

ACCOUNTANT'S AUDIT REPORT
CITY OF GERONIMO

JUNE 30, 2011

BY



City of Geronimo
Geronimo, Oklahoma
Year Ended June 30, 2011

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
City of Geronimo
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 the Town of Geronimo, Oklahoma (the Town), as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 3, the Town prepares its financial statements on the modified cash basis for governmental activities and the modified accrual basis for the enterprise fund and which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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), each major fund, and the aggregate remaining fund information of the Town of Geronimo, as of June 30 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year than ended in conformity with the basis of accounting described in Note 3.

The budgetary comparison information and related notes are not a required part of the basic financial statements but are supplementary information required to accompany those financial statements. The Schedule of Revenue, Expenditures and Changes in Fund Balance for the Special Revenue Funds are other supplemental information. Such information has been subjected to the

auditing procedures applied in the examination of the basic financial statements, and, in our opinion, is fairly stated in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2013, on our consideration of the Town 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* and should be considered in assessing the results of our audit.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

February 28, 2013

City of Geronimo, Oklahoma

Statement of Net Assets (Modified Accrual Basis) June 30, 2011

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 120,074	\$ 159,763	\$ 279,837
Investments	0	52,453	52,453
Due from PWA	24,049	0	24,049
Capital Assets	100,000	1,978,367	2,078,367
Accumulated Depreciation	(100,000)	(650,471)	(750,471)
	144,123	1,540,112	1,684,235
<u>Liabilities</u>			
Note Payable	0	157,910	157,910
Due to City of Geronimo	0	24,049	24,049
Due to Depositors	0	51,691	51,691
Accounts Payable	216	0	216
	216	233,650	233,866
<u>Net Assets</u>			
Invested in Capital, Net of Related Debt	0	1,169,986	1,169,986
Restricted for Debt Service	0	2,910	2,910
Unreserved	143,907	133,566	277,473
	143,907	1,306,462	1,450,369
Total Liabilities and Net Assets	\$ 144,123	\$ 1,540,112	\$ 1,684,235

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Statement of Activities
(Modified Accrual Basis)
Year Ended June 30, 2011

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 60,022	\$ 26,739	\$ 0	\$ 0	\$ (5,769)	\$ 0	\$ (5,769)
Public Safety	59,549	5,629	0	0	(31,259)	0	(31,259)
Street and Public Works	2,574	0	0	0	(2,574)	0	(2,574)
Culture and Recreation	31,331	0	0	0	(5,186)	0	(5,186)
Total Governmental Activities	153,476	32,368	0	0	(44,788)	0	(44,788)
Business Type Activities:							
Water Revenue	286,783	0	0	0		(36,905)	(36,905)
Garbage Revenue	142,202	0	0	0		23,147	23,147
Sewer Revenue	74,731	0	0	0		30,623	30,623
Equipment Rental Revenue	7,080	0	0	0		3,246	3,246
Total Business Type Activities	510,796	0	0	0		20,111	20,111
Total Primary Government	\$ 664,272	\$ 32,368	\$ 0	\$ 0		20,111	(24,677)
General Revenue							
Taxes:							
Sales & Use Taxes					52,030	0	52,030
Tobacco Tax					661	0	661
Franchise Taxes					17,250	0	17,250
Alcoholic Beverage Tax					2,519	0	2,519
Gasoline Tax					8,612	0	8,612
Investment Income					0	324	324
Miscellaneous					0	20,741	20,741
Transfers					2,092	(2,092)	0
Total General Revenue					83,164	18,973	102,137
Change in Net Assets					38,376	39,084	77,460
Net Assets, June 30, 2010					105,531	1,267,378	1,372,909
Net Assets, June 30, 2011					\$ 143,907	\$ 1,306,462	\$ 1,450,369

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Balance Sheet
(Modified Cash Basis)
Governmental Funds
June 30, 2011

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and Cash Equivalents	\$ 38,496	\$ 81,578	\$ 120,074
Investments	0	0	0
Total Assets	\$ 38,496	\$ 81,578	\$ 120,074
<u>Liabilities and Fund Balances</u>			
Note Payable	\$ 0	\$ 0	\$ 0
Accounts Payable	216	0	216
Payroll Taxes Payable	0	0	0
Total Liabilities	216	0	216
Fund Balances			
Unreserved	38,280	81,578	119,858
Total Liabilities and Fund Balances	\$ 38,496	\$ 81,578	

Reconciliation to Statement of Net Assets

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

Accounts Receivable from PWA of \$24,049 are not considered financial resources and, therefore, are not reported in the funds.

	24,049
<u>Net Assets of Governmental Activities</u>	\$ 143,907

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Governmental Funds
Year Ended June 30, 2011

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenue</u>			
Taxes	\$ 72,460	\$ 8,612	\$ 81,072
Charges for Services	20,843	6,671	27,514
Fines and Forfeitures	22,661	0	22,661
Contributions	0	26,739	26,739
Bull Riding Revenue	0	22,798	22,798
Reimbursement	3,347	0	3,347
Miscellaneous	356	1,400	1,756
Total Revenue	<u>119,667</u>	<u>66,220</u>	<u>185,887</u>
<u>Expenditures</u>			
General Government:			
General Government	43,940	2,000	45,940
Clerk-Treasurer	6,882	0	6,882
Municipal Court	7,200	0	7,200
Public Safety:			
Police	31,635	0	31,635
Fire	0	27,914	27,914
Street and Public Works:			
Streets	0	2,574	2,574
Culture and Recreation:			
Bill Riding Expenses	0	24,744	24,744
Nutrition Center	0	4,649	4,649
Parks	0	1,938	1,938
Total Expenditures	<u>89,657</u>	<u>63,819</u>	<u>153,476</u>
Revenue Over (Under) Expenditures	30,010	2,401	32,411
<u>Other Financing Sources (Uses)</u>			
Grant Revenue	3,873	0	3,873
Grant Expenditures	0	0	0
Transfers In	2,294	16,907	19,201
Transfers Out	(6,015)	(11,094)	(17,109)
Total Other Financing Sources (Uses)	<u>152</u>	<u>5,813</u>	<u>5,965</u>
<u>Net Changes in Fund Balance</u>	30,162	8,214	38,376
<u>Fund Balance, June 30, 2010</u>	8,118	73,364	81,482
<u>Fund Balance, June 30, 2011</u>	\$ 38,280	\$ 81,578	\$ 119,858

Please see accompanying notes to financial statements.

City of Geronimo, Oklahoma

Geronimo Public Works Authority

Enterprise Fund

Statement of Net Assets

(Modified Accrual Basis)

Year Ended June 30, 2011

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	105,162
Restricted Cash and Cash Equivalents		54,601
Investments		28,404
Restricted Investments		24,049

Total Current Assets \$ 212,216

Noncurrent Assets:

Capital Assets		1,978,367
Accumulated Depreciation		(650,471)

Total Noncurrent Assets 1,327,896

Total Assets \$ 1,540,112

LIABILITIES

Current Liabilities:

Due to City of Geronimo	\$	24,049
Due to Depositors		51,691
Notes Payable		27,600

Total Current Liabilities \$ 103,340

Noncurrent Liabilities:

Notes Payable		<u>130,310</u>
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Total Noncurrent Liabilities 130,310

Net Assets

Invested in Capital Assets, Net of Related Debt		1,169,986
Restricted for Debt Service		2,910
Unreserved		<u>133,566</u>

Total Net Assets 1,306,462

Total Net Assets and Liabilities \$ 1,540,112

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Enterprise Fund
Statement of Revenue, Expense, and Changes in Fund Net Assets
(Modified Accrual Basis)
Year Ended June 30, 2011

Operating Revenue

Water Revenue	\$ 249,878	
Garbage Revenue	165,349	
Sewer Revenue	105,354	
Miscellaneous Revenue	20,741	
Equipment Rental	10,326	
Total Operating Revenue	\$ 551,648	\$ 551,648

Operating Expense

Water Purchased	138,367	
Personnel Services	98,562	
Depreciation	59,549	
Equipment & Maintenance	48,675	
Garbage Expense	43,992	
Operating Expense	39,550	
Building Rent	18,000	
Utilities	16,112	
Sewer Service	12,155	
Insurance	10,371	
Legal Expenses	9,873	
Office Expense	7,887	
Interest Expenses	5,008	
Miscellaneous Expense	2,695	
Total Operating Expense	510,796	510,796

Net Operating Income (Loss) 40,852

Nonoperating Revenue (Expense)

Interest Income	324	
Transfers In	2,000	
Transfers Out	(4,092)	
Net Nonoperating Revenue (Expense)	(1,768)	(1,768)

Net Revenue (Loss) 39,084

Total Net Assets, June 30, 2010 1,267,378

Total Net Assets, June 30, 2011 \$ 1,306,462

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma

Geronimo Public Works Authority

Statement of Cash Flows

Enterprise Fund

(Modified Accrual Basis)

Year Ended June 30, 2011

Reconciliation of Operating Income (Loss) to Net Cash

Provided by Operating Activities

Net Income		\$	40,852
Adjustments to Reconcile Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Depreciation Expense	\$	59,549	
Increase (Decrease) in Due to City of Geronimo		12,062	
Increase (Decrease) in Due to Depositors		11,738	
			<u>83,349</u>
Net Cash Provided by Operating Activities			124,201

Cash Flows from Capital and Related Financing Activities

Transfers to Governmental Funds		(2,086)	
Principal Paid on Debt		(78,031)	
			<u>(80,117)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities			(80,117)

Cash Flows from Investing Activities

Interest Income		324	
Investments Sold		62,595	
Investments Fees		(772)	
			<u>62,147</u>
Net Cash Provided (Used) by Investing Activities			62,147

<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>			<u>106,231</u>
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<u>Cash and Cash Equivalents, June 30, 2010</u>			<u>53,532</u>
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<u>Cash and Cash Equivalents, June 30, 2011</u>		\$	<u><u>159,763</u></u>
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Cash Flows from Operating Activities

Receipts from Customers		551,648	
Payments for Operations		(319,012)	
Payments to Personnel Services		(108,435)	
			<u>(108,435)</u>
Net Cash Provided by Operating Activities		\$	<u><u>124,201</u></u>

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

Note 1 - Summary of Significant Accounting Policies

For financial reporting purposes the City of Geronimo, Oklahoma (the City), includes all funds, account groups, agencies, boards, commissions, and authorities that are controlled by or dependent on the City's executive or legislative branches. Control by or dependence on the City was determined on the basis of oversight responsibility, scope of public service, and special financing relationships. Oversight responsibility includes financial interdependency, selection 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 60 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's governing body is the current members of the City's Board of Trustees. The Authority is accounted for as the City's Enterprise Fund in these financial statements.

The PWA 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 PWA is also permitted to transfer monies to the City of Geronimo for the use of the city. The City Council of the City of Geronimo acts as Trustees of the PWA.

Note 2 - 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. 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 fund 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.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

(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
- Parks and Recreation Fund
- In City Fire Service Fund
- Bull Riding Fund

2. Proprietary Fund Types

(c) 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.

Note 3 - Basis of Accounting

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 to not follow generally accepted accounting principles and to continue to use the modified cash basis of accounting.

Basis of accounting refers to the time when revenues 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 Fund are kept on a modified accrual basis of accounting, under which customer revenues are recorded when measurable and billable, other revenues are recorded when received, and expenses are recorded when the liability is incurred. Uncollectible accounts receivable are charged to 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, revenues 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

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

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.

Note 4 – Financial Statement Amounts

Cash and Cash Equivalents – The City and the Public Works 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.

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

- Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, 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 Depositors – Represents the funds 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.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

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 Public Works Authority.

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

- *Invested in capital assets, net of related debt* – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- *Restricted net assets* – consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the Public Works Authority’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 5 – Defining Operating Revenues and Expenses

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

Note 6 - Reserves of Fund Equity

Reserves are recorded to signify that a portion of the fund equity is legally segregated for future use or is not available for appropriation or expenditure.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

Note 7 – Use of Estimates

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

Note 8 - Fixed Assets

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

Beginning in the year 2004/2005, in accordance with Governmental Accounting Standards Board Statement No. 34, the City reports capital assets resulting from cash transactions and reports depreciation where appropriate.

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2010	\$ 100,000	\$ 100,000
Additions	0	0
Total	100,000	100,000
Disposals	0	0
Balance, June 30, 2011	\$ 100,000	\$ 100,000

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 and 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%
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Depreciation for the current year was \$59,549, which was charged to current operations.

The City and Authority have adopted a capitalization policy of recording only items costing \$750 or more per unit for depreciation purposes.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

Changes in fixed assets of the Enterprise Fund during the year ended June 30, 2011, were as follows:

	Fixed Assets	Accumulated Depreciation
Balance, July 1, 2010	\$ 1,978,367	\$ 590,922
Additions	0	59,549
Total	1,978,367	650,471
Disposals	0	0
Balance, June 30, 2011	\$ 1,978,367	\$ 650,471

Note 9 - Deposits, Investments and Collateral

- A. Oklahoma statutes generally provide for investment of excess funds in the following:
1. Direct obligations of the United States Government.
 2. Certificates of deposit of savings and loan associations, banks, and trust companies when the certificates of deposit are secured by acceptable collateral.
 3. Savings accounts or savings certificates of savings 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.
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- 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.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

5. Bonds issued by any city or town where an ad valorem tax levy is pledged to the payment.
6. A surety bond.

Note 10 - Cash and Cash Equivalents

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.

Cash and Cash Equivalents as of June 30, 2011 are as follows:

Geronimo Public Works Authority - Checking	87,349
Geronimo Public Works Authority - Special	51,691
General Fund - Checking	38,496
Rural Fire Service Fund - Checking	30,368
In Town Fire Service Fund - Checking	28,530
Geronimo Public Works Authority - Special	17,813
Parks and Recreation Fund - Checking	7,423
Bond Fund - Checking	6,060
Street and Alley Fund - Checking	4,120
Nutrition Center Fund - Checking	3,100
Geronimo Public Works Authority - Special	2,910
Capital Improvement Fund - Checking	1,649
Bull Riding Fund - Checking	328
Total	\$ 279,837

Note 11 - Investments

Investments are stated at cost which approximates market. During the current year the Authority had investments held by the trustee bank as related to the requirements of their OWRB note and the restrictions of the amounts due to depositors in relation to the utility deposits.

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

Note 12 - 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 13 - Budgetary Accounting and Control

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

Note 14- Employee Pension Plans

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

Note 15 - General Long-Term Debt

The Authority was liable under two long-term loan agreements with Oklahoma Water Resources Board.

Loan #1 - The balance under the original contract was \$285,000 dated March 7, 1989. It was secured by revenues derived from the operation of the system, and a mortgage with a variable interest rate, currently 1.55%. It matured in August 2010.

Loan #2 - 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 interest rate, currently 3.43%. It is due to mature in September 2017. Its current balance is \$157,910.

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

Balance as of 06/30/10	\$ 211,664
Principal Payments	(53,754)
Balance 6/30/11	<u>\$ 157,910</u>

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

<u>Year Ending</u>	<u>Principal Due</u>
2012	\$ 27,600
2013	22,396
2014	23,056
2015	23,736
2016	24,435
2017	36,687
	<u>\$ 157,910</u>

Note 16 - Insurance and Bond Coverage of Contingencies

The City and its public 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:

- Workers Compensation and Employer Liability
- Comprehensive General & Auto Liability
- Buildings and Contents Property Damage
- Automobile Physical Damage
- Equipment Physical Damage
- Fire Equipment Liability and Physical Damage
- Fire Vehicle Liability
- Public Official Position Bonds

Note 17- 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 Works Authority expects such amounts, if any, to be immaterial.

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 statements do 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 proceedings cannot be predicted, due to the insurance coverage maintained by the

City of Geronimo, Oklahoma
Geronimo Public Works Authority
Notes to the Financial Statements
June 30, 2011

City and the State statute relating to judgments, the City feels that any 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.



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

Board of Trustees
City of Geronimo
Geronimo, Oklahoma

We have audited 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 (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 28, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information of management and regulatory authorities and is not intended to be and should not be used by anyone other than these specified parties.

Furrh & Associates, PC

FURRH & ASSOCIATES, PC

Certified Public Accountants

February 28, 2013

City of Geronimo, Oklahoma

General Fund

Statement of Revenue, Expenditures, and Changes in Fund Balance

(Modified Cash Basis)

Budget and Actual

Year Ended June 30, 2011

	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Sales and Use Tax	\$ 53,089	\$ 52,030	\$ 1,059
Fines	21,738	22,661	(923)
Franchise Tax	17,000	17,250	(250)
Building Rental Revenue	17,820	15,450	2,370
Permits	7,880	5,393	2,487
Grant Revenue	0	3,873	(3,873)
Reimbursements	4,950	3,347	1,603
Alcohol Beverage Tax	2,500	2,519	(19)
Tobacco Tax	500	661	(161)
Interest Earned	224	228	(4)
Miscellaneous Revenue	148	128	20
	125,849	123,540	2,309
<u>Expenditures</u>			
Town Clerk - Treasurer:			
Personal Services	6,771	6,882	(111)
Other Services and Charges	0	0	0
Total	6,771	6,882	(111)
Municipal Court:			
Other Services and Charges	8,100	7,200	900
Police Department:			
Personal Services	17,355	13,956	3,399
Materials and Supplies	23,911	16,719	7,192
Repairs and Maintenance	1,725	960	765
Capital Outlay	0	0	0
Total	\$ 42,991	\$ 31,635	\$ 11,356

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance
(Modified Cash Basis)
Budget and Actual
Year Ended June 30, 2011

<u>Expenditures (Continued)</u>	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
General Government:			
Other Services and Charges	5,895	5,773	122
Personal Services	3,989	5,071	(1,082)
Materials and Supplies	26,401	29,424	(3,023)
Repairs and Maintenance	15,331	3,672	11,659
Capital Outlay	0	0	0
Total	<u>51,616</u>	<u>43,940</u>	<u>7,676</u>
Total Expenditures	<u>109,478</u>	<u>89,657</u>	<u>19,821</u>
<u>Revenue Over (Under) Expenditures</u>	16,371	33,883	17,512
<u>Other Financing Sources (Uses)</u>			
Transfer Out	(5,800)	(6,015)	215
Transfer In	0	2,294	(2,294)
Total Other Financing Sources (Uses)	<u>(5,800)</u>	<u>(3,721)</u>	<u>(2,079)</u>
<u>Revenue and Other Sources Over (Under) Expenditures and Other Uses</u>	10,571	30,162	(19,591)
<u>Fund Balance, June 30, 2010</u>	<u>8,118</u>	<u>8,118</u>	<u>0</u>
<u>Fund Balance, June 30, 2011</u>	<u>\$ 18,689</u>	<u>38,280</u>	<u>\$ (19,591)</u>

Please see accompanying notes to the financial statements.

City of Geronimo, Oklahoma
Notes to Required Supplemental Information
Year Ended June 30, 2011

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. Materials and Supplies
3. Repairs and Maintenance
4. Other Services and Charges
5. Capital Outlays

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 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, Oklahoma
 Nonmajor Governmental Funds
 Balance Sheet
 (Modified Cash Basis)
 June 30, 2011

	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>Assets</u>									
Cash in Bank	\$ 30,368	\$ 4,120	\$ 1,649	\$ 3,100	\$ 7,423	\$ 28,530	\$ 328	\$ 6,060	\$ 81,578
Due from Other Funds	0	0	0	0	0	0	0	0	0
Total Assets	\$ 30,368	\$ 4,120	\$ 1,649	\$ 3,100	\$ 7,423	\$ 28,530	\$ 328	\$ 6,060	\$ 81,578
<u>Liabilities</u>									
	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fund Equity</u>									
Fund Balance:									
Unreserved	30,368	4,120	1,649	3,100	7,423	28,530	328	6,060	81,578
Total Liabilities and Fund Equity	\$ 30,368	\$ 4,120	\$ 1,649	\$ 3,100	\$ 7,423	\$ 28,530	\$ 328	\$ 6,060	\$ 81,578

Please see accompanying notes to the 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, 2011

	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
Revenue									
Fire Department Revenue	\$ 4,259	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,412	\$ 0	\$ 0	\$ 6,671
Donation Revenue	10,969	0	0	0	1,870	13,900	0	0	26,739
Gasoline Tax	0	8,612	0	0	0	0	0	0	8,612
Bull Riding Revenue	0	0	0	0	0	0	22,798	0	22,798
Miscellaneous Revenue	0	200	0	1,200	0	0	0	0	1,400
Transfer In	0	8,800	600	4,852	2,400	155	100	0	16,907
Total Revenue	15,228	17,612	600	6,052	4,270	16,467	22,898	0	83,127
Expenditures									
Materials and Supplies	11,496	2,574	0	4,649	1,938	13,542	24,744	0	58,943
Personal Services	990	0	0	0	0	1,886	0	0	2,876
Capital Outlay	0	0	2,000	0	0	0	0	0	2,000
Transfer Out	0	2,294	8,800	0	0	0	0	0	11,094
Total Expenditures	12,486	4,868	10,800	4,649	1,938	15,428	24,744	0	74,913
Revenue Over (Under) Expenditures	2,742	12,744	(10,200)	1,403	2,332	1,039	(1,846)	0	8,214
Fund Balance, June 30, 2010	27,626	(8,624)	11,849	1,697	5,091	27,491	2,174	6,060	73,364
Fund Balance, June 30, 2011	\$ 30,368	\$ 4,120	\$ 1,649	\$ 3,100	\$ 7,423	\$ 28,530	\$ 328	\$ 6,060	\$ 81,578

Please see accompanying notes to the 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, 2011

	Rural Fire Service Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Contributions and Fund Raising	\$ 5,464	\$ 10,969	\$ (5,505)
Fire Department Revenue	1,340	4,259	(2,919)
	6,804	15,228	(8,424)
<u>Expenditures</u>			
Materials and Supplies	4,522	11,496	(6,974)
Personnel Services	2,282	990	1,292
	6,804	12,486	(5,682)
<u>Revenue Over (Under) Expenditures</u>	0	2,742	(2,742)
<u>Fund Balance, June 30, 2010</u>	27,626	27,626	0
<u>Fund Balance, June 30, 2011</u>	\$ 27,626	\$ 30,368	\$ (2,742)

Please see accompanying notes to the 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, 2011

	Street and Alley Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Gasoline Tax	\$ 6,159	\$ 8,612	\$ (2,453)
Miscellaneous Revenue	0	200	(200)
Transfer In	8,624	8,800	(176)
	14,783	17,612	(2,829)
<u>Expenditures</u>			
Maintenance & Operations	6,159	2,574	3,585
Transfer Out	0	2,294	(2,294)
	6,159	4,868	1,291
<u>Revenue Over (Under) Expenditures</u>	8,624	12,744	(4,120)
<u>Fund Balance, June 30, 2010</u>	(8,624)	(8,624)	0
<u>Fund Balance, June 30, 2011</u>	\$ 0	\$ 4,120	\$ (4,120)

Please see accompanying notes to the 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, 2011

	Capital Improvement Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Transfers In	\$ 400	\$ 600	\$ (200)
Total Revenue	400	600	(200)
<u>Expenditures</u>			
Capital Outlay	10,800	8,800	2,000
Transfer Out	0	2,000	(2,000)
Total Expenditures	10,800	10,800	0
<u>Revenue Over (Under) Expenditures</u>	(10,400)	(10,200)	(200)
<u>Fund Balance, June 30, 2010</u>	11,849	11,849	0
<u>Fund Balance, June 30, 2011</u>	\$ 1,449	\$ 1,649	\$ (200)

Please see accompanying notes to the 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, 2011

	Nutrition Center Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Miscellaneous Revenue	\$ 2,000	\$ 1,200	\$ 800
Transfer In	3,000	4,852	(1,852)
	5,000	6,052	(1,052)
<u>Expenditures</u>			
Supplies	5,000	4,649	351
Transfer Out	0	0	0
	5,000	4,649	351
<u>Revenue Over (Under) Expenditures</u>	0	1,403	(1,403)
<u>Fund Balance, June 30, 2010</u>	1,697	1,697	0
<u>Fund Balance, June 30, 2011</u>	\$ 1,697	\$ 3,100	\$ (1,403)

Please see accompanying notes to the 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, 2011

	Parks and Recreation Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ 1,900	\$ 1,870	\$ 30
Transfers In	2,400	2,400	0
	4,300	4,270	30
<u>Expenditures</u>			
Materials and Supplies	4,700	1,938	2,762
Miscellaneous Expense	0	0	0
	4,700	1,938	2,762
<u>Revenue Over (Under) Expenditures</u>	(400)	2,332	(2,732)
<u>Fund Balance, June 30, 2010</u>	5,091	5,091	0
<u>Fund Balance, June 30, 2011</u>	\$ 4,691	\$ 7,423	\$ (2,732)

Please see accompanying notes to the 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, 2011

	<u>In Town Fire Dept. Fund</u>		
	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<u>Revenue</u>			
Contributions and Fund Raising	\$ 7,629	\$ 13,900	\$ (6,271)
Fire Department Revenue	2,470	2,412	58
Transfers In	0	155	(155)
	<hr/>	<hr/>	<hr/>
Total Revenue	10,099	16,467	(6,368)
<u>Expenditures</u>			
Materials and Supplies	14,277	13,542	735
Personnel Services	540	1,886	(1,346)
	<hr/>	<hr/>	<hr/>
Total Expenditures	14,817	15,428	(611)
<u>Revenue Over (Under) Expenditures</u>	(4,718)	1,039	(5,757)
<u>Fund Balance, June 30, 2010</u>	<hr/>	<hr/>	<hr/>
	27,491	27,491	0
<u>Fund Balance, June 30, 2011</u>	<hr/>	<hr/>	<hr/>
	\$ 22,773	\$ 28,530	\$ (5,757)

Please see accompanying notes to the 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, 2011

	Bull Riding Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Miscellaneous Revenue	\$ 22,000	\$ 22,798	\$ (798)
Transfer In	0	100	(100)
	22,000	22,898	(898)
<u>Expenditures</u>			
Supplies	23,500	24,744	(1,244)
Transfer Out	0	0	0
	23,500	24,744	(1,244)
<u>Revenue Over (Under) Expenditures</u>	(1,500)	(1,846)	346
<u>Fund Balance, June 30, 2010</u>	2,174	2,174	0
<u>Fund Balance, June 30, 2011</u>	\$ 674	\$ 328	\$ 346

Please see accompanying notes to the 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, 2011

	Bond Fund		
	Original / Final Budget	Actual	(Over) Under Budget
<u>Revenue</u>			
Donations	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0
Total Revenue	0	0	0
<u>Expenditures</u>			
Materials and Supplies	0	0	0
Miscellaneous Expense	0	0	0
Total Expenditures	0	0	0
<u>Revenue Over (Under) Expenditures</u>	0	0	0
<u>Fund Balance, June 30, 2010</u>	6,060	6,060	0
<u>Fund Balance, June 30, 2011</u>	\$ 6,060	\$ 6,060	\$ 0

Please see accompanying notes to the financial statements.