities		18,677
(Increase) decrease in:		
Prepaid expenses		(10,532)
Accounts receivable		(2,372)
Net cash provided by operating activities		\$ 230,596

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies

Basis of Accounting

City of Geronimo (the City) uses the modified cash basis of accounting for its governmental funds for preparing its financial statements. Generally accepted accounting principles would require the City to use the accrual basis of accounting and to report its assets and infrastructures in its financial statements. The City has elected not to follow the generally accepted accounting principles and to continue using the modified cash basis of accounting.

Basis of accounting refers to the time when revenue and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting is related to the timing of the measurement made, regardless of the measurement focus applied.

The accounting records of the Enterprise Funds are kept on a modified accrual basis of accounting, under which customer revenues are recorded when measurable and billable, other revenue are recorded when received, and expenses are recorded when the liability is incurred. Uncollectible accounts receivable are charged to a provision for bad debts at the time the accounts are estimated to be uncollectible, based upon an age analysis of the accounts.

If the books of the governmental fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenue would be recorded when susceptible to accrual (i.e. both measurable and available) and expenditures would be recorded when the current fund liability is incurred. If the books of the proprietary fund types were maintained on the basis of accounting required by generally accepted accounting principles, revenues would be recognized when earned and expenses would be recorded when the liability is incurred.

The modified cash basis of accounting is an acceptable method of accounting under the budgetary laws of the State of Oklahoma.

Reporting Entity

For financial reporting purposes the City includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent of the City's executive or legislative branches; their presentation is rendered in accordance with GASB No. 61. Control by or dependence on the City was determined on the basis of oversight responsibility, scope of public services, and special financing relationships. Oversight responsibility includes financial dependency, selections of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based on an overall evaluation of the foregoing criteria, the Geronimo Public Works Authority (the Authority) is included in the City's annual report. The Authority is a public trust created under Title 90 of the Oklahoma Statutes. The City is sole beneficiary of the trust which was organized to provide utility services to the residents of the City. The Authority is accounted for as the City's Enterprise Fund in these financial statements.

The Authority is empowered to lease, acquire or construct the properties necessary to provide and maintain these services. It is also empowered to obtain funds for these purposes and in doing so, to incur indebtedness whether unsecured or secured by all or any part of the Trust Estate and its revenues. The Authority is also permitted to transfer monies to the City for the use of the City. The members of City Council act as Trustees of the Authority.

CITY OF GERONIMO, OKLAHOMA

Notes to the Financial Statements

June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Accounting

The accounts of the City are organized on a basis of funds and account groups, each of which is considered to be a separate accounting entity, accordance with GASB No. 54. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the financial statements and are classified as governmental, proprietary and fiduciary fund types. The following types are used by the City.

1. Governmental Fund Types

a. General Fund

The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general operating revenues not restricted as to use are recorded in the General Fund.

b. Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue resources that are legally or administratively restricted to expenditures for specific purposes.

The City's current Special Revenue Funds include:

- Street and Alley Fund
- Rural Fire Service Fund
- Capital Improvements
- Nutrition Center Fund
- Park and Recreation Fund
- In City Fire Service Fund
- Bull Riding Fund

2. Proprietary Fund Types

a. Enterprise Fund

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The Geronimo Public Works Authority is accounted for as the City's Enterprise Fund.

Financial Statement Amounts

Cash and Cash Equivalents – The City and the Authority considers all cash in hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit with maturities of three months or less to be cash and cash equivalents.

Investments – Investments consist of certificate of deposits maturing beyond three months and direct obligations of the United States government and agencies. Investments are stated at cost, which approximates market value.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets – Capital assets are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital asset which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenue, Expenses, and Changes in Fund Balance, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$1,500 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Improvements other than buildings	10-13 years
Machinery and equipment	5-10 years
Vehicles	4-6 years
Infrastructure	25-40 years

Restricted Assets – Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to utility customer deposits and trustee accounts restricted for debt service and construction purposes.

Due to Depositor – Represents the fund received from customers for their water utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the services.

Long-Term Debt – Long-term debt arising from cash transactions to be repaid from business-type resources are reported as liabilities in the Statement of Net Assets.

Compensated Absences – As a result of the use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation leave and compensatory time earned but unpaid at year-end), are not reflected in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of accrued compensated absences has not been tracked by the Authority.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 1 – Summary of Significant Accounting Policies (continued)

Equity Classifications – In the proprietary fund financial statements, equity is classified as net position, previously termed “net assets,” and displayed in three components:

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

Restricted net position – consists of net assets with constraints placed on the use by either 1) external groups such as creditor, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provision or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Authority’s policy to first use restricted net assets prior to the use of unrestricted net assets when both restricted and unrestricted assets are available.

Operating Revenue and Expenses

The Authority’s proprietary fund distinguishes between operating and non-operating revenue and expenses. Operating revenue and expenses consist of changes for services and the cost of providing those services, including depreciation and excluding interest costs. All other revenues and expenses are reported as non-operating.

Use of Estimates

The preparation of financial statement in conformity with the comprehensive basis of accounting used by the Authority requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 – Fixed Assets

Prior year expenditures for property and equipment of governmental fund types were recorded as fund expenditures; however, no detail fixed asset records were maintained for such assets still in service.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 2 – Fixed Assets (Continued)

Beginning in the year 2004/2005, in accordance with Governmental Account Standards Board Statement No. 34, the City reported assets resulting from cash transactions and reports depreciation where appropriate. Depreciation expense for the year was \$9,645 and was charged to general government.

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 113,390	\$ 100,713
Additions	80,928	9,645
Total	194,318	110,358
Disposals	-	-
Balance, June 30, 2014	\$ 194,318	\$ 110,358

Depreciation rates for the City were applied as follows:

Buildings and Streets	2.50% - 5.00%
Equipment	10.0% - 20.0%

Certain fixed assets acquired by the Enterprise Fund have been capitalized as property equipment within the Fund, and contain a provision for depreciation expense. Depreciation has been provided over the estimated useful lives using the straight-line method.

Depreciation rates for the Authority were applied as follows:

Machinery and Equipment	14.0% - 25.0%
-------------------------	---------------

Depreciation for the current year was \$63,769, which was charged to current operations.

The City and Authority have adopted a capitalization policy of recording only items costing \$1,500 or more per unit for depreciation purposes.

Changes in fixed assets of the Enterprises Fund during the year ended June 30, 2014 were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2013	\$ 2,018,414	\$ 770,744
Additions	112,026	63,769
Total	2,130,440	834,513
Disposals	-	-
Balance, June 30, 2014	\$ 2,130,440	\$ 834,513

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 3 – Deposits, Investments and Collateral

- A. Oklahoma statutes generally provide for investment of excess funds in the following:
1. Direct obligation of the United States Government
 2. Certificates of deposit of saving and loan associations, banks and trust companies when the certificates of deposit are secured by acceptable collateral.
 3. Savings accounts or savings certificates of saving and loan associations, banks, and trust companies, to the extent that the accounts or certificates are fully insured by the Federal Government.
 4. Negotiable certificates of deposits, prime bankers acceptance, prime commercial paper and repurchase agreements with certain limitations. Any investments in these instruments must be fully collateralized in investments specified in paragraphs 1 through 3 above.
- B. Public trusts, such as the Geronimo Public Works Authority, may invest funds as directed by the trustees. The limitations noted above do not apply.
- C. The Oklahoma statutes generally provide that collateral to secure deposits of public funds must be:
1. U.S. Treasury bonds, notes or certificates.
 2. State of Oklahoma bonds, notes or certificates.
 3. Bonds issued by any county in Oklahoma.
 4. Bonds issued by any school district or board of education in Oklahoma.
 5. Bonds issued by any city or town where an ad valorem tax levy is pledge to the payment
 6. A surety bond.

Note 4 – Cash and Cash Equivalent

For purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) to be cash equivalents.

Certificates of deposit and other time deposits with a maturity or availability date of 90 days or less are considered cash equivalents.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 4 – Cash and Cash Equivalent (Continued)

Cash and Cash Equivalents as of June 30, 2014 are as follows:

General Fund - Checking	\$	151,205
Geronimo Public Works Authority - Checking		342,746
Geronimo Public Works Authority Grant Funds - Checking		2
Rural Fire Service Fund - Checking		29,800
In-Town Fire Service Fund - Checking		37,509
Parks and Recreation Fund - Checking		2,407
Bond Fund - Checking		6,060
Street and Alley Fund - Checking		18,077
Nutrition Center Fund - Checking		2,705
Capital Improvement Fund - Checking		3,849
Bull Riding Fund - Checking		(7,376)
TOTAL	\$	<u>586,984</u>

Note 5 – Investments

Investments are stated at cost which approximates market. During the year the Authority had investments held by the trustee bank as related to the requirement of their Oklahoma Water Resources Board (see Note 10) note and the restrictions of the amounts due to depositors in relation to the utility deposits.

Note 6 – Inventories

The City records materials and supplies inventory as expenditures at the time the inventory is purchased and at year-end such inventories are not considered material in amount. Therefore, no inventory balances for materials and supplies not yet consumed are reported in the basic financial statements.

Note 7 – Budgetary Accounting and Control

The City's budgetary accounting and control procedures are discussed in the notes to supplementary information.

Note 8 – FDIC Coverage

The City of Geronimo maintains its two bank accounts at IBC Bank, which has FDIC insurance coverage up to \$250,000 per depositor. At June 30, 2014, the City held cash in excess of federally insured limits totaling \$332,686.

Note 9 – Employee Pension Plan

The City and Public Works Authority provides no pension plans for its employees.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 10 – General Long-Term Debt

The Authority was liable under a long-term loan agreement with Oklahoma Water Resources Board.

The balance under the original contract was \$395,000 dated September 10, 2007. It was secured by revenues derived from the operation of the system and a mortgage with a variable rate, currently 3.43%. It is due to mature in September 2017. Its current balance is \$89,413.

Changes in long-term debt during the year were as follows:

Balance as of 6/30/13	\$ 113,041
Principal Payments	<u>(23,628)</u>
Balance as of 6/30/14	<u><u>\$ 89,413</u></u>

<u>Year Ending</u>	<u>Principal Due</u>
2015	25,089
2016	25,956
2017	<u>38,368</u>
	<u><u>\$ 89,413</u></u>

Note 11 – Insurance and Bond Coverage of Contingencies

The City and its trusts are exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City and the Authority carry the following insurance coverage as protection against possible loss contingencies:

- Worker Compensation and Employer Liability
- Comprehensive General & Auto Liability
- Building and Contents Property Damage
- Automobile Physical Damage
- Equipment Physical Damage
- Fire Equipment Liability and Physical Damage
- Fire Vehicle Liability
- Public Official Position Bond

The City elected not to ensure several buildings it owns and would be subject to the related loss if those buildings were damaged or destroyed. The value of the uninsured property was not reasonably estimable at issuance date of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 12 – Commitments and Contingencies

Grant Programs – In the normal course of operations, the Public Works Authority participates in various federal and state grant programs from year to year. Amounts received or receivable from grantor agencies are often subject to audit and adjustment by the grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time, although the Public Work Authority expects such amounts, if any, to be immaterial. During the year ended June 30, 2014, the Public Works Authority received \$46,165 in Federal grant funds.

Litigation – The City of Geronimo and its public trust is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statement does not include accrual or provision for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court-assessed judgment rendered against the City. While the outcome of the above noted proceeding cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that a settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Compensated Absences – According to the City and its public trust personnel policies, employees are granted vacation, sick leave, and compensated absences in varying amounts, however, no accumulative of this liability has been maintained by the City or the Public Works Authority.

Note 13 – Subsequent Events

Subsequent events were evaluated through May 6, 2016, which is the date the financial statements were issued. On April 27, 2016, a tornado damaged one of the City’s buildings beyond repair. The value of that building was not determinable at the issue date of these financial statements. The damaged building is included in the City’s capital assets shown on the Statement of Net Position, but has been fully depreciated.

Note 14 – Prior Period Adjustments

During the course of the audit we identified three prior period adjustments, which had the following effect on opening net position:

	2013 Reported	Net Adjustment	2013 Final
Invested in capital, net of related debt	\$ 1,147,306	\$ -	\$ 1,147,306
Restricted for debt service	-	-	-
Restricted for lagoon repairs	27,240	-	27,240
Unrestricted	407,833	61,144	468,977
Total net position	\$ 1,582,379		\$ 1,643,523

CITY OF GERONIMO, OKLAHOMA
Notes to the Financial Statements
June 30, 2014

Note 14 – Prior Period Adjustments (Continued)

These changes were the result of errors in the accounting for written off checks, misclassification of property between the City and Business-Type Activities, and insurance deposits which should have been recorded as assets but were expensed in the prior year.

Supplementary Information

CITY OF GERONIMO, OKLAHOMA
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>				
Taxes	\$ 66,248	\$ 66,248	\$ 77,101	\$ (10,853)
Fines	18,358	45,000	60,095	(15,095)
Building Rental Revenue	21,897	21,897	24,960	(3,063)
Permits	864	2,205	2,485	(280)
Miscellaneous	7,400	33,000	15,426	17,574
Interest Earned	158	158	198	(40)
Fees	41	100	138	(38)
Total Revenue	114,966	168,608	180,403	(11,795)
<u>Expenditures</u>				
Town Clerk-Treasurer:				
Personnel Services	14,856	17,837	8,741	9,096
Other Services and Charges	1,265	3,164	2,342	822
Total	16,121	21,001	11,083	9,918
Municipal Court:				
Personnel Services	24,602	29,538	14,475	15,063
Other Services and Charges	-	-	-	-
Total	24,602	29,538	14,475	15,063
Police Department:				
Personnel Services	43,709	52,479	25,717	26,762
Materials and Supplies	23,864	33,631	18,467	15,164
Repairs and Maintenance	7,536	10,620	5,934	4,686
Capital Outlay	589	589	12,161	(11,572)
Total	\$ 75,698	\$ 97,319	\$ 62,279	\$ 35,040
Total expenditures to p. 24	116,421	147,858	87,837	60,021

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 General Fund
 Statement of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	(Over) Under Budget
<u>Expenditures (Continued)</u>				
Expenditures from p. 23	\$ 116,421	\$ 147,858	\$ 87,837	\$ 60,021
General Government:				
Other Services and Charges	4,735	11,836	30,976	(19,140)
Personal Services	4,410	5,259	2,595	2,664
Material and Supplies	22,971	32,372	17,756	14,616
Repairs and Maintenance	1,997	2,815	1,647	1,168
Capital Outlay	411	411	8,487	(8,076)
Total	34,524	52,693	61,461	(8,768)
Total Expenditures	150,945	200,551	149,298	51,253
<u>Revenue Over/(Under) Expenditures</u>	(35,979)	(31,943)	31,105	(63,048)
<u>Other Financing Sources (Uses)</u>				
Transfer Out	(9,000)	(9,000)	(7,150)	(1,850)
Transfer In	-	-	17,725	(17,725)
Total Other Financing Sources (Uses)	(9,000)	(9,000)	10,575	(19,575)
<u>Revenue and Other Sources Over (Under)</u>				
<u>Expenditures and Other Uses</u>	(44,979)	(40,943)	41,680	(82,623)
<u>Fund Balance, June 30, 2013</u>	108,739	108,739	108,739	0
<u>Fund Balance, June 30, 2014</u>	\$ 63,760	\$ 67,796	\$ 150,419	\$ (82,623)

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
Notes to Required Supplemental Information
Year Ended June 30, 2014

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 in the expenditure category. The expenditure required by the applicable state statutes are:

1. Personal Services
2. Materials and Supplies
3. Repairs and Maintenance
4. Other Services and Charges
5. Capital Outlay

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

The City prepares an annual operating budget for its General Fund and Special Revenue Funds. The operating budget 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, OKLAHOMA
 Nonmajor Governmental Funds
 Balance Sheet
 (Modified Cash Basis)
 June 30, 2014

	<u>Rural Fire Service Fund</u>	<u>Street & Alley Fund</u>	<u>Capital Improvement Fund</u>	<u>Nutrition Center Fund</u>	<u>Parks & Rec Fund</u>	<u>In Town Fire Dept. Fund</u>	<u>Bull Riding Fund</u>	<u>Bond Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>									
Cash In Bank	29,800	18,077	3,849	2,705	2,407	37,509	(7,376)	6,060	93,031
Total Assets	<u>\$ 29,800</u>	<u>\$ 18,077</u>	<u>\$ 3,849</u>	<u>\$ 2,705</u>	<u>\$ 2,407</u>	<u>\$ 37,509</u>	<u>\$ (7,376)</u>	<u>\$ 6,060</u>	<u>\$ 93,031</u>
<u>Liabilities</u>	-	-	-	-	-	-	-	-	-
<u>Fund Equity</u>									
Fund Balance:									
Unreserved	29,800	18,077	3,849	2,705	2,407	37,509	(7,376)	6,060	93,031
Total Liabilities and Fund Equity	<u>\$ 29,800</u>	<u>\$ 18,077</u>	<u>\$ 3,849</u>	<u>\$ 2,705</u>	<u>\$ 2,407</u>	<u>\$ 37,509</u>	<u>\$ (7,376)</u>	<u>\$ 6,060</u>	<u>\$ 93,031</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Year Ended June 30, 2014

	Rural Fire Service Fund	Street & Alley Fund	Capital Improvement Fund	Nutrition Center Fund	Parks & Rec Fund	In Town Fire Dept. Fund	Bull Riding Fund	Bond Fund	Total Nonmajor Governmental Funds
<u>Revenue</u>									
Fire Department Revenue	\$ 6,191	\$ -	\$ -	\$ -	\$ -	\$ 4,975	\$ -	\$ -	\$ 11,166
Donation Revenue	8,792	-	-	-	3,426	10,236	-	-	22,454
Gasoline Tax	-	12,953	-	-	-	-	-	-	12,953
Bull Riding Revenue	-	-	-	-	-	-	31,324	-	31,324
Miscellaneous Revenue	-	-	-	4,850	2,460	-	-	-	7,310
Transfers In	5,978	-	2,200	3,000	-	6,003	-	-	17,181
Total Revenue	20,961	12,953	2,200	7,850	5,886	21,214	31,324	-	102,388
<u>Expenditures</u>									
Materials and Supplies	4,772	1,760	-	7,201	6,614	6,945	19,938	-	47,230
Rental expense	-	779	-	-	-	-	-	-	779
Personal Services	-	-	-	-	-	-	-	-	-
Capital Outlay	28,140	-	-	-	-	28,140	-	-	56,280
Transfer Out	-	1,625	-	3,336	-	-	7,020	-	11,981
Total Expenditures	32,912	4,164	-	10,537	6,614	35,085	26,958	-	116,270
<u>Revenue Over (Under) Expenditures</u>	(11,951)	8,789	2,200	(2,687)	(728)	(13,871)	4,366	-	(13,882)
<u>Fund Balance, June 30, 2013</u>	41,751	9,288	1,649	5,392	3,135	51,380	(11,742)	6,060	106,913
<u>Fund Balance, June 30, 2014</u>	\$ 29,800	\$ 18,077	\$ 3,849	\$ 2,705	\$ 2,407	\$ 37,509	\$ (7,376)	\$ 6,060	\$ 93,031

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Rural Fire Service Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Contributions and Fund Raising	\$ 11,460	\$ 8,792	\$ 2,668
Fire Department Revenue	3,834	6,191	(2,357)
Transfer In	-	5,978	(5,978)
Total Revenue	15,294	20,961	(5,667)
<u>Expenditures</u>			
Materials and Supplies	36,074	4,772	31,302
Personnel Services	-	-	-
Capital Outlay	-	28,140	(28,140)
Transfer Out	-	-	-
Total Expenditures	36,074	32,912	3,162
<u>Revenue Over (Under) Expenditures</u>	(20,780)	(11,951)	(8,829)
<u>Fund Balance, June 30, 2013</u>	41,751	41,751	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ 20,971</u>	<u>\$ 29,800</u>	<u>\$ (8,829)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Street and Alley Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Gasoline Tax	\$ 7,431	\$ 12,953	\$ (5,522)
Miscellaneous Revenue	-	-	-
Transfers In	-	-	-
Total Revenue	7,431	12,953	(5,522)
<u>Expenditures</u>			
Materials and Supplies	21,128	1,760	19,368
Rental Expense	-	779	-
Personnel Services	-	-	-
Transfer Out	-	1,625	(1,625)
Total Expenditures	21,128	4,164	16,964
<u>Revenue Over (Under) Expenditures</u>	(13,697)	8,789	(22,486)
<u>Fund Balance, June 30, 2013</u>	9,288	9,288	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ (4,409)</u>	<u>\$ 18,077</u>	<u>\$ (22,486)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Capital Improvement Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Transfers In	\$ 2,160	\$ 2,200	\$ (40)
Total Revenue	2,160	2,200	(40)
<u>Expenditures</u>			
Capital Outlay	4,855	-	4,855
Transfer Out	-	-	-
Total Expenditures	4,855	-	4,855
<u>Revenue Over (Under) Expenditures</u>	(2,695)	2,200	(4,895)
<u>Fund Balance, June 30, 2013</u>	1,649	1,649	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ (1,046)</u>	<u>\$ 3,849</u>	<u>\$ (4,895)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Nutrition Center Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Miscellaneous Revenue	\$ 4,247	\$ 4,850	\$ (603)
Transfers In	2,700	3,000	(300)
Total Revenue	6,947	7,850	(903)
<u>Expenditures</u>			
Supplies	10,357	7,201	3,156
Transfer Out	-	3,336	(3,336)
Total Expenditures	10,357	10,537	(180)
<u>Revenue Over (Under) Expenditures</u>	(3,410)	(2,687)	(723)
<u>Fund Balance, June 30, 2013</u>	5,392	5,392	-
<u>Fund Balance, June 30, 2014</u>	\$ 1,982	\$ 2,705	\$ (723)

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Parks and Recreation Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Donations	\$ 1,671	\$ 3,426	\$ (1,755)
Other	2,160	2,460	(300)
Transfers In	-	-	-
Total Revenue	3,831	5,886	(2,055)
<u>Expenditures</u>			
Materials and Supplies	7,233	6,614	619
Capital outlay	-	-	-
Total Expenditures	7,233	6,614	619
<u>Revenue Over (Under) Expenditure</u>	(3,402)	(728)	(2,674)
<u>Fund Balance, June 30, 2013</u>	3,135	3,135	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ (267)</u>	<u>\$ 2,407</u>	<u>\$ (2,674)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	In Town Fire Dept. Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Revenue			
Contributions and Fund Raising	\$ 15,920	\$ 10,236	\$ 5,684
Fire Department Revenue	5,164	4,975	189
Transfers In	22,978	6,003	16,975
Total Revenue	44,062	21,214	22,848
Expenditures			
Material and Supplies	36,777	6,945	29,832
Capital Outlay	-	28,140	
Personnel Services	-	-	-
Total Expenditures	36,777	35,085	1,692
<u>Revenue Over (Under) Expenditures</u>	7,285	(13,871)	21,156
<u>Fund Balance, June 30, 2013</u>	51,380	51,380	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ 58,665</u>	<u>\$ 37,509</u>	<u>\$ 21,156</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Bull Riding Fund		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Miscellaneous Revenue	\$ -	\$ 31,324	\$ (31,324)
Transfers In	-	-	-
Total Revenue	-	31,324	(31,324)
<u>Expenditures</u>			
Supplies	34,000	19,938	14,062
Personal Services	-	-	-
Transfer Out	-	7,020	(7,020)
Total Expenditures	34,000	26,958	7,042
<u>Revenue Over (Under) Expenditures</u>	(34,000)	4,366	(38,366)
<u>Fund Balance, June 30, 2013</u>	(11,742)	(11,742)	-
<u>Fund Balance, June 30, 2014</u>	<u>\$ (45,742)</u>	<u>\$ (7,376)</u>	<u>\$ (38,366)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GERONIMO, OKLAHOMA
 Nonmajor Governmental Funds
 Schedule of Revenue, Expenditures, and Changes in Fund Balance
 (Modified Cash Basis)
 Budget and Actual
 Year Ended June 30, 2014

	Bond Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ -	\$ -	\$ -
Transfers In	-	-	-
Total Revenue	-	-	-
<u>Expenditures</u>			
Materials and Supplies	-	-	-
Miscellaneous Expense	-	-	-
Total Expenditures	-	-	-
<u>Revenue Over (Under) Expenditures</u>	-	-	-
<u>Fund Balance, June 30, 2013</u>	6,060	6,060	-
<u>Fund Balance, June 30, 2014</u>	\$ 6,060	\$ 6,060	\$ -

The accompanying notes are an integral part of these 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*

To the City Council
City of 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 City of Geronimo, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City of Geronimo, Oklahoma's basic financial statements and have issued our report thereon dated May 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City of Geronimo, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Geronimo, Oklahoma'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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Findings 2013-01 and 2013-02).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items. No compliance issues were identified.

City of Geronimo, Oklahoma's Response to Findings

City of Geronimo, Oklahoma's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Geronimo, Oklahoma's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Stanfield & Brim P.C.

Lawton, Oklahoma
May 6, 2016

CITY OF GERONIMO, OKLAHOMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

QUESTIONED COSTS:

During the course of the audit, we identified the following questioned costs:

- On 9/30/2013 \$1,989 was disbursed to an individual related to a pageant held during the annual Fire Department fund raising event. Sufficient support for the disbursement was not available for our review, so we were unable to determine whether the expenditure was appropriate or properly approved.
- On 10/21/2013 \$1,700 was disbursed to an individual for “building maintenance.” No support for the expenditure was available for our review, so we were unable to determine whether the expenditure was appropriate or properly approved.
- On 1/30/2014 \$1,500 was drawn from the City’s operating account and the transaction was denoted “start-up money for the car show” in the general ledger, but the cash was not signed for by the recipient and there was no documentation to support the expenditure of the funds.

FINDINGS:

All findings from 2012 that were carried forward in the 2013 audit report were sufficiently resolved by the client and are no longer deemed to be internal control issues within the entity.

During the audit for the year ended June 30, 2013, we identified the following findings which were not resolved prior to the June 30, 2014 audit:

Finding 2013-01 – Accounting for fixed assets

Condition: An accurate accounting of fixed assets added and disposed of during fiscal 2013 was not available.

Effect: The City did not have accountability of various property purchased during the year and was missing some items that were identified in our search for unrecorded fixed assets.

Cause: The City does not have an established procedure for tracking the purchase and disposal of fixed assets.

Criteria: The members of Council and City employees have a fiduciary responsibility to ensure that the City’s assets are properly accounted for and adequately protected. Additionally, they are responsible to ensure that all purchases of fixed assets are appropriate and approved by the Council.

Recommendation: Establish a procedure that ensures that values and purchase dates of fixed assets are accurately captured, either through the fixed assets module available in the City’s accounting software or by maintaining a spreadsheet for tracking.

Management response: The City will establish procedures to ensure purchases and disposals of fixed assets are accurately captured and that the data is maintained throughout the year. An assigned member of Council will review the list of fixed assets every six months.

Finding 2013-02 – Support for expenditures/Approval of purchases

Condition: Appropriate and complete documentation was not readily available for all expenses incurred by the City during fiscal 2013.

CITY OF GERONIMO, OKLAHOMA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2014

Finding 2013-02 – Support for expenditures/Approval of purchases (Continued)

Effect: The City did not have appropriate and accurate records to support all expenditures during 2013, opening up the employees of the City and members of the Council to potential liability and overspending of City resources.

Cause: The City does not have adequate processes and procedures to ensure that all purchase orders are sufficiently reviewed and approved prior to a purchase to determine the availability of funds, invoices received are not reconciled against the purchase orders, and payments made are not reconciled to the vendor invoice.

Criteria: The members of Council and City employees have a fiduciary responsibility to ensure that the City's funds are spent in accordance with the approved budget, considering the availability of funds prior to purchase. Furthermore, the Council has a duty to obtain a sufficient understanding of the purchasing process and the necessity of expenditures before approving payment.

Recommendation: Establish processes and procedures that require authorization (obligation) of funds prior to purchase by utilizing purchase orders which detail 1) the purpose of the purchase/what is to be purchased, 2) the quantity to be purchased, 3) the authorized dollar amount of the purchase and line of accounting that will be charged, 4) the individual authorized to purchase and 5) the individual authorizing the purchase. Copies of the purchase orders should be kept in a file for periodic review and stale purchase orders should be revoked and destroyed. Further, the City should establish processes and procedures which ensure that invoices received from vendors are reviewed within 3 days and traced to the related purchase order to identify any discrepancies. Prior to approving payment (signing a check), check signers should review and initial the related purchase order and invoice, then attach the check stub to the purchase order and invoice for filing.

Management response: The City enacted an ordinance in April of 2016 that was drafted with consideration given to the auditor's recommendations (above).