

**TOWN OF GOLTRY
ALFALFA COUNTY, OKLAHOMA**

**AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED
JUNE 30, 2012**

WILLIAM K. GAUER
CERTIFIED PUBLIC ACCOUNTANT
WATONGA, OKLAHOMA

**TOWN OF GOLTRY
ALFALFA COUNTY, OKLAHOMA
BOARD OF TRUSTEES AND OFFICERS**

Douglas D. Buller
Jeff Greb
Betty Powers
Michael Goddard
Cam Pekrul

Mary L. Page

Mayor
Trustee
Trustee
Trustee
Trustee

Town Clerk/Treasurer

CONTENTS

	<u>Page</u>
Town officials	
Contents	
Management's Discussion and Analysis - Omitted	
Independent Auditors' Report	
Government Wide Financial Statements	3
Statement of Net Assets – Modified Cash Basis	
Statement of Activities – Modified Cash Basis	4
Statement of Net Assets by Fund	
Governmental Funds - Cash Basis	5
Proprietary Funds – Modified Cash Basis	6
Statement of Revenue, Expenditures and Changes in Fund Balance by Fund	
Governmental Funds – Cash Basis	7
Proprietary Funds – Modified Cash Basis	8
Statement of Cash Flows – Proprietary Fund	9
Notes to financial statements	
TABLE 1. Capital Assets	10-18
Supplemental Information	
Budgetary Comparison Schedule General Fund – Cash Basis	
Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based Upon an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. Box 181

PHONE 580-623-5071

TOLL FREE (800)230-7672

WATONGA, OKLAHOMA 73772

FAX 580-623-5072

WGAUER@WHEELERBROTHERS.COM

Honorable Board of Trustees
Town of Goltzy
Goltzy Public Works Authority
Goltzy, Oklahoma

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Goltzy, Oklahoma as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Goltzy, Oklahoma'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 1, the Town of Goltzy prepares its financial statements on the cash and modified cash basis of accounting. Which differs from the generally accepted accounting principles of accounting, issued by the Comptroller of the united States.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Goltzy, Oklahoma, as of June 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with the cash or modified basis which is a comprehensive basis of accounting other than Accounting Principles generally accepted in the United States of America..

In accordance with Government Auditing Standards, we have also issued our report dated December 28, 2012, on our consideration of the City of Goltzy, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

A Professional Services Firm

American Institute of CPAs / Oklahoma Society of CPAs

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


December 28, 2012

TOWN OF GOLTRY, Oklahoma
Statement of Net Assets - Modified Cash Basis
June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Unrestricted:</i>			
Cash and Cash Equivalents	\$ 76,188	\$ 59,226	\$ 135,414
Certificates of deposits	-	107,469	107,469
<i>Restricted:</i>			
Restricted Cash and Investments	-	11,050	11,050
Certificates of deposits	-	7,500	7,500
Capital Assets (Note			
Land, infrastructure	-	-	-
Depreciable capital assets, net	-	1,317,598	1,317,598
Total Assets	<u>76,188</u>	<u>1,502,843</u>	<u>1,579,031</u>
LIABILITIES			
Customer Deposits	-	14,693	14,693
Long-term Liabilities (Note			
Due within one year	-	20,124	20,124
Due in more than one year	-	425,376	425,376
Total Liabilities	<u>-</u>	<u>460,192</u>	<u>460,192</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	872,099	872,099
Restricted	-	3,857	3,857
Unrestricted	76,188	166,694	242,883
Total Net Assets	<u>\$ 76,188</u>	<u>\$ 1,042,651</u>	<u>\$ 1,118,839</u>

See accompanying notes to the basic financial statements.

TOWN OF GOLTRY, Oklahoma
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2012

Functional Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 96,799	\$ -	\$ -	\$ -	\$ (96,799)	\$ -	\$ (96,799)
Public Safety	21,543	1,295	11,243	-	(9,005)	-	(9,005)
Parks and recreation	-	-	-	20,000	20,000	-	20,000
Highway and streets	5,539	-	-	-	(5,539)	-	(5,539)
Total governmental activities	<u>123,881</u>	<u>1,295</u>	<u>11,243</u>	<u>20,000</u>	<u>(91,343)</u>	<u>-</u>	<u>(91,343)</u>
Business-Type Activities:							
Electrical service system	128,428	241,724	-	-	\$ -	113,296	113,295.89
Water utility system	191,467	72,570	-	-	-	(118,897)	(118,897.08)
Sewer system	-	19,020	-	-	-	19,020	19,019.63
Sanitation services	22,947	23,581	-	-	-	635	634.63
Miscellaneous	-	1,696	-	-	-	1,696	1,696
Total business-type activities	<u>342,842</u>	<u>358,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,749</u>	<u>15,749</u>
Total Primary Government	<u>466,723</u>	<u>359,886</u>	<u>11,243</u>	<u>20,000</u>	<u>(91,343)</u>	<u>15,749</u>	<u>(75,594)</u>
General Revenues:							
Taxes:							
Sales, Use & Tobacco Tax					22,750	-	22,750
Franchise Tax					2,008	-	2,008
Intergovernmental					5,410	-	5,410
Investment Income					654	1,015	1,669
Miscellaneous					6,625	-	6,625
Transfers-Internal Activity					25,000	(25,000)	-
Total general revenues and transfers					<u>62,446</u>	<u>(23,985)</u>	<u>38,461</u>
Changes in Net Assets					(28,897)	(8,236)	(37,132)
Net Assets - Beginning					105,085	1,050,886	1,155,971
Net Assets - Ending					<u>\$ 76,188</u>	<u>\$ 1,042,651</u>	<u>\$ 1,118,839</u>

See accompanying notes to the basic financial statements.

TOWN OF GOLTRY, Oklahoma
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>Street & Alley Fund</u>	<u>Grant Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 68,414	\$ 974	\$ 6,801	\$ 76,188
Investments	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-
Restricted investments	-	-	-	-
Capital Assets				
Land, inexhaustible assets and construction-in-process	-	-	-	-
Other capital assets, net of accumulated depreciation	-	-	-	-
Total Assets	<u>68,414</u>	<u>974</u>	<u>6,801</u>	<u>76,188</u>
LIABILITIES				
Customer deposits	-	-	-	-
Long-term debt	-	-	-	-
Due within one year	-	-	-	-
Due in more than one year	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS				
Non-Spendable				
Invested in Capital Assets, net of debt	-	-	-	-
Restricted	-	-	6,801	6,801
Committed	-	-	-	-
Assigned	-	974	-	974
Unassigned	68,414	-	-	68,414
Total Net Assets	<u>68,414</u>	<u>974</u>	<u>6,801</u>	<u>76,188</u>

Reconciliation to Statement of Net Assets:

Amount reported for governmental activities in the statement of net assets

Capital assets

Certain liabilities not payable in the reporting period

\$ 76,188

See accompanying notes to the basic financial statements,

TOWN OF GOLTRY, Oklahoma
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2012

	Public Works Authority	Total
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 59,226	\$ 59,226
Certificates of Deposit	107,469	107,469
Noncurrent Assets:		
Restricted cash and cash equivalents	11,050	11,050
Restricted certificates of Deposits	7,500	7,500
Capital Assets, net of accumulated depreciation	1,317,598	1,317,598
Total noncurrent assets	1,336,149	1,336,149
Total Assets	1,502,843	1,502,843
LIABILITIES		
Current Liabilities:		
Notes payable-current portion	20,124	20,124
Total current liabilities	20,124	20,124
Noncurrent Liabilities:		
Refundable deposits	14,693	14,693
Notes payable-long-term portion	425,376	425,376
Total noncurrent liabilities	440,069	440,069
Total Liabilities	460,192	460,192
NET ASSETS		
Invested in Capital Assets, net of debt	872,099	872,099
Restricted	3,857	3,857
Unrestricted	166,694	166,694
Total Net Assets	\$ 1,042,651	\$ 1,042,651

See accompanying notes to the basic financial statements,

TOWN OF GOLTTRY, Oklahoma
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS

	General Fund	Street & Alley	Grant Fund	Total
Revenues:				
Taxes	\$ 23,047	\$ 1,711	\$ -	\$ 24,757
Intergovernmental	4,970	440	-	5,410
Charges for services	1,295	-	-	1,295
Fines and forfeitures	-	-	-	-
Licenses and permits	175	-	-	175
Investment income	654	-	-	654
Miscellaneous	6,126	254	-	6,625
Total Revenues	<u>36,266</u>	<u>2,405</u>	<u>245</u>	<u>38,916</u>
Expenditures:				
Administration				
Personnel Service	15,187	-	-	15,187
Maintenance and Operation	19,868	-	-	19,868
Capital Outlay	17,849	-	43,895	61,744
Total Expenditures	<u>52,904</u>	<u>-</u>	<u>43,895</u>	<u>96,799</u>
Street & Alley Department				
Personnel Service	-	-	-	-
Maintenance and Operation	-	5,539	-	5,539
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>5,539</u>	<u>-</u>	<u>5,539</u>
Fire Department				
Personnel Service	3,022	-	-	3,022
Maintenance and Operation	9,385	-	6,621	15,986
Capital Outlay	2,535	-	-	2,535
Total Expenditures	<u>14,922</u>	<u>-</u>	<u>6,621</u>	<u>21,543</u>
Excess (deficiency) of revenues over expenditures	(31,560)	(3,133)	(50,271)	(84,965)
Other Financing Sources				
Transfers In	25,000	-	-	25,000
Transfers Out	-	-	-	-
Grant Proceeds	-	-	31,068	31,068
Total Other Financing Sources	<u>25,000</u>	<u>-</u>	<u>31,068</u>	<u>56,068</u>
Net Changes in Fund Balances	(6,560)	(3,133)	(19,203)	(28,896)
Fund Balance - Beginning	74,974	4,107	26,004	105,085
Fund Balance - Ending	<u>\$ 68,414</u>	<u>\$ 974</u>	<u>\$ 6,801</u>	<u>\$ 76,189</u>
Reconciliation to the Statement of Activities:				
Net change in fund balances				(28,896)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:				
Capital assets capitalized				-
Depreciation expense				-
Change in net assets of governmental activities				<u>\$ (28,896)</u>

See Accompanying notes to the basic financial statements.

TOWN OF GOLTTRY, Oklahoma
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Total
Revenues:		
Charges for services:		
Electricity	\$ 241,724	\$ 241,724
Water	72,570	72,570
Sewer	19,020	19,020
Sanitation	23,581	23,581
Other	1,697	1,697
Total Revenues	358,593	358,593
Cost of Revenues		
Utility Purchases	128,428	128,428
Trash Collection	22,947	22,947
Operating Expenses		
Personal Services and Benefits	54,976	54,976
Office Expense	5,281	5,281
Maintenance, Repairs, and Supplies	46,966	46,966
Insurance	7,613	7,613
Audit	3,500	3,500
Other	13,687	13,687
Depreciation	43,777	43,777
Total Expenses	327,175	327,175
Operating Income (Loss)	31,418	31,418
Non-operating revenues (expenses):		
Investment income	1,015	1,015
Interest and borrowing costs	(15,667)	(15,667)
Grant Proceeds	-	-
Other revenue	-	-
Transfers In	-	-
Transfers Out	(25,000)	(25,000)
Total Non-operating Revenues (Expenses)	(39,653)	(39,653)
Changes in Net Assets	(8,235)	(8,235)
Net Assets - Beginning	1,050,886	1,050,886
Net Assets - Ending	\$ 1,042,651	\$ 1,042,651

See Accompanying notes to the basic financial statements.

TOWN OF GOLTTRY, Oklahoma
STATEMENT OF CASH FLOWS
MODIFIED CASH BASIS
PROPRIETARY FUNDS

	Public Works Authority	Total
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 358,593	\$ 358,593
Payments to Suppliers	(228,422)	(228,422)
Payments for personnel services	(54,976)	(54,976)
Net cash provided (used) by operating activities	75,194	75,194
CASH FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to General Fund	(25,000)	(25,000)
	(25,000)	(25,000)
CASH FLOW FROM CAPITAL RELATED ACTIVITIES		
Principle repaid	(19,367)	(19,367)
Interest and administrative fees	(15,667)	(15,667)
Proceeds from Grants	-	-
Capital expenditures	-	-
	1,015	1,015
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1,015	1,015
Net change in cash and cash equivalents	16,175	16,175
Balance Beginning of the year	43,090	43,090
Balance End of the year	\$ 59,265	\$ 59,265
Reconciliation of operating income (loss) to net cash from operating activities:		
Operating Income (Loss)	\$ 31,418	\$ 31,418
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	43,777	43,777
Increase in customer deposits	-	-
	\$ 75,194	\$ 75,194

See Accompanying notes to the basic financial statements.

TOWN OF GOLTRY, Oklahoma

Schedule of Changes in Capital Assets - Modified Cash Basis

TABLE 1. Continuation of Note 6.

	July 1, 2011	Additions	Disposals	June 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Improvements	-	-	-	-
Total other capital assets at historical costs	-	-	-	-
Less accumulated depreciation for:				
Buildings	-	-	-	-
Machinery and equipment	-	-	-	-
Improvements	-	-	-	-
Total accumulated depreciation	-	-	-	-
Other capital assets, net	-	-	-	-
Governmental activities capital assets, net	\$ -	\$ -	\$ -	\$ -
Business-type activities:				
Capital assets not being depreciated:				
Land	-	-	-	-
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Other capital assets				
Buildings	-	-	-	-
Machinery and equipment	30,718	-	-	30,718
Utility System	1,575,542	-	-	1,575,542
Total other capital assets at historical costs	1,606,260	-	-	1,606,260
Less accumulated depreciation for:				
Utility Property	-	43,777	-	-
Total accumulated depreciation	244,885	43,777	-	288,662
Other capital assets, net	1,361,375	(43,777)	-	1,317,598
Governmental activities capital assets, net	\$ 1,361,375	\$ (43,777)	\$ -	\$ 1,317,598

Note 1. Summary of Significant Accounting Policies

The accounting policy of the Town of Goltry is to prepare its financial statements on the cash basis of accounting (Governmental Funds) and the modified cash basis of accounting (Proprietary Funds). This basis of accounting differs from accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Financial Reporting Entity

The Town's financial reporting entity is composed of the following:

Primary Government	Town of Goltry
Blended Component Units	Goltry Public Works Authority
Discretely Presented Component Units	None

Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Separate fund financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year when levied for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenues are recognized as when they are received. Expenditures generally are recognized when a liability is paid.

The Town reports the following major governmental funds.

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are either legally restricted for a specific purposes or designated to finance particular functions or activities. These funds include the Street and Alley Fund and the Grant Fund.

The Public works Authority, a proprietary fund, is used to account for the business-like activities provided to the general public. Included in this fund is the Meter Deposit Fund.

Accounting estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and expenditures during

Cash and cash equivalents

The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are stated at fair value based upon quoted market prices. All investments of the Town are currently held as certificate of deposits.

TOWN OF GOLTRY
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental columns in the government-wide financial statements. Capital assets are omitted from the Town's financial statements. The Town has presented the capital assets in the Public Works or proprietary fund. The Town capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 for equipment, \$10,000 for improvements, and \$50,000 for infrastructure and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at fair value at the date of donation.

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

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

Capital Assets	Years
Water Utility System	40
Machinery and equipment	5
Vehicles	7

Compensated absences

Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is not reported in governmental funds only for amounts expected to be paid (matured), for example, as a result of employee resignations and retirements. Compensated absences are generally liquidated by the General Fund. No liability for compensated absences has been presented on the basic financial statements.

Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balance as they do not constitute either expenditures or liabilities. No encumbrances exist as of the end of the fiscal year.

Fund equity and net assets

In the fund financial statements, governmental fund balance is presented in five possible categories:

Nonspendable—resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.

Restricted—resources with constraints placed on the use of resources are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed—resources which are subject to limitations the government imposes upon itself at its highest level of decision making, and that remain binding unless removed in the same manner.

Assigned—resources neither restricted nor committed for which a government has a stated intended use as established by the Town Council or a body or official to which the Town Council has delegated the authority to assign amounts for specific purposes.

Unassigned—resources which cannot be properly classified in one of the other four categories. The General Fund is the only fund that reports a positive unassigned fund balance amount. Unassigned balances also include negative balances in the governmental funds reporting resources restricted for specific programs.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes reconciliation between fund balance—total governmental funds, and net assets—governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the

TOWN OF GOLTRY

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

funds.” There are no reconciling items to be reported under the current accounting method utilized by the Town.

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances—total governmental funds, and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” There are no reconciling items to be reported under the Town’s accounting basis.

Note 3. Budgets and Budgetary Accounting

The Town’s general budget policies are as follows:

General Fund

The Town, in accordance with Oklahoma Statutes, Title 69 the Town of Fort Supply formally adopt budgets which include the General Fund. This annual budget is adopted or based upon historical analysis of prior years.

Special revenue funds

The Town does not have legally adopted annual budgets for its special revenue funds. Budgets for the various special revenue funds which are utilized to account for specific grant programs are established in accordance with the requirements of the grantor agencies.

Note 4. Cash, Cash Equivalents and Investments

The Town utilizes the services of a Treasurer for cash and investment control and accountability. The treasurer is authorized to deposit funds in accounts that are either fully insured or collateralized by acceptable collateral valued at no more than market value. Permissible investments include direct obligations of the United States Government and its Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations, and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. As of the current fiscal year end all cash and investments of the Town were entirely insured or collateralized as required by Oklahoma Statutes.

TOWN OF GOLTRY
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Deposits

The Town's cash deposits at year-end are categorized to give an indication of the level of risk assumed by the Town at year-end as follows:

Insured or collateralized with securities held by the Town or by its agent in the Town's name.
Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.

All deposits of the Town are categorized as (A) type deposits identified above. The carrying amount and market value is equal to the cash balance reported in the financial statement and in the following chart as of June 30, 2011.

Deposit Categories of Credit Risk- Unrestricted	Category			Bank Balance	Carrying Amount	Market Value
	A	B	C			
Cash	\$ 146,464	\$	\$	\$ 146,464	\$ 146,464	\$ 146,464
Investments	114,969			114,969	114,969	114,969
Total	\$ 260,433	\$	\$	\$ 260,433	\$ 260,433	\$ 260,433
Investments						

The Town's investments consisted of bank certificates of deposit during the year and are categorized as (A) type deposits identified above. The carrying amount and market value are reported in the chart above as of June 30, 2012.

Restricted Funds

Cash held for customer deposits in the amount of \$18,550.

Note 5. Interfund Receivables, Payables and Transfers

As of June 30, 2012, interfund receivables and payables that resulted from various interfund transactions were as follows:

NONE

Interfund transfers during the year ended June 30, 2012 were as follows:

Transfers To	Transfers From
--------------	----------------

TOWN OF GOLTRY
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

General Fund	Public Works Authority	\$ 25,000
Total Transfers		<u>\$ 25,000</u>

Transfers are used to account for unrestricted revenues collected mainly in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations.

Special revenue funds transfer excess revenues to fund various projects within the Town.

Note 6. Capital Assets

See TABLE 1.

Note 7. Unearned Revenue/Deferred Revenue

The Town has no Unearned or Deferred revenues as of June 30, 2012.

Note 8. Long-Term Debt and Bond Anticipation Notes

Public Works Authority

The Goltry PWA has a note payable with the Oklahoma Water Resources Board (ORF-07-0007-DW) under the Clean Water and Drinking Water State Revolving Fund. The term of the note is twenty years and has an interest rate of 3.59%. The final payment is due on September 15, 2028.

OWRB ORF-07-00007-DW, as of June 30, 2012				\$ 445,500
Less: Current Portion			<u>20,124</u>	
Long-Term Portion				425,376
	<u>EYE</u>	<u>Interest</u>	<u>Admin</u>	<u>Principle</u>
06/30/13	13,803	2,234	20,124	
06/30/14	13,167	2,131	20,863	
06/30/15	12,507	2,024	21,629	
06/30/16	11,856	1,918	22,386	
06/30/17	11,116	1,799	23,246	
06/30/18	10,381	1,680	24,099	
06/30/19	9,619	1,557	24,985	
06/30/20	8,853	1,433	25,875	
06/30/21	8,011	1,296	26,853	

TOWN OF GOLTRY
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

06/30/22	7,162	1,159	27,839
06/30/23	6,282	1,017	28,861
06/30/24	5,384	871	29,905
06/30/25	4,424	716	31,020
06/30/26	3,444	557	32,159
06/30/27	2,427	393	33,340
06/30/28	1,375	223	34,562
06/30/29	280	45	17,754

Totals 130,093 21,051 445,500

Subsequent event

There are no reportable subsequent events as of the report date.

Note 9. Lease Commitments

There are no current lease commitments as of June 30, 2012 or as of the report date.

Note 10. Contingent Liabilities and Commitments

Amounts received or receivable from Federal and State grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

The Town is not currently involved in any litigation matters. In the estimation of the Town's management and legal counsel, the final settlement of these matters will not have a material adverse effect on the financial condition of the Town.

Note 11. Fund Deficits

There are no fund deficits as of June 30, 2012, or as of the report date.

TOWN OF GOLTRY
NOTES TO FINANCIAL STATEMENTS

June 30, 2012

Note 12. Pension Fund

The Town of Goltry participated in two pension and retirement plans. The plans in which the city participated are as follows:

*Oklahoma Municipal Retirement Fund
The Oklahoma Firefighters Pension*

Oklahoma Municipal Retirement Fund

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is age 65 with ten (10) or more years of vesting service, or age 62, with thirty (30) years of service. The normal retirement benefit is equal to 2.625% of final average compensation multiplied by the number of years of credited service.

Early retirement is age 55 with ten (10) or more years of vesting service. The accrued benefit payable starting at age 65, or an actuarially reduced benefit starting at early retirement age. During the fiscal year ended June 30, 2012, 2011, and 2010 the Town of Goltry made total payments, including employee contributions of \$3,226, \$3,543, and \$14,597, respectively.

Firefighters pension plan

Eligible members of the Town's volunteer fire department participate in a retirement and pension plan under the direction of the Oklahoma Firefighters Pension and Retirement System administered by a 13-member Oklahoma Firefighters Pension and Retirement System Board, which is a cost-sharing multiple-employer public employee retirement system (PERS). The Board acts as the fiduciary for investment and administration of the Plan.

The pension plan provides pension benefits, deferred allowances, and death and disability benefits. Normal retirement is the first day following the day the member completes twenty (20) years of service, regardless of age. A member who terminates after ten years of credited service is eligible for a vested severance benefit determined by the normal retirement formula, based on service and salary history to date of termination. The benefit is payable at age 50 or when the member would have completed twenty years of service, whichever is later, provided the member's contribution accumulation is not withdrawn.

Paid firefighters' normal retirement benefit is equal to 50% of final average compensation.

No employee contributions are required of volunteer firefighters. Participating municipalities and fire protection districts contribute 13% of gross salary for each paid firefighter and \$60.00 per year for each volunteer firefighter. Municipalities with revenues under \$25,000 make no contribution for volunteers. The state contributes 34% of the Insurance Premium Tax.

Note 13. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction

TOWN OF GOLTRY

NOTES TO FINANCIAL STATEMENTS

June 30, 2012

of assets: errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering a portion of those risks of loss. Management believes such coverage is sufficient to preclude significant uninsured losses to the Town.

In the event settled claims exceed the commercial coverage provided by the Town, Oklahoma statutes provide for payment by tax levy through the Sinking Fund at the rate of one-third each year. As an alternative to paying money judgments out of the Sinking Fund at the rate of one-third each year, the court, based on consideration of evidence and proof, may provide for the judgment to be paid over a period of not less than one nor more than ten years. The interest rate on any judgment when payment is extended more than three years shall be the rate prescribed by law for the first three years and at the rate of six percent for each remaining year.

WILLIAM K. GAUER

CERTIFIED PUBLIC ACCOUNTANT

121 SOUTH NOBLE ~ P.O. BOX 181
PHONE 580-623-5071
TOLL FREE 800-230-7672

WATONGA, OKLAHOMA 73772
FAX 580-623-5072
WGAUER@WHEELERBROTHERS.COM

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

To the Honorable Board of Trustees
Town of Goltry

To the Honorable Board of Trustees
Goltry Public Works Authority

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Goltry, Oklahoma, as of and for the fiscal year ended June 30, 2012, which collectively comprise the Town of Goltry, Oklahoma's basic financial statements and have issued our report thereon dated December 28, 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

Management of Town of Goltry, Oklahoma, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Town of Goltry, Oklahoma'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 Town of Goltry, Oklahoma's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Goltry, Oklahoma'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Goltry, Oklahoma'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items.

We noted certain matters that we reported to management of Town of Goltry, Oklahoma, in a separate letter dated December 28, 2012.

Town of Goltry, Oklahoma's response to the findings identified in our audit

is described in the accompanying schedule of findings and questioned costs. We did not audit Town of Goltly, Oklahoma's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Watonga, Oklahoma
December 28, 2012

SUPPLEMENTAL INFORMATION

TOWN OF GOLTRY, Oklahoma
 Budgetary Comparison Schedule General Fund - Modified Cash Basis
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance:	\$ -	\$ -	\$ 74,974	\$ 74,974
Resources (Inflows):				
Taxes:				
Sales Tax	21,000	21,000	19,377	(1,623)
Franchise Tax	1,500	1,500	2,008	508
Use Tax	-	-	1,382	1,382
Tobacco Tax	-	-	280	280
Total Taxes	22,500	22,500	23,047	547
Intergovernmental:				
Alcoholic Beverage Tax	5,000	5,000	4,970	(30)
Motor Vehicle Tax	-	-	-	-
Grant Proceeds	-	-	-	-
Investment Income	-	-	654	654
Miscellaneous Income				
Fire Receipts	800	800	-	(800)
Rental	-	-	1,295	1,295
Permits	-	-	175	175
Miscellaneous	6,200	6,200	6,126	(74)
Other Financing Sources:				
Transfer from Other Funds	25,000	25,000	25,000	-
Amounts available for appropriations	59,500	59,500	136,240	76,740
General Government				
Personal Services	18,000	8,600	15,187	6,587
Maintenance and Operations	5,000	5,000	19,868	14,868
Capital Outlay	15,000	20,000	17,849	(2,151)
Street & Alley	38,000	33,600	52,904	19,304
Personal Services	-	-	-	-
Maintenance and Operations	-	-	-	-
Capital Outlay	-	-	-	-
Fire Department				
Personal Services	4,000	4,000	3,022	(978)
Maintenance and Operations	10,000	10,000	9,365	(635)
Capital Outlay	5,000	9,400	2,535	(6,865)
Other Financing Uses:				
Transfers to other funds	19,000	23,400	14,922	(8,478)
Total Charges to Appropriations	57,000	57,000	67,826	10,826
Ending Budgetary Fund Balance	2,500.00	2,500	68,414	\$ 65,914