**BECKY FLEMING, C.P.A., INC.**

**7920 108th Ave NE**
**Norman, OK 73026-9761**

**Cell: 405.641.5794**
**Fax: 405.799.2039**

Oklahoma State Auditor & Inspector
2300 N. Lincoln Blvd.
State Capitol, Room 100
Oklahoma City, OK 73105

Attached please find the June 30, 2011 audit for the Town of Goldsby, which includes the Goldsby Airport Trust, the Goldsby Water Authority, and the Goldsby Public Works Authority.

Sincerely,

Becky Fleming,
Becky Fleming, C.P.A., Inc.

DUE DATE: December 31, 2011

**IMPORTANT**

This report is to be compiled by your auditor from the audited financial statements of the municipality as required by Oklahoma Statutes, Section 17-105.1 of Title 11.

This report details the funds available to the municipality and the use of those funds including information relating to the duly constituted authorities of the municipality (public trusts, etc.) for the fiscal year ending June 30, 2011. See supplementary instructions *(coverage of this report) for information related to entities and activities to be included in this report on page 5 of this document*

This report, principally for planning purposes at the local, State, and national level, is used by the Office of the State Auditor, the Oklahoma Municipal League, public interest groups, State, and Federal agencies and universities.

For assistance in completing this report, please call the Office of the State Auditor at (405) 521-3495. When completed, please return this form to the Office of the State Auditor at the address below.

RETURN TO: Office of the Auditor and Inspector
State of Oklahoma
2300 North Lincoln Blvd.
Room 100 State Capital
Oklahoma City, OK 73105

FORM SA&I 2643
(9-1-2011)

# OFFICE OF THE STATE AUDITOR AND INSPECTOR
## STATE OF OKLAHOMA
GARY JONES, AUDITOR AND INSPECTOR
ANNUAL SURVEY OF CITY AND TOWN FINANCES

Town of Goldsby
100 E. Center Rd.
Goldsby, OK 73093-9112

*(Please correct any error in name, address, and ZIP Code)*

**Part I TAX REVENUES**

Items 1-3 - Report collections from all taxes imposed by your government. Include current and delinquent amounts, penalties, and interest. Do not include receipts from service charges, special assessments, interest earnings, fines or any other sources that are not taxes or licenses.

| Item | | Amount (Omit cents) | Item | | Amount (Omit cents) |
|---|---|---|---|---|---|
| 1. **Property taxes** - General fund, building fund, and sinking fund | T01 | | d. Use tax | T09 | 22,306 |
| 2. **Local sales taxes** - Taxes on goods and services, measured as a percent of sales or receipts, or as an amount per unit sold (gallon, package, etc.). Report only these taxes imposed by your government; shares of taxes imposed by another government are to be reported under part 1A below. a. General sales tax | T02 | 759,061 | 3. **Licenses and permits** Enter here licenses and inspection changes on occupations and businesses - for example, inspection of restrooms, restaurants, and food manufacturing plants; food handler permits; building permits; plumbing permits; taxicab licenses; bicycle tags; animal tags; vending machine licenses, bar and liquor licenses; business licenses; etc. | T28 | 36,312 |
| b. Franchise fee or tax | T15 | 85,223 | b. Other Licensing and permits | T29 | |
| c. Cigarette Tax | T19 | 10,607 | 4. Other - *Specify* | T99 | |
| d. Hotel/Motel | T19 | 95,305 | | | |

**Part IA INTERGOVERNMENTAL REVENUE**

Report all amounts received by your government from other governments, including grants, shares of taxes imposed by other governments, payments in lieu of taxes and reimbursements for services performed for other governments, excluding loans. Also exclude here and report as "Tax Revenues" in part I, any taxes imposed by your government which were collected for it by another government.

**Column (a)** - Report all amounts your government received from the State (other than as collection fees), including any amounts financed wholly or in part from Federal grants to the State.

**Column (c)** - Report only amounts received directly from the Federal Government.

| Purpose of which received | Amount *(Omit cents)* From State (a) | From other local governments (b) | From Federal Government (directly) (c) |
|---|---|---|---|
| **General support** - Total amounts received (as per capita grants, shared taxes, etc.) without restrictions as to particular programs or purposes to be financed. 1. Alcoholic beverage tax | C30 6,125 | D30 | B30 |
| 2. Street and highways | 12,046 | D46 | B46 |
| 3. Health or hospital | C42 | D42 | B42 |
| 4. Grants received for water utilities | C91 | D91 | B91 |
| 5. Grants received for waste water utilities | C80 | D80 | B80 |
| 6. Grants received for housing, economic, and community development | C50 259,998 | D50 | B50 |
| 7. Airports | C89 | D89 | B89 |
| 8. Mass transit rail and/or bus system | C94 | D94 | B94 |
| 9. Grants received for transportation | C89 | D89 | B89 |
| 10. ALL OTHER (From State - code C89; From Federal Goverment - Code B89) - *Include in the appropriate box, receipts from various payments such as -* a. Parks and recreation (BOR or HUD) | C89 30,954 | D89 | B89 |
| b. Public safety | C89 4,398 | D89 144,384 | B89 |
| c. Job training | C89 | D89 | B89 |
| d. Library grants | C89 | D89 | B89 |
| Other - *Specify* e. Streets | C89 | D89 | B89 |
| f. Payments in lieu of tax | C89 | D89 38,729 | B89 |

**Part B OTHER REVENUES - Other than tax and intergovernmental revenues**

Enter below amounts of the stated types of revenue (net of refunds and interfund transfers) received by your government during the fiscal year. Be sure to include revenues of all funds other than the exceptions noted in the special instructions.

| Item | | Amount (Omit cents) | Item | | Amount (Omit cents) |
|---|---|---|---|---|---|
| 1. **Utility sales revenue** - Gross receipts of any water, electric, gas, or transit systems operated by your government, from utility sales and charges, *Exclude any amounts paid to such utilities by the parent government.* a. Water supply system | A91 | 532,911 | 2. **Other sales and service revenue** - Gross receipts from sales, rentals, maintenance assessments, and other charges for municipal services, aside from utility receipts (carried in item 1) and exclusive of amounts received from other governments. a. Sewerage charges | A60 | |
| b. Electric power system | A92 | | b. Refuse collection charges | A61 | 35,684 |
| c. Gas supply system | A93 | | c. Hospital charges received on behalf of individual patients under the Medicare program or other insurance-type arrangements. *Exclude Medicaid and amounts for hospital purposes received from other governments.* | A36 | |
| d. Transit | A94 | | | | |

**Part IB OTHER REVENUES - Other than tax and intergovernmental revenues - Continued**

Enter below amounts of the stated types of revenue (net of refunds and interfund transfers) received by your government during the fiscal year. Be sure to include revenues of all funds other than the exceptions noted in the special instructions.

| | | Amount (Omit cents) |
|---|---|---|
| **2. Other sales and service revenue - Continued** | | |
| d. Recreation charges (swimming, golf, auditoriums, etc.) | A61 | |
| e. Airports - *Include rentals and gross sales of gas and oil.* | A01 | 201,408 |
| f. Parking facilities (parking lots, garages, parking meters) | A60 | |
| g. Municipal housing project rentals (gross) | A50 | |
| h. Ambulance services | A69 | |
| i. Miscellaneous commercial activities | A03 | 116,519 |
| j. Other (including miscellaneous fee collections) | A59 | 5,532 |
| **3. Special assessments** - Compulsory contributions and reimbursements from owners or property benefited by improvements (streets, sewers, sidewalks, water extensions, etc.) *Do not include proceeds from sales of special assessment bonds. Report maintenance assessments under item 2 on page 1.* | U01 | |
| **4. Receipts from sale of property** - Amounts from sale of realty, other than by tax sales, including property sold to other governments. | U11 | |

| | | Amount (Omit cents) |
|---|---|---|
| **5. Interest earnings** - Interest received on all deposits and investment holdings of your government and its agencies excluding earnings of any employee pension fund. | U20 | 27,246 |
| **6. Rents** - *Exclude housing, airport, and all other rental revenue reported from specific municipal services item 2.* | U40 | 21,225 |
| **7. Royalties** - *Compensation or portion of proceed from extraction of natural resources such as oil* | U41 | |
| **8. Fines and Forfeitures** - (city or town share only) | U30 | 12,845 |
| **9. Private Donations** | U50 | 4,208 |
| **10. Miscellaneous other revenue** - Revenue of your government and its agencies not covered by items above, except tax and intergovernmental revenues. *Include insurance adjustments, etc. Do NOT include: (1) proceeds from borrowing; (2) receipts from sale of security holdings; (3) transfers between funds or agencies of your government; or (4) employee's contributions to, and interest earnings of, any employee pension fund* a. | U09 | |
| b. | | |
| c. | | |
| TOTAL miscellaneous other revenue *Sum of items 10b and 10c* → | U99 | |

**Part II DIRECT EXPENDITURES BY PURPOSE AND TYPE**

Please note that payments made to other governments (State or local) should NOT be included in amounts reported here, but should be reported at part III.

Enter below all amounts expended during the fiscal year for the purposes listed (net of interfund transfers). Be sure to include expenditures of all funds other than the exceptions noted in the instructions on the first page.

**Column (a)** - Gross salaries and wages without deduction of withholdings for income taxes, employee contributions for Social Security or retirement coverage, etc. ***Exclude: (1)*** *capital outlay (report in columns (c) and (d)); and* ***(2)*** *amounts paid to other governments (report in part III).*

**Column (b)** - Enter in the appropriate functional category direct expenditure for supplies, materials, and contractual services.

**Column (c)** - Report construction outlays from all sources; i.e., bond proceeds, assessments, grants, etc.

| PURPOSE | EXPENDITURES BY PURPOSE AND TYPE | | | |
|---|---|---|---|---|
| | | | CAPITAL OUTLAY | |
| | Personal services (a) | Operations and maintenance (b) | Construction (c) | Purchase of land, equipment, and structures (d) |
| **GOVERNMENTAL ADMINISTRATION** | | | | |
| **1. Financial administration** - Office of the finance director, auditor, comptroller, treasurer, tax assessment and collection, central accounting and purchasing services, budgeting, etc. (including related data processing). | E23 | E23 | F23 | G23 |
| **2. Judicial and legal** - All municipal court and court-related activities including juries, probate officials, prosecutors, public defenders, municipal attorneys, and legal departments. Exclude probation and parole (report in item 16). | E25 8,631 | E25 2,848 | F25 | G25 |
| **3. Central administration** - City council, aldermen or commissioners, mayor, manager, city clerk's office, recorder, planning, zoning, and personnel. | E29 259,152 | E29 160,000 | F29 | G29 15,156 |
| **HEALTH AND WELFARE** | E79 | E79 | F79 | G79 |
| **4. Social services** | | | | |
| **5. Own hospitals** - Construction and operation of hospitals by your government. *Nursing homes are to be reported in item 6.* | E36 | E36 | F36 | G36 |
| **6. Other hospitals** - Payments to hospitals operated privately. Exclude *here and report in item 6, any payments under public welfare programs. Report payments to hospitals operated by other governments in part III.* | | | | |
| **7. Welfare institutions** - Construction and operation of nursing homes and welfare institutions by your government for veterans and needy persons. | E77 | E77 | F77 | G77 |
| **8. Health (other than hospitals)** - All public health activities except provision of hospital care. *Include environmental health activities; health regulation and inspection, water and air pollution control, mosquito control, and inspection of food handling establishments. Also include public health nursing, vital statistics collection, and all other services performed directly by the public health department. Report in item 6 payments under public welfare programs.* | E32 | E32 | F32 | G32 |
| **TRANSPORTATION** | E44 | E44 | F44 | G44 |
| **9. Highways** - Construction and maintenance of municipal streets, sidewalks, bridges, and toll facilities. Also includes street lighting, snow removal, and highway engineering, control, and safety. *Exclude here and report in item 18f, street cleaning expenditure. Include in part III any payments to the State or county for highway purposes. Report interest on highway debt in item 19e.* | 55,127 | 62,320 | 115,358 | 59,375 |
| **10. Toll highways and facilities** - Operations and maintenance of highways, roads, and bridges operated on fee or toll basis | E45 | H45 | H45 | H45 |
| **11. Municipal airports** | E01 7,256 | E01 132,228 | F01 9,822 | G01 |
| **12. Parking facilities** - Municipal garages, parking lots, etc., and all purchase and maintenance of meters (including on-street meters) | E60 | E60 | F60 | G60 |
| **PUBLIC SAFETY** | E62 | E62 | F62 | G62 |
| **13. Police** - Include municipal police agencies for preventing, controlling, or reducing crime; coroners, medical examiners; special police for highways, tunnels, bridges, and vehicular control; vehicular inspection activities; and traffic control and safety activities. ***Exclude*** *highway engineering and planning (report in item 9).* | 92,437 | 750 | | |
| **13. Fire** - All costs incurred for firefighting and fire prevention, including contributions to volunteer fire units. Include any municipal contribution to a State fire pension fund. | E24 19,150 | E24 46,164 | F24 | G24 42,779 |

| PURPOSE | EXPENDITURES BY PURPOSE AND TYPE | | | |
|---|---|---|---|---|
| | | | CAPITAL OUTLAY | |
| | Personal services (a) | Operations and maintenance (b) | Construction (c) | Purchase of land, equipment, and structures (d) |
| **PUBLIC SAFETY - continued** | | | | |
| **15. Correction institutions** - Operations of facilities for confinement, correction and rehabilitation of adults and juveniles | E04 | E04 | F04 | G04 |
| **16. Correction** - Probation and parole activities - *But exclude "lock-up" operations (report in item 16).* | E05 | E05 | F05 | G05 |
| **17. Protection inspection and regulation, n.e.c.** - Regulation of private enterprise for the protection of the public and inspection of hazardous activities (including building inspection), except when related to major functions, such as health, natural resources, etc. | E06 | E06 | F06 | G06 |
| **AMBULANCE** | | | | |
| **18.** All expenditures for city operated or subsidized ambulance services. | E32 | E32 | F32 | G32 |
| **CULTURE AND RECREATION** | | | | |
| **19. Parks, cultural activities, and other recreation** - Include playgrounds, golf courses, swimming pools, museums, marinas, community music, drama, celebrations, and zoos. | E61 10,363 | E61 26,664 | F61 76,983 | G61 13,665 |
| **20. Libraries** - Include payments to nongovernmental libraries as well as libraries operated by the city. *Aid to other governmental libraries should be excluded and reported in part III.* | E52 | E52 | F52 | G52 |
| **UTILITIES** | | | | |
| **21.** Gross expenditure for utility systems operated by your government. *Exclude interest (report in item 19); also exclude utility contributions to the parent government and deduct the cost of providing services to the parent government (e.g., for street lighting, hydrant rental, etc.).* | | | | |
| a. Water supply system | E91 73,007 | E91 249,478 | F91 41,202 | G91 80,030 |
| b. Electric power system | E92 | E92 | F92 | G92 |
| c. Gas supply system | E93 | E93 | F93 | G93 |
| d. Transit | E94 | E94 | F94 | G94 |
| e. Sewers and storm sewers - Construction, maintenance and operation and sanitary and storm sewer systems and sewage disposal plants | E00 | E00 | F00 | G00 |
| f. Solid waste and landfill - The collection and disposal of garbage and landfill operations | E01 12,472 | E01 45,651 | F01 26,782 | G01 |
| **INTEREST ON DEBT** | | | | |
| **22.** Amounts of interest paid, including any interest on short-term or nonguaranteed obligations, as well as general obligations. | | | | |
| a. Water supply system | | I91 4,030 | | |
| b. Electric power system | | I92 | | |
| c. Gas supply system | | I93 | | |
| d. Transit | | I94 | | |
| e. All interest not covered by items 22a through 22d | | I99 11,049 | | |
| **ALL OTHER EXPENDITURES** | | | | |
| **23.** Include any amounts which have not been allocated above by purpose, such as: your employer contribution to a State administered retirement system or to the Federal Social Security System; judgments and insurance premiums; and municipal service agencies, such as a central garage or an engineering department, which serve more than one functional agency, and whose expenses are not allocated to the various departments. *Do not include: (1) Payments for retirement of debt, (2) payments for purchase of securities, (3) transfer between funds or agencies of your government, or (4) benefits and payments from distinct employee pension funds.* | | | | |
| a. **Housing and community development** - Gross expenditure for urban renewal, slum clearance, municipal housing projects, and similar activities. | E50 | E50 259,998 | F50 | G50 |
| b. **Economic development** | E69 | E69 | F69 | G69 |
| c. **Civil defense** | E69 | E69 | F69 | G69 |
| d. **Cemetery operations and maintenance** | E69 | E69 | F69 | G69 |
| e. **Miscellaneous commercial activities** | E03 | E03 | F03 | G03 |
| **Other** - *Specify* f. **trustee fees** | E69 500 | E69 | F69 | G69 |
| g. | E69 | E69 | F69 | G69 |
| h. | E69 | E69 | F69 | G69 |

## Part III INTERGOVERNMENTAL EXPENDITURES

Please detail all payments made to other governments for services or programs performed on a reimbursement or cost-sharing basis - e.g., for hospital care, highways, school tuition, or support, etc. (Such amounts should be excluded from expenditure figures reported in column (b) of part II.) *Enter "None" if your government made no reportable payments to other governments during the fiscal year.*

| Item | Type of receipt government(s) (County, State, school districts, etc.) (a) | Amount *(Omit cents)* (b) | Item | Type of receipt government(s) (County, State, school districts, etc.) (a) | Amount *(Omit cents)* (b) |
|---|---|---|---|---|---|
| 1. | | | 5. | | |
| 2. | | | 6. | | |
| 3. | | | 7. | | |
| 4. | | | 8. | | |

## Part IV SALARIES, WAGES, AND FORCE ACCOUNT

Report the total expenditures for salaries and wages included in column (a) of part II, as well as any salaries and wages paid on force account construction projects.

| | Amount *(Omit cents)* |
|---|---|
| Z00 | 362,778 |

## Part V DEBT OUTSTANDING, ISSUED, AND RETIRED - *Report special obligations of all agencies of your government as well as general city or town debt.*

1. **Long-term debt** - Bonds, mortgages, etc., with an original term of more than one year issued in the name of your government or of particular agencies. *Include revenue and nonguaranteed special assessment bonds payable solely from pledged earnings or special assessments on property owners (column e)). Report also general obligations and any debt backed by pledged resources but guaranteed by your government if these sources are insufficient (column f)).*

When an advance refunding has resulted in a legal or an insubstance defeasance, the debt may be considered extinguished, reported as retired in the year of defeasance and should not be reported herein in subsequent years.

| | AMOUNT, BY PURPOSE *(Omit cents)* | | | | | |
|---|---|---|---|---|---|---|
| | | DURING FISCAL YEAR | | | DETAIL OF LONG-TERM DEBT OUTSTANDING | |
| | Outstanding at beginning of fiscal year (a) | Issued (b) | Retired (c) | Outstanding total *(a) plus (b) minus (c)* (d) | Revenue and nonguaranteed bonds (e) | Guaranteed bonds (f) |
| a. Sewer debt | 19U | 29U | 39U | 49U | 44U | 41U |
| b. Water supply system debt | 19U 291,100 | 29U | 39U 14,600 | 49U 276,500 | 44U | 41U |
| c. Electric power system debt | 19U | 29U | 39U | 49U | 44U | 41U |
| d. Gas supply system debt | 19U | 29U | 39U | 49U | 44U | 41U |
| e. Transit | 19U | 29U | 39U | 49U | 44U | 41U |
| f. Industrial revenue and pollution control debt | 19T | 24T | 34T | 44T | 44T | |
| g. All other purposes | 19U 265,592 | 29U | 39U 19,011 | 49U 246,581 | 44U | 41U |

2. **Short-term (interest-bearing) debt** - Tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with a term of one year or less - *Exclude accounts payable and other noninterest-bearing obligations.*

| | Amount *(Omit cents)* |
|---|---|
| a. Amount outstanding at beginning of fiscal year | 61V |
| b. Amount outstanding at end of fiscal year | 64V |

## Part VI CASH AND INVESTMENTS HELD AT END OF FISCAL YEAR

Report separately for each of the three types of funds listed below, the total amount of cash on hand and on deposit and investments in Federal Government, Federal agency, State and local government, and non-governmental securities. Report all investments at carrying value. *Include in the sinking fund total any mortgages and notes receivable held as offsets to housing and industrial financing loans. Exclude accounts receivable, value of real property, and all non-security assets. Assets obtained and held pursuant to an advance refunding that results in a legal or in-substance defeasance should not be reported herein.*

| Type of fund | Amount at end of fiscal year *(Omit cents)* |
|---|---|
| 1. Sinking funds - Reserves held for redemption of long-term debt. All cash held for statutory sinking fund and revenue bond related accounts and any other reserves held for redemption of long-term debt. | W01 41,914 |
| 2. Bond funds - Unexpended proceeds from sale of G.O.and revenue bond issues held pending disbursement. | W31 |
| 3. All other funds except employee retirement funds | W61 3,069,497 |
| 4. Retirement systems - Single employer plans only | |

Remarks

V98

**BECKY FLEMING, C.P.A., INC.**
**7920 108th Ave NE**
**Norman, OK 73026-9761**
**Cell: 405.641.5794**
**Fax: 405.799.2039**

I have compiled SA&I 2643 for the year ended June 30, 2011, for the Town of Goldsby, included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

My compilation was limited to presenting in the form prescribed by the Office of the State Auditor and Inspector of the State of Oklahoma information that is the representation of management. I have not audited or reviewed the form referred to above and, accordingly, do not express an opinion or any other form of assurance on it.

The SA&I 2643 is presented in accordance with the requirements of the State Auditor and Inspector of the State of Oklahoma, which differs from generally accepted accounting principles. Accordingly, this form is not designed for those who are not informed about such differences.

C.P.A. Inc.

Becky Fleming, C.P.A., Inc.
February 6, 2012

**Part VII AUDITOR INFORMATION**

NOTE - This report will not be considered complete unless an accompanying "accountants compilation report on financial statements included in certain prescribed forms" is attached to the report. The municipality's auditor should follow the guidance in AR Section 300 of the AICPA Professional Standards in preparing such compilation report.

| Auditor's firm name | | | | |
|---|---|---|---|---|
| Becky Fleming, C.P.A., Inc. | | | | |
| Address - Number and street | | | TELEPHONE | |
| 7920 108th Ave NE | | | Area Code | Number |
| City | State | Zip Code | | |
| Norman | OK | 73026-9761 | 405 | 641.5794 |
| Name of contact person | | | | |
| Becky Fleming | | | | |

# THE TOWN OF GOLDSBY

## FINANCIAL STATEMENTS

## AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

BECKY FLEMING, C.P.A., INC.

7920 108th Ave NE
Norman, OK 73026-9761

Office: 405.799.2039
Cell: 405.641.5794

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**BECKY FLEMING, C.P.A., INC.**

**7920 108th Ave NE** **Office: 405.799.2039**
**Norman, OK 73026-9761** **Cell: 405.641.5794**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
The Town of Goldsby, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each fund of the Town of Goldsby, Oklahoma, 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 management of the Town of Goldsby. 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 *Governmental 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each fund of the Town of Goldsby, as of June 30, 2011, and the respective changes in financial position, and cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, on our consideration of the internal control over financial reporting of the Town of Goldsby 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 25 be presented to supplement the basic financial statements. Such information, although not 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Goldsby. The schedules of expenditures of federal and state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

C.P.A., Inc.

Becky Fleming, C.P.A., Inc.
February 6, 2012

**THE TOWN OF GOLDSBY**
**STATEMENT OF NET ASSETS**
**JUNE 30, 2011**

| | | | | Memo Only |
|---|---|---|---|---|
| ASSETS | Governmental Activities | Business-type Activities | Total 2011 | Total 2010 |
| Current Assets | | | | |
| Cash and demand deposits | 643,267 | 615,222 | 1,258,489 | 624,094 |
| Certificates of deposit | 1,199,764 | 0 | 1,199,764 | 1,377,575 |
| Restricted cash and investments | 132,861 | 517,890 | 650,751 | 620,832 |
| Deposits with OMAG | 2,407 | 0 | 2,407 | 3,197 |
| Accounts receivable | 121,685 | 64,429 | 186,114 | 117,512 |
| Allowance for doubtful accounts | 0 | (5,582) | (5,582) | (4,701) |
| Other receivables | 0 | 3,233 | 3,233 | 2,091 |
| Internal balances | (2,315) | 2,315 | 0 | 0 |
| Grants receivable | 45,547 | 0 | 45,547 | 208,188 |
| Inventory | 0 | 14,949 | 14,949 | 12,367 |
| Total current assets | 2,143,216 | 1,212,456 | 3,355,672 | 2,961,155 |
| Noncurrent Assets | | | | |
| Debt issue costs | 0 | 5,190 | 5,190 | 5,931 |
| Depreciable property and equipment | 4,145,174 | 5,748,858 | 9,894,032 | 9,300,510 |
| Accumulated depreciation | (1,018,582) | (1,585,977) | (2,604,559) | (2,236,772) |
| Land | 114,064 | 86,289 | 200,353 | 131,872 |
| Construction in progress | 26,782 | 82,894 | 109,676 | 290,526 |
| Total capital assets | 3,267,438 | 4,332,064 | 7,599,502 | 7,486,136 |
| Total noncurrent assets | 3,267,438 | 4,337,254 | 7,604,692 | 7,492,067 |
| TOTAL ASSETS | 5,410,654 | 5,549,710 | 10,960,364 | 10,453,222 |
| | | | | |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | 4,935 | 22,463 | 27,398 | 13,903 |
| Construction accounts payable | 0 | 0 | 0 | 46,555 |
| Payroll and related accounts payable | 2,993 | 3,788 | 6,781 | 7,373 |
| Court bonds payable | 6,178 | 0 | 6,178 | 0 |
| Deferred grant revenue | 45,000 | 0 | 45,000 | 75,954 |
| Deferred revenue | 8,333 | 8,957 | 17,290 | 14,933 |
| Current portion of notes payable | 0 | 35,956 | 35,956 | 34,180 |
| Total current liabilities | 67,439 | 71,164 | 138,603 | 192,898 |
| Noncurrent Liabilities | | | | |
| Refundable deposits | 0 | 15,535 | 15,535 | 2,775 |
| Notes payable, less current portion | 0 | 487,437 | 487,437 | 523,081 |
| Impact fee payable | 0 | 422,355 | 422,355 | 421,446 |
| Total noncurrent liabilities | 0 | 925,327 | 925,327 | 947,302 |
| TOTAL LIABILITIES | 67,439 | 996,491 | 1,063,930 | 1,140,200 |
| | | | | |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 3,267,438 | 3,808,671 | 7,076,109 | 6,928,875 |
| Restricted for system improvements | 0 | 475,976 | 475,976 | |
| Restricted for debt | 0 | 41,914 | 41,914 | 41,874 |
| Unrestricted | 2,075,777 | 226,658 | 2,302,435 | 2,342,272 |
| TOTAL NET ASSETS | 5,343,215 | 4,553,219 | 9,896,434 | 9,313,021 |

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | | Program Revenues | | | Net (Expense) Revenues and Changes in Net Assets | | | Memo Only |
|---|---|---|---|---|---|---|---|---|
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total 2011 | Total 2010 |
| Governmental activities: | | | | | | | | |
| Court | (11,479) | 12,845 | 0 | 0 | 1,366 | | 1,366 | (11,166) |
| General government | (579,169) | 62,504 | 262,806 | 0 | (253,859) | | (253,859) | (233,848) |
| Park | (48,561) | 580 | 0 | 30,954 | (17,027) | | (17,027) | 114,501 |
| Security | (93,187) | 50,000 | 0 | 0 | (43,187) | | (43,187) | (34,819) |
| Fire | (108,864) | 50,000 | 50,181 | 0 | (8,683) | | (8,683) | 20,686 |
| Trash | (58,122) | 35,684 | 0 | 0 | (22,438) | | (22,438) | (18,961) |
| Streets | (214,989) | 0 | 12,046 | | (202,943) | | (202,943) | 172,323 |
| Total governmental activities | (1,114,371) | 211,613 | 325,033 | 30,954 | (546,771) | 0 | (546,771) | 8,716 |
| Business-type activities: | | | | | | | | |
| Airport * | (257,930) | 201,408 | 0 | 0 | | (56,522) | (56,522) | 27,368 |
| Water ** | (535,494) | 649,416 | 0 | 28,182 | | 142,104 | 142,104 | 75,005 |
| GPWA | 0 | 0 | 0 | 0 | | 0 | 0 | (9) |
| Total business-type activities | (793,424) | 850,824 | 0 | 28,182 | 0 | 85,582 | 85,582 | 102,364 |
| Total all activities | (1,907,795) | 1,062,437 | 325,033 | 59,136 | (546,771) | 85,582 | (461,189) | 111,080 |
| | General revenues: | | | | | | | |
| | Taxes: | | | | | | | |
| | Sales and use taxes levied for general purposes | | | | 791,974 | 0 | 791,974 | 489,055 |
| | Payments in lieu of taxes for general purposes | | | | 38,729 | 0 | 38,729 | 35,750 |
| | Franchise and public service taxes | | | | 186,653 | 0 | 186,653 | 173,809 |
| | Investment income | | | | 23,934 | 3,312 | 27,246 | 40,194 |
| | Transfers | | | | 0 | 0 | 0 | 0 |
| | Total general revenues and transfers | | | | 1,041,290 | 3,312 | 1,044,602 | 738,808 |
| | Change in net assets | | | | 494,519 | 88,894 | 583,413 | 849,888 |
| | Beginning net assets | | | | 4,848,696 | 4,464,325 | 9,313,021 | 8,463,133 |
| | Ending net assets | | | | 5,343,215 | 4,553,219 | 9,896,434 | 9,313,021 |

* Includes $11,049 interest expense
** Includes $4,030 interest expense

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**JUNE 30, 2011**

| | 2011 General Fund |
|---|---|
| ASSETS | |
| Cash and demand deposits | 643,267 |
| Certificates of deposit | 1,199,764 |
| Court bond account | 4,980 |
| County sales tax fund | 127,881 |
| Deposits with OMAG | 2,407 |
| Revenue receivable | 121,685 |
| Grants receivable | 45,547 |
| TOTAL ASSETS | 2,145,531 |
| | |
| LIABILITIES | |
| Accounts payable | 4,935 |
| Payroll and related accounts payable | 2,993 |
| Court bonds payable | 6,178 |
| Due to other funds | 2,315 |
| Deferred grant revenue | 45,000 |
| Deferred revenue | 8,333 |
| TOTAL LIABILITIES | 69,754 |
| | |
| FUND BALANCE | 2,075,777 |
| Restricted: | |
| County fire tax for fire department | 127,881 |
| Workers comp reserves | 2,407 |
| Unrestricted: | |
| Unassigned | 1,945,489 |
| TOTAL FUND BALANCE | 2,075,777 |
| TOTAL LIABILITIES AND FUND BALANCE | 2,145,531 |
| | |
| Reconciliation of general fund balance to net assets of governmental activities: | |
| Fund balance | 2,075,777 |
| Capital assets | 4,286,020 |
| Accumulated depreciation | (1,018,582) |
| Net assets | 5,343,215 |

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**
**GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | 2011 General Fund |
|---|---|
| REVENUES | |
| Taxes | 972,503 |
| Payments in lieu of taxes | 38,729 |
| Shared taxes | 62,554 |
| Fines and fees | 12,845 |
| Permits, licenses, inspections | 36,312 |
| Rents and royalties | 21,125 |
| Sales and services | 135,798 |
| Donations | 4,208 |
| Grants | 295,350 |
| Other revenues | 5,532 |
| Interest | 23,934 |
| TOTAL REVENUES | 1,608,890 |
| | |
| EXPENDITURES | |
| Court | 11,479 |
| General government | 544,071 |
| Park department | 37,027 |
| Security department | 93,187 |
| Fire department | 65,314 |
| Trash department | 58,122 |
| Street department | 117,447 |
| Capital outlay | 350,099 |
| TOTAL EXPENDITURES | 1,276,746 |
| | |
| REVENUES OVER (UNDER) EXPENDITURES | 332,144 |
| | |
| OTHER FINANCING SOURCES (USES) | |
| Transfers-in | 716,992 |
| Transfers-out | (716,992) |
| TOTAL OTHER FINANCING USES | 0 |
| | |
| NET CHANGE IN FUND BALANCES | 332,144 |
| | |
| BEGINNING FUND BALANCE | 1,743,633 |
| ENDING FUND BALANCE | 2,075,777 |
| | |
| Reconciliation of the change in the general fund balance to the change in net assets of governmental activities: | |
| Net change in fund balances - total governmental funds | 332,144 |
| Capital asset purchases capitalized | 350,099 |
| Depreciation expense | (187,724) |
| Change in Net Assets of Governmenal Activities | 494,519 |

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**STATEMENT OF NET ASSETS**
**PROPRIETARY FUNDS**
**JUNE 30, 2011**

| | | | | | Memo Only |
|---|---|---|---|---|---|
| ASSETS | Goldsby Airport Trust | Goldsby Water Authority | Goldsby Public Works Authority | 2011 Total Proprietary Funds | 2010 Total Proprietary Funds |
| Current Assets | | | | | |
| Cash and demand deposits | 97,737 | 471,001 | 46,484 | 615,222 | 517,678 |
| Restricted cash and investments | 0 | 517,890 | 0 | 517,890 | 513,695 |
| Accounts receivable | 0 | 64,429 | 0 | 64,429 | 38,530 |
| Allowance for doubtful accounts | 0 | (5,582) | 0 | (5,582) | (4,701) |
| Other receivables | 3,233 | 0 | 0 | 3,233 | 2,091 |
| Due from other funds | 1,347 | 968 | 0 | 2,315 | 2,588 |
| Inventory | 14,949 | 0 | 0 | 14,949 | 12,367 |
| Total current assets | 117,266 | 1,048,706 | 46,484 | 1,212,456 | 1,082,248 |
| Noncurrent Assets | | | | | |
| Debt issue costs | 5,190 | 0 | 0 | 5,190 | 5,931 |
| Depreciable property and equipment | 3,109,581 | 2,639,277 | 0 | 5,748,858 | 5,696,306 |
| Accumulated depreciation | (496,021) | (1,089,956) | 0 | (1,585,977) | (1,405,914) |
| Land | 0 | 86,289 | 0 | 86,289 | 17,808 |
| Construction in progress | 0 | 82,894 | 0 | 82,894 | 72,873 |
| Total capital assets | 2,613,560 | 1,718,504 | 0 | 4,332,064 | 4,381,073 |
| Total noncurrent assets | 2,618,750 | 1,718,504 | 0 | 4,337,254 | 4,387,004 |
| TOTAL ASSETS | 2,736,016 | 2,767,210 | 46,484 | 5,549,710 | 5,469,252 |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 0 | 22,463 | 0 | 22,463 | 13,903 |
| Payroll and related accounts payable | 0 | 3,788 | 0 | 3,788 | 2,943 |
| Deferred revenue | 5,907 | 3,050 | 0 | 8,957 | 6,599 |
| Current portion of notes payable | 19,845 | 16,111 | 0 | 35,956 | 34,180 |
| Total current liabilities | 25,752 | 45,412 | 0 | 71,164 | 57,625 |
| Noncurrent Liabilities | | | | | |
| Notes payable, less current portion | 226,737 | 260,700 | 0 | 487,437 | 523,081 |
| Refundable deposits | 0 | 15,535 | 0 | 15,535 | 2,775 |
| Impact fees payable | 0 | 422,355 | 0 | 422,355 | 421,446 |
| Total noncurrent liabilities | 226,737 | 698,590 | 0 | 925,327 | 947,302 |
| TOTAL LIABILITIES | 252,489 | 744,002 | 0 | 996,491 | 1,004,927 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 2,366,978 | 1,441,693 | 0 | 3,808,671 | 3,823,812 |
| Restricted for system improvements | 0 | 475,976 | 0 | 475,976 | 471,821 |
| Restricted for debt | 0 | 41,914 | 0 | 41,914 | 41,874 |
| Unrestricted | 116,549 | 63,625 | 46,484 | 226,658 | 126,818 |
| TOTAL NET ASSETS | 2,483,527 | 2,023,208 | 46,484 | 4,553,219 | 4,464,325 |

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | | | | | Memo Only |
|---|---|---|---|---|---|
| OPERATING REVENUES | Goldsby Airport Trust | Goldsby Water Authority | Goldsby Public Works Authority | 2011 Total Proprietary Funds | 2010 Total Proprietary Funds |
| Rentals | 97,597 | 100 | 0 | 97,697 | 93,053 |
| Fuel and oil sales | 102,907 | 0 | 0 | 102,907 | 75,708 |
| Water revenue | 0 | 532,911 | 0 | 532,911 | 449,249 |
| Other income | 904 | 116,405 | 0 | 117,309 | 134,218 |
| TOTAL OPERATING REVENUES | 201,408 | 649,416 | 0 | 850,824 | 752,228 |
| OPERATING EXPENSES | | | | | |
| Personal services | 28,706 | 140,009 | 0 | 168,715 | 180,159 |
| Materials and supplies | 10,511 | 161,194 | 0 | 171,705 | 151,391 |
| Cost of goods sold | 95,329 | 39,858 | 0 | 135,187 | 109,498 |
| Other services and charges | 40,255 | 81,178 | 0 | 121,433 | 94,775 |
| Depreciation and amortization | 72,081 | 108,724 | 0 | 180,805 | 165,214 |
| TOTAL OPERATING EXPENSES | 246,882 | 530,963 | 0 | 777,845 | 701,037 |
| OPERATING INCOME (LOSS) | (45,474) | 118,453 | 0 | 72,979 | 51,191 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest income | 101 | 3,211 | 0 | 3,312 | 4,602 |
| Interest expense | (11,049) | (4,030) | 0 | (15,079) | (17,052) |
| Trustee fees | 0 | (500) | 0 | (500) | (500) |
| TOTAL NON-OPERATING REVENUES (EXPENSES) | (10,948) | (1,319) | 0 | (12,267) | (12,950) |
| INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS | (56,422) | 117,134 | 0 | 60,712 | 38,241 |
| Capital contributions from grants/developers | 0 | 28,182 | 0 | 28,182 | 68,725 |
| Transfers in | 0 | 716,992 | 0 | 716,992 | 359,580 |
| Transfers out | 0 | (716,992) | 0 | (716,992) | (359,580) |
| CHANGE IN NET ASSETS | (56,422) | 145,316 | 0 | 88,894 | 106,966 |
| BEGINNING NET ASSETS | 2,539,949 | 1,877,892 | 46,484 | 4,464,325 | 4,357,359 |
| ENDING NET ASSETS | 2,483,527 | 2,023,208 | 46,484 | 4,553,219 | 4,464,325 |

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | Goldsby Airport Trust | Goldsby Water Authority | Goldsby Public Works Authority | 2011 Total Proprietary Funds | Memo Only 2010 Total Proprietary Funds |
|---|---|---|---|---|---|
| Cash flows from operations: | | | | | |
| Cash received from: | | | | | |
| Customers | 198,921 | 575,787 | 0 | 774,708 | 692,489 |
| Cash payments for: | | | | | |
| Goods and services | (153,311) | (290,240) | 0 | (443,551) | (362,560) |
| Employees | (24,822) | (118,108) | 0 | (142,930) | (177,215) |
| Net cash provided from operations | 20,788 | 167,439 | 0 | 188,227 | 152,714 |
| Cash flows from capital financing activities: | | | | | |
| Capital grants | 0 | 0 | 0 | 0 | 260,127 |
| Capital expenditures | (9,822) | (32,455) | 0 | (42,277) | (449,680) |
| Principal payments | (19,011) | 0 | 0 | (19,011) | (31,662) |
| Interest payments | (11,049) | 0 | 0 | (11,049) | (17,405) |
| Net transfers to restricted accounts | 0 | (19,424) | 0 | (19,424) | (18,842) |
| Net cash from capital financing activities | (39,882) | (51,879) | 0 | (91,761) | (257,462) |
| Cash flows from investing activities: | | | | | |
| Interest income | 101 | 977 | 0 | 1,078 | 4,503 |
| Net increase (decrease) in cash | (18,993) | 116,537 | 0 | 97,544 | (100,245) |
| Beginning cash | 116,730 | 354,464 | 46,484 | 517,678 | 617,923 |
| Ending cash | 97,737 | 471,001 | 46,484 | 615,222 | 517,678 |
| | | | | | |
| Reconciliation of income from operations to net cash from operations: | | | | | |
| Operating income (loss) | (45,474) | 118,453 | 0 | 72,979 | 51,191 |
| Adjustments to income from operations: | | | | | |
| Depreciation and amortization | 72,081 | 108,724 | 0 | 180,805 | 165,214 |
| Bad debts | 0 | (9,503) | 0 | (9,503) | 0 |
| Impact fee collections | 0 | (61,503) | 0 | (61,503) | (71,046) |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in receivables | (1,142) | (14,327) | 0 | (15,469) | (4,825) |
| (Increase) decrease in due from other funds | (701) | 974 | 0 | 273 | (490) |
| (Increase) decrease in inventories | (2,582) | 0 | 0 | (2,582) | 13,677 |
| Increase (decrease) in payables | (2,739) | 10,848 | 0 | 8,109 | (7,082) |
| Increase (decrease) deferred revenues | 1,345 | 1,013 | 0 | 2,358 | 3,825 |
| Increase (decrease) in refundable deposits | 0 | 12,760 | 0 | 12,760 | 2,250 |
| Net cash provided by operations | 20,788 | 167,439 | 0 | 188,227 | 152,714 |

* $28,182 of water lines was transferred to the GWA upon completion by the developer.

| | | |
|---|---|---|
| ** Activity in restricted accounts: | | |
| Beginning cash and investments | 513,695 | 531,670 |
| From operating accounts | 19,424 | 18,842 |
| Impact fees | 61,503 | 71,046 |
| Principal payments | (14,600) | (13,450) |
| Interest payments | (4,287) | (5,558) |
| Water system improvements | (59,579) | (91,414) |
| Bank fees | (500) | (500) |
| Investment income | 2,234 | 3,059 |
| Ending cash and investments | 517,890 | 513,695 |

** Activity in trust accounts is presented as supplemental information.

The accompanying notes are an integral part of these financial statements

## 1. Summary of Significant Accounting Policies

### 1A. Introduction

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable), that does not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, it has chosen not to do so. The Town has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America have determined are necessary to supplement, although not required to be part of, the basic financial statements. The more significant accounting policies established in GAAP and used by the Town are discussed below.

For the fiscal year ended June 30, 2011, the Town implemented the new financial reporting requirements of GASB-54, which establishes new fund balance classifications for governmental funds. Fund balance will now be composed of three primary categories: Nonspendable, restricted, and unrestricted. Currently, the Town has no nonspendable fund balance. Restricted amounts reflect amounts that are restricted by external sources. Unrestricted balances consist of amounts that either have no restriction, or that have been internally restricted by the town board of trustees. Currently, the Town has no internally restricted resources.

### 1B. Financial Reporting Entity

The Town of Goldsby, Oklahoma, was organized in 1962 and incorporated under the laws of the State of Oklahoma. The Town of Goldsby (Town) operates under the Statutory Town Board of Trustees form of government and provides the following major services: public safety, streets, trash, public improvements, planning and zoning, and general administration. In addition, the Town owns and operates an airport and a water system.

These financial statements present the Town (the primary government) and its component units in conformity with GASB-14. The financial statements of the Town's Title 60 Trusts have been included in the financial reporting entity as blended component units because their operating and financial relationships are significant to the Town.

### 1C. Blended Component Units

The Goldsby Airport Trust (GAT) was established April 4, 1991, to operate the David J. Perry Airport. GAT is a legally separate entity from the Town and is governed by a board

of 5 trustees appointed by the Town board. For financial reporting purposes, the GAT is reported as if it were part of the Town's operations. GAT does not present separate financial statements.

The Goldsby Water Authority (GWA) was established May 2, 1988, to finance and operate the Town's water system. GWA is a legally separate entity from the Town and is governed by a board of 5 trustees, 3 of whom are Town trustees and 2 of whom are customers living outside the Town limits. For financial reporting purposes, the GWA is reported as if it were part of the Town's operations. GWA does not present separate financial statements.

The Goldsby Public Works Authority (GPWA) was established March 24, 2003, to finance, establish, and operate a wireless internet service for the citizens of the Town. GPWA is a legally separate entity from the Town and is governed by the same board of trustees that governs the Town. For financial reporting purposes, the GPWA is reported as if it were part of the Town's operations. The GPWA sold its internet service in June, 2006, and is currently inactive. GPWA does not present separate financial statements.

## 1D. Basic Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's security, fire, streets, trash, park, and general government administration are classified as governmental activities. The Town's airport and water services are classified as business-type activities.

## 1E. Government-wide Financial Statements

In the government wide Statement of Net Assets, both the governmental and business-type activities columns are presented on a consolidated basis by column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (sales and use taxes, certain intergovernmental revenues, permits, and charges, etc.). The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. This government-wide focus is more on the

sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

## 1F. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

### Governmental Funds

The measurement focus of governmental funds in the fund statements is current financial resources. Generally, only current financial assets and liabilities are included on their balance sheets and only sources and uses of available spendable resources are presented on their operating statements. Fund balance is used as their measure of available spendable resources at the end of the period.

### Proprietary Funds

The measurement focus of proprietary funds is economic resources, the objectives of which involves the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The Town maintains three proprietary funds, all of which are enterprise funds. Enterprise funds are used to account for operations for which a fee is charged to external users for goods or services and the activity is financed with debt that is solely secured by a pledge of the net revenues; has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges; or establishes fees and charges based on a pricing policy designed to recover similar costs.

## 1G. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

### Accrual Basis

Both governmental and business-type activities in the government-wide financial statements and proprietary fund financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual Basis**

The governmental funds financial statements are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (both measurable and available). Available means collectible within the current period or within 30 days after year end. Expenditures are generally recognized when the related liability is incurred.

### 1H. Cash and Cash Equivalents

Cash and cash equivalents for purposes of the statement of cash flows are defined as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

### 1I. Investments

The governing body has not formally adopted deposit and investment policies that limit the government's allowable deposits or investments and address the specific types of risk to which the government is exposed.

It is the policy of the governing body to require deposits in excess of FDIC limits to be collateralized as required by Oklahoma Statutes.

Investments are accounted for in accordance with GASB-31, *Accounting and Financial Reporting for Certain Investments,* which states that investments held at year end with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost.

### 1J. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowances for uncollectible accounts are based on historical trends and periodic aging.

### 1K. Inventories

Inventories are valued at cost on a first-in, first-out basis, which approximates market. GAT inventories consist of fuel for resale.

### 1L. Interfund Activity

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market

or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### 1M. Capital Assets

Capital assets purchased or acquired with an original cost of $2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 30 to 40 years |
| Vehicles and equipment | 3 to 20 years |
| Infrastructure | 20 to 50 years |

GASB-34 required the Town to report and depreciate new infrastructure assets effective with the 2004 year. Infrastructure assets include roads, sidewalks, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has been reported in the financial statements. Retroactive reporting is not required.

### 1N. Compensated Absences

Town employees are entitled to certain compensated absences based on their length of employment. Such amounts are accrued as earned and reported in the financial statements.

### 1O. Revenues and Expenditures

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as needed. Program revenues in the government-wide statements include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. In proprietary funds, operating revenues and expenses result from providing the goods or services that are the funds principal ongoing operations. Revenues and expenses not meeting this definition are nonoperating revenues and expenses. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue based on GASB-33. In applying GASB-33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including

time requirements, are met. Resources transmitted before eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

### 1P. Equity Classifications

Governmental fund equity is classified as fund balance, which is either nonspendable, restricted, or unrestricted. Currently the Town has no nonspendable fund balances. Restricted amounts reflect amounts that are restricted by external sources. Unrestricted balances consist of amounts that either have no restriction, or that have been internally restricted by the town board of trustees. Currently the Town has no internally restricted fund balances.

In the government-wide statements, equity is classified as net assets and displayed in three components: 1. Invested in capital assets, net of related debt – Capital assets, net of accumulated depreciation, are reduced by the outstanding balances of any debt attributable to their acquisition, construction, or improvement; 2. Restricted net assets – Net assets that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation; and 3. Unrestricted net assets – All other net assets that do not meet the definition of the previous two classifications.

### 1Q. Memo Only Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

## 2. Budgets and Budgetary Accounting

The board of trustees adopts legally required annual operating budgets each year for each fund. The same generally accepted accounting principles basis of accounting used for fund financial reporting purposes is used for budgetary purposes. At the fund level, actual expenditures cannot exceed budgeted appropriations at the department level. Budgetary transfers between departments of the same fund are approved by the board when required. Supplemental appropriations, if needed, are approved by the board and submitted to the state auditor's office as required by state statutes. All appropriations lapse at the end of the fiscal year. Encumbrance accounting is not used. For the year just ended, three general fund amendments were approved by the trustees.

## 3. Risk Management

The Town is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town manages this risk through the purchase of commercial insurance policies. Risk management activities are accounted for by fund, and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered.

## 4. Deposits and Investments

The State of Oklahoma allows municipalities to invest in the following: direct obligations of the U.S. Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; and county, municipal or school district direct debt.

The Town has deposits of $2,388,708 in excess of insured limits that are collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor-government's name.

The GWA has investments of $41,914 at a trustee bank as required by its OWRB loan. These investments consist of short-term treasury funds and are not insured or collateralized, but are invested in the same securities that would be used for collateral.

## 5. Restricted Cash and Investments

### County Fire Department Sales Tax Funds

County sales tax funds restricted for the Town's fire department are reported in the Town's financial statements for accountability and control purposes. The county spends the funds for Town operations at the Town's request and title for all equipment purchased with these funds resides with the Town. Balances reflected in the financial statements are: cash - $127,881; intergovernmental revenues - $44,384; expenditures: $23,561.

### Debt Service and Debt Service Reserve Funds

The GWA loan payable to the Oklahoma Water Resources Board requires the GWA to maintain a debt service fund and a debt service reserve fund at a trustee bank. Balances in these accounts at June 30 were $1,582 and $40,332 respectively, for a total of $41,914.

## 6. Water Facilities Impact Fee

June 20, 2000, the GWA approved resolution 2000-01 establishing a connection fee for new water customers. These funds may be used only for acquiring, equipping, and/or making capital improvements to the water facilities and shall not be used for maintenance and operations. The funds are to be expended in the order collected; and any funds not expended or obligated by the end of the calendar quarter immediately following six years from the date the fee was paid are subject to refunding with 3% interest at the written request of the customer. The amount in the fund and its associated liability at June 30 was $475,976 and $422,355 respectively, and includes interest earned on the account. It does not include accrued interest payable due to the unlikelihood of having to refund the full amount collected.

## 7. Long-term Debt

Debt outstanding at June 30, 2011, consisted of the following:

| Business-type | Interest Rate | Maturity Date | Amount Issued | Outstanding | Security |
|---|---|---|---|---|---|
| Airport | 4.300% | 08/05/18 | 304,426 | 246,581 | airport facility |
| Water system | 2.425% | 8/15/2023 | 450,000 | 276,500 | water revenues |

July 30, 2008, the GAT issued a $399,500 note payable for airport improvements and to retire an existing note. The note carries interest at 4.3% and matures August 5, 2018. The note is secured by a mortgage on certain real estate.

April 1, 1995, the GWA issued a $450,000 note payable to the Oklahoma Water Resources Board for water system improvements. The note carries a variable rate of interest that changed March 1 and September 1 of each year based on the rate of interest on the Board's State Loan Program Revenue Bonds, Series 1994A, plus applicable Program costs, and matured August 15, 2023. Beginning in May 2009, the OWRB changed the terms to quarterly to take advantage of the current low interest rates. For the year just ended, the rates were 1.55%, 1.45%, 1.55%, and 1.37%. Additionally, the GWA paid an additional $20,000 principal on their note in August 2008, changing the maturity date to November 15, 2022. The GWA makes monthly deposits to a debt service fund at a trustee bank which then makes the quarterly debt service payments. The note is secured by water revenues and the Town's sales tax and requires the GWA to maintain sufficient utility rates so that net revenues meet or exceed 1.25 times the maximum annual debt service. For the year just ended, the GWA met these requirements.

Long-term debt activity for the year ended June 30, 2011, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due in One Year |
|---|---|---|---|---|---|
| **Business-type activities** | | | | | |
| Airport note payable | 265,592 | 0 | (19,011) | 246,581 | 19,845 |
| Water system note payable | 291,100 | 0 | (14,600) | 276,500 | 15,800 |
| Business-type long-term debt | 556,692 | 0 | (33,611) | 523,081 | 35,645 |

Debt service requirements to maturity are as follows:

| **Business-type Activities** | | | | | | |
|---|---|---|---|---|---|---|
| | Airport | | Water | | Total | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2012 | 19,845 | 10,215 | 15,800 | 3,572 | 35,645 | 14,045 |
| 2013 | 20,715 | 9,345 | 17,050 | 3,338 | 37,765 | 3,338 |
| 2014 | 21,624 | 8,436 | 18,450 | 3,085 | 40,074 | 55,840 |
| 2015 | 22,572 | 7,488 | 20,000 | 2,811 | 42,572 | 2,811 |
| 2016 | 23,562 | 6,798 | 21,600 | 2,515 | 45,162 | 2,515 |
| 2017-2021 | 138,264 | 10,473 | 137,100 | 7,233 | 275,364 | 17,706 |
| 2022-2023 | 0 | 0 | 46,500 | 162 | 46,500 | 162 |
| Total | 246,582 | 52,755 | 276,500 | 22,716 | 523,082 | 96,417 |

## 8. Capital Assets

Depreciation was charged to functions as follows:

| **Governmental activities** | |
|---|---|
| General government | 35,098 |
| Park | 11,534 |
| Fire | 43,550 |
| Trash | 0 |
| Streets | 97,541 |
| Total governmental depreciation | 187,724 |

| **Business-type activities** | |
|---|---|
| Airport | 71,339 |
| Water | 108,724 |
| Total business-type depreciation | 180,064 |

Capital asset activity for the year just ended is summarized as follows:

| | Beginning Balance | Additions | Disposals | Ending Balance |
|---|---|---|---|---|
| **Governmental activities** | | | | |
| Assets not depreciated | | | | |
| Construction in progress | 217,653 | 26,782 | (217,653) | 26,782 |
| Land | 114,064 | 0 | 0 | 114,064 |
| Total assets not depreciated | 331,716 | 26,782 | (217,653) | 140,846 |
| Depreciable assets | | | | |
| Buildings | 1,126,277 | 156,369 | 0 | 1,282,646 |
| Vehicles and equipment | 709,020 | 130,975 | 0 | 839,996 |
| Streets, bridges, sidewalks | 1,768,907 | 253,625 | 0 | 2,022,532 |
| Total depreciable assets | 3,604,204 | 540,970 | 0 | 4,145,174 |
| Accumulated depreciation | | | | |
| Buildings | (173,704) | (37,291) | 0 | (210,995) |
| Vehicles and equipment | (411,353) | (55,845) | 0 | (467,199) |
| Streets, bridges, sidewalks | (245,801) | (94,587) | 0 | (340,388) |
| Total depreciation | (830,858) | (187,724) | 0 | (1,018,582) |
| Net depreciable assets | 2,773,346 | 353,246 | 0 | 3,126,592 |
| Net governmental assets | 3,105,062 | 380,029 | (217,653) | 3,267,438 |
| **Business-type activities** | | | | |
| Assets not depreciated | | | | |
| Construction in progress | 72,874 | 10,020 | 0 | 82,894 |
| Land | 17,808 | 68,481 | 0 | 86,289 |
| Total assets not depreciated | 90,682 | 78,501 | 0 | 169,182 |
| Depreciable assets | | | | |
| Buildings | 661,007 | 5,122 | 0 | 666,129 |
| Vehicles and equipment | 145,095 | 11,549 | 0 | 156,644 |
| Infrastructure | 4,890,203 | 35,882 | 0 | 4,926,085 |
| Total depreciable assets | 5,696,305 | 52,553 | 0 | 5,748,858 |
| Accumulated depreciation | | | | |
| Buildings | (86,226) | (19,253) | 0 | (105,479) |
| Vehicles and equipment | (96,103) | (15,605) | 0 | (111,707) |
| Infrastructure | (1,223,584) | (145,206) | 0 | (1,368,790) |
| Total depreciation | (1,405,913) | (180,064) | 0 | (1,585,977) |
| Net depreciable assets | 4,290,392 | (127,510) | 0 | 4,162,881 |
| Net business-type assets | 4,381,074 | (49,010) | 0 | 4,332,064 |

## 9. Pension Plans

Defined Contribution Pension Plan

The Town employees participate in the Oklahoma Municipal Retirement Fund (Fund), administered by Bank One of Oklahoma City. Title 11, Oklahoma Statutes 1981, sections 48-101 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the Fund to the respective employer entities. All full-time and part-time employees of the Town are eligible to participate in the Fund and full-time employees are fully vested after 10 years. Covered employees contribution is 8% of their gross payroll while the Town contribution is 4%. Employee contributions over 8% are optional. The payroll for Town employees for the year was $362,778. The payroll for Town employees covered by the Fund for the year was $252,779. Actual Town and employee contributions for the year were $10,111 and $21,287 respectively.

Defined Benefit Pension Plan

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

Funding Policy. Volunteer firefighters are not required to contribute, but the Town is required to contribute $60 per volunteer per year. The contribution requirements of the System are an established rate determined by Oklahoma Statute and are not based on actuarial calculations. The Town's contribution to the System for the year ended June 30, 2011, 2010 and 2009 was $1,140, $1,140 and $1,140 respectively equal to the required contribution for each year.

## 10. Workers' Compensation Plan

The Town participates in the Oklahoma Municipal Assurance Group (OMAG) Workers' Compensation Plan (the Plan). The Plan became effective October 1, 1984. The purpose of the Plan is to provide workers' compensation coverage through the State Insurance Fund to participating municipalities in the State of Oklahoma. In that capacity, the Plan is responsible for providing loss control services and certain fiscal activities including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to it during the Plan year. A plan year normally begins at 12:01 am July 1 in

any year and ends at midnight June 30 of the following year. The Plan, or its designated agent, has a right to audit at all reasonable times such books and records of the participant as necessary to determine the monies owed for benefits provided to the municipality or its employees.

Plan participants have the responsibility to pay fees set by the Plan and to pay those fees from funds appropriated for that purpose according to the established payment schedule. In addition, participants are responsible for complying with all requirements of the Oklahoma Workers' Compensation Act. Participants have the right to the return of any Loss Funds set aside for claims which have not been paid out as benefits. Losses are limited to amounts set aside by the plan. Town funds on deposit with OMAG at year end were $2,407.

## 11. Inter-fund Transactions

| Inter-fund Receivables and (Payables) | General Fund | GWA | GAT | Total |
|---|---|---|---|---|
| Routine operating expenses | (2,315) | 1,347 | 968 | 0 |

| Inter-fund Transfers | General Fund | GWA | GAT | Total |
|---|---|---|---|---|
| Sales tax transfer | 716,992 | (716,992) | 0 | 0 |
| Sales tax transfer | (716,992) | 716,992 | 0 | 0 |
| Total transfers | 0 | 0 | 0 | 0 |

## 12. Subsequent Events

Management performed an evaluation of the Town's activity through February 6, 2012, the date the audit report was available to be released, and has concluded that there are no significant subsequent events requiring disclosure through that date.

**BECKY FLEMING, C.P.A., INC.**
**7920 108th Ave NE** **Office: 405.799.2039**
**Norman, OK 73026-9761** **Cell: 405.641.5794**

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

To the Board of Trustees
The Town of Goldsby, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, and each fund of the Town of Goldsby, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the Town of Goldsby, and have issued our report thereon, dated February 6, 2012. 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 internal control over financial reporting of the Town of Goldsby 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 the Town of Goldsby's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Goldsby's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that

there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Town's internal control to be material weaknesses:

2011-1 There are no established procedures to ensure that capital assets are correctly recorded in the general ledger; that subsidiary schedules of constructed capital assets are adequately maintained; or that donated capital assets are correctly recorded.

Response We will establish procedures to make sure all capital expenditures are properly recorded in the general ledger and that separate schedules or job reports are maintained for construction projects. We will also make sure that separate files are kept for donated capital assets.

2011-2 There are no established procedures to ensure that utility billing reports are printed monthly and reconciled to the general ledger.

Response We will set up a schedule of reports that need to printed every month and make sure that they are reconciled to the general ledger.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Town's internal control to be significant deficiencies:

2011-3 There is not sufficient segregation of duties between those maintaining the general ledger and billing systems, performing reconciliations, or collecting payments, and no compensating procedures to provide for oversight or review of those transactions.

Response We are working on allocating office tasks to various personnel in order to have better segregation of duties, and to develop reconciling and oversight procedures for those transactions.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Town of Goldsby 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*.

The Town of Goldsby's response to the findings identified in our audit is described above. We did not audit the Town of Goldsby's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, and federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

, C.P.A, Inc.

Becky Fleming, C.P.A., Inc.
February 6, 2012

**THE TOWN OF GOLDSBY**
**BUDGETARY COMPARISON SCHEDULE**
**GENERAL FUND**
**FOR THE YEAR ENDED JUNE 30, 2011**

| | Original Budget | Final Budget | Budget Basis Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| REVENUES | | | | |
| Taxes | 917,775 | 917,775 | 972,503 | 54,728 |
| Payments in lieu of taxes | 0 | 0 | 38,729 | 38,729 |
| Shared taxes | 16,700 | 16,700 | 62,554 | 45,854 |
| Fines and fees | 7,290 | 7,290 | 12,845 | 5,555 |
| Permits, licenses, inspections | 40,000 | 40,000 | 36,312 | (3,688) |
| Rents and royalties | 19,000 | 19,000 | 21,125 | 2,125 |
| Sales and services | 35,000 | 35,000 | 135,798 | 100,798 |
| Donations | 0 | 0 | 4,208 | 4,208 |
| Grants | 0 | 310,000 | 295,350 | (14,650) |
| Other revenues | 3,000 | 3,000 | 5,532 | 2,532 |
| Interest | 22,082 | 22,082 | 23,934 | 1,852 |
| TOTAL REVENUES | 1,060,847 | 1,370,847 | 1,608,890 | 238,043 |
| | | | | |
| EXPENDITURES | | | | |
| Court | 0 | 15,557 | 11,479 | 4,078 |
| General government | 290,923 | 548,923 | 544,071 | 4,852 |
| Park department | 46,000 | 52,198 | 37,027 | 15,171 |
| Security department | 103,357 | 93,200 | 93,187 | 13 |
| Fire department | 100,183 | 73,183 | 65,314 | 7,869 |
| Trash department | 58,760 | 59,425 | 58,122 | 1,303 |
| Street department | 425,290 | 329,516 | 117,447 | 212,069 |
| Capital outlay | 0 | 737,376 | 350,099 | 387,277 |
| TOTAL EXPENDITURES | 1,024,513 | 1,909,378 | 1,276,746 | 632,632 |
| | | | | |
| REVENUES OVER (UNDER) EXPENDITURES | 36,334 | (538,531) | 332,144 | 870,675 |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers-in | 770,000 | 770,000 | 716,992 | (53,008) |
| Transfers-out | (770,000) | (820,000) | (716,992) | 103,008 |
| TOTAL OTHER FINANCING USES | 0 | (50,000) | 0 | 50,000 |
| | | | | |
| NET CHANGE IN FUND BALANCES | 36,334 | (588,531) | 332,144 | 920,675 |
| | | | | |
| BEGINNING FUND BALANCE | 1,743,633 | 1,743,633 | 1,743,633 | 0 |
| ENDING FUND BALANCE | 1,779,967 | 1,155,102 | 2,075,777 | 920,675 |

Notes to the budgetary comparison schedule:

1. Any differences between the budget basis and GAAP are immaterial.

**THE TOWN OF GOLDSBY**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2011**
(Accrual Basis)

| *FEDERAL GRANTOR/* PASS-THROUGH GRANTOR/ PROGRAM TITLE | FEDERAL CFDA NUMBER | PASS-THROUGH GRANTOR'S NUMBER | DEFERRED REVENUE JUNE 30, 2010 | REVENUES | EXPENSES | DEFERRED REVENUE JUNE 30, 2011 |
|---|---|---|---|---|---|---|
| *U.S. Department of Housing and Urban Development* | | | | | | |
| Oklahoma Housing Finance Agency | | | | | | |
| HOME Investment Partnership Program | 14.239 | 1280 HOME 09 | 0 | 259,998 | 259,998 | 0 |
| *U.S. Department of Transportation, Federal Highway Administration* | | | | | | |
| Oklahoma Tourism and Recreation Department | | | | | | |
| Recreational Trails Program | 20.219 | NRT-RT09(100) OTRD09-08 | 30,954 | 30,954 | 30,954 | 0 |
| TOTAL FEDERAL AWARDS | | | 30,954 | 290,952 | 290,952 | 0 |

**THE TOWN OF GOLDSBY**
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2011**
(Accrual Basis)

| *STATE GRANTOR/* PASS-THROUGH GRANTOR PROGRAM TITLE | GRANTOR'S NUMBER | DEFERRED REVENUE JUNE 30, 2010 | REVENUES | EXPENSES | DEFERRED REVENUE JUNE 30, 2011 |
|---|---|---|---|---|---|
| *Oklahoma Department of Agriculture, Food, and Forestry* | | | | | |
| N/A | | | | | |
| Rural Fire Protection | 9074 | 0 | 4,398 | 4,398 | 0 |
| *Oklahoma State Auditor and Inspector* | | | | | |
| Association of Central Oklahoma Governments | | | | | |
| Rural Economic Action Plan | Goldsby-102267 | 45,000 | 0 | 0 | 45,000 |
| TOTAL STATE AWARDS | | 45,000 | 4,398 | 4,398 | 45,000 |