
THE TOWN OF GOLDSBY

**(Including the Goldsby Airport Trust, the Goldsby Water Authority, and the
Goldsby Public Works Authority)**

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Goldsby, Oklahoma

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and aggregate remaining fund information of the Town of Goldsby, Oklahoma as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Goldsby, Oklahoma's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Goldsby, Oklahoma as of June 30, 2022, and the respective changes in modified cash basis financial position, and where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1C.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Goldsby, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1C, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Goldsby, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Goldsby, Oklahoma's ability to continue as a going concern for a reasonable period of time.

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison schedule – general fund, schedule of federal awards and schedule of state awards but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the Town of Goldsby, 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 solely 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 effectiveness of the Town of Goldsby, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Goldsby, Oklahoma's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
November 28, 2022

THE TOWN OF GOLDSBY
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total 2022
ASSETS			
Current Assets			
Cash and demand deposits	5,618,198	2,032,524	7,650,722 •
Restricted cash and investments	477,810 •	3,550,382	4,028,192 •
Certificates of deposit	177,017	0	177,017
Internal balances	81,925	(81,925)	0
Inventory	0	40,473	40,473
Total current assets	6,354,950	5,541,454	11,896,404 •
Internal balances	227,112 •?	(227,112) AP?	0
Depreciable property and equipment	9,235,543	20,111,360	29,346,903
Accumulated depreciation	(4,411,724)	(5,464,653)	(9,876,377)
Land	641,922	331,374	973,296
Construction in progress	6,210	435,937	442,147
Total capital assets	5,471,951	15,414,018	20,885,969
TOTAL ASSETS	12,054,013	20,728,360	32,782,373 X
LIABILITIES			
Current Liabilities			
Payroll and related withholding	657	0	657
Court bonds and fees payable	609	0	609
Current portion of notes payable	0	315,752	315,752
Total current liabilities	1,266	315,752	317,018 X
Noncurrent Liabilities			
Refundable deposits	0	149,037	149,037
Notes and bonds payable, less current portion	0	4,778,967	4,778,967
Discount on bonds	0	(28,828)	(28,828)
Sewer fees payable	0	2,511	2,511
Development fees payable	0	6,167	6,167
Impact fees payable	89,256	415,473	504,729
Total noncurrent liabilities	89,256	5,323,327	5,412,583
TOTAL LIABILITIES	90,522	5,639,079	5,729,601 X
NET POSITION			
Net investment in capital assets	5,471,951	10,319,299	15,791,250
Restricted for:			
Fire department	371,467	0	371,467
Insurance	17,015	0	17,015
Unrestricted	6,103,058	4,769,982	10,873,040
TOTAL NET POSITION	\$11,963,491	\$15,089,281	\$27,052,772 ✓

The accompanying notes are an integral part of these financial statements

THE TOWN OF GOLDSBY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		Total 2022
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
Court	(64,902)	43,321	0	0	(21,581)		(21,581)
General government	(526,520)	161,352	0	286,267	(78,901)		(78,901)
Park	(99,544)	19,825	0	0	(79,719)		(79,719)
Security	(230,895)	54,167	0	0	(176,728)		(176,728)
Fire	(195,381)	58,563	94,333	0	(42,485)		(42,485)
Streets	(542,398)	128	25,680	0	(516,590)		(516,590)
Total governmental activities	(1,659,640)	337,356	120,013	286,267	(916,004)	0	(916,004)
Business-type activities:							
Airport	(382,478)	260,839	0	101,733		(19,906)	(19,906)
Water *	(1,247,273)	1,488,706	0	0		241,433	241,433
Trash	(149,945)	158,210	0	0		8,265	8,265
Sewer **	(75,955)	17,708	0	0		(58,247)	(58,247)
Total business-type activities	(1,855,651)	1,925,463	0	101,733	0	171,545	171,545
Total all activities	(3,515,291)	2,262,819	120,013	388,000	(916,004)	171,545	(744,459)
General revenues:							
Taxes:							
Sales and use taxes levied for general purposes							
					295,971	0	295,971
Sales taxes pledged for debt							
					2,043,781	0	2,043,781
Payments in lieu of taxes for general purposes							
					38,729	0	38,729
Franchise and public service taxes							
					238,504	0	238,504
Intergovernmental							
					17,435	0	17,435
Investment income							
					5,751	1,216	6,967
Miscellaneous income							
					0	160,923	160,923
Gain on sale of fixed assets							
					42,742	190,618	233,360
Transfers							
					(509,610)	509,610	0
Total general revenues and transfers							
					2,173,303	862,367	3,035,670
Change in net position							
					1,257,299	1,033,912	2,291,211
Beginning net position							
					10,706,192	14,055,369	24,761,561
Prior period adjustment							
					0	0	0
Capital contributions							
					0	0	0
Ending net position							
					\$11,963,491	\$15,089,281	\$27,052,772

* Includes \$63,455 interest

** Includes \$71,440 interest

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>2022</u>
	General
	Fund
ASSETS	
Cash and demand deposits	5,618,198
Restricted cash and investments	477,810
Certificates of deposit	177,017
Due from other funds	49,174
TOTAL ASSETS	<u>\$6,322,199</u>
LIABILITIES	
Payroll and related withholding	657
Court bonds and fees payable	609
Development fees payable	89,256
Due to other funds	13,753
TOTAL LIABILITIES	<u>104,275</u>
FUND BALANCE	
Restricted:	
Fire department	371,467
Insurance	17,015
Unrestricted:	
Unassigned	5,829,442
TOTAL FUND BALANCE	<u>6,217,924</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$6,322,199</u>
Reconciliation of general fund balance to net assets of governmental activities:	
Fund balance	6,217,924
Capital assets	9,883,675
Accumulated depreciation	(4,411,724)
Long-term receivable from GAT	273,616
Net assets	<u>\$11,963,491</u>

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2022</u>
	General
	Fund
REVENUES	
Taxes	534,475
Taxes pledged for debt	2,043,781
Payments in lieu of taxes	38,729
Shared taxes	127,765
Fines and fees	43,321
Permits, licenses, inspections	148,774
Rents and royalties	28,435
Sales and services	108,385
Donations	920
Grants	295,030
Other revenues	54,944
Sales of capital assets	55,700
Interest	<u>5,751</u>
TOTAL REVENUES	3,486,010
EXPENDITURES	
Court	64,902
General government	474,243
Park department	54,495
Security department	230,895
Fire department	96,697
Street department	287,616
Capital outlay	<u>455,946</u>
TOTAL EXPENDITURES	1,664,794
REVENUES OVER (UNDER) EXPENDITURES	1,821,216
OTHER FINANCING SOURCES (USES)	
Interfund transfers	<u>(509,610)</u>
NET CHANGE IN FUND BALANCES	1,311,606
BEGINNING FUND BALANCE	<u>4,906,318</u>
ENDING FUND BALANCE	<u><u>\$ 6,217,924</u></u>
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	1,311,606
Capital asset purchases capitalized	455,947
GAT interfund loan payment	(46,504)
Gain on disposal of capital assets	42,742
Sales of capital assets	(55,700)
Depreciation expense	<u>(450,792)</u>
Change in Net Assets of Governmental Activities	<u><u>\$1,257,299</u></u>

The accompanying notes are an integral part of these financial statements

THE TOWN OF GOLDSBY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - MODIFIED CASH BASIS
JUNE 30, 2022

	Goldsby Airport Trust	Goldsby Water Authority	Goldsby Public Works Authority	2022 Total Proprietary Funds
ASSETS				
Current Assets				
Cash and demand deposits	41,223	1,332,117	659,184	2,032,524
Restricted cash and investments	0	629,523	2,920,859	3,550,382
Due from other funds	0	1,329	23,765	25,094
Inventory	40,473	0	0	40,473
Total current assets	81,696	1,962,969	3,603,808	5,648,473
Noncurrent Assets				
Depreciable property and equipment	7,098,602	13,010,574	2,184	20,111,360
Accumulated depreciation	(2,063,155)	(3,401,280)	(218)	(5,464,653)
Land	0	86,289	245,085	331,374
Construction in progress	85,030	123,844	227,063	435,937
Total capital assets	5,120,477	9,819,427	474,114	15,414,018
TOTAL ASSETS	5,202,173	11,782,396	4,077,922	21,062,491
LIABILITIES				
Current Liabilities				
Due to other funds	46,504	59,186	1,329	107,019
Current portion of notes and bonds payable	0	120,752	195,000	315,752
Total current liabilities	46,504	179,938	196,329	422,771
Noncurrent Liabilities				
Notes and bonds payable, less current portion	0	2,313,967	2,465,000	4,778,967
Discount on bonds	0	0	(28,828)	(28,828)
Due to other funds	227,112	0	0	227,112
Refundable deposits	0	149,037	0	149,037
Sewer fees payable	0	2,511	0	2,511
Development fees payable	0	6,167	0	6,167
Impact fees payable	0	415,473	0	415,473
Total noncurrent liabilities	227,112	2,887,155	2,436,172	5,550,439
TOTAL LIABILITIES	273,616	3,067,093	2,632,501	5,973,210
NET POSITION				
Net investment in capital assets	4,893,365	7,384,708	734,973	13,013,046
Unrestricted	35,192	1,330,595	710,448	2,076,235
TOTAL NET POSITION	\$4,928,557	\$8,715,303	\$1,445,421	\$15,089,281

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Goldsby Airport Trust	Goldsby Water Authority	Goldsby Public Works Authority	2022 Total Proprietary Funds
OPERATING REVENUES				
Rentals	146,758	0	0	146,758
Fuel and oil sales	114,081	0	0	114,081
Water revenue	0	1,488,706	0	1,488,706
Keycard revenue	0	0	158,210	158,210
Sewer revenues	0	0	17,708	17,708
Other income	344	160,579	0	160,923
TOTAL OPERATING REVENUES	261,183	1,649,285	175,918	2,086,386
OPERATING EXPENSES				
Airport	382,478	0	0	382,478
Water department	0	1,183,318	0	1,183,318
Trash department	0	0	149,945	149,945
Sewer department	0	0	3,015	3,015
TOTAL OPERATING EXPENSES	382,478	1,183,318	152,960	1,718,756
OPERATING INCOME (LOSS)	(121,295)	465,967	22,958	367,630
NON-OPERATING REVENUES (EXPENSES)				
Interest income	0	480	736	1,216
Grants	101,733	0	0	101,733
Interest expense	0	(63,455)	(71,440)	(134,895)
Gain on disposal of fixed assets	0	7,300	183,318	190,618
Trustee fees	0	(500)	(1,500)	(2,000)
TOTAL NON-OPERATING REVENUES (EXPENSES)	101,733	(56,175)	111,114	156,672
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS	(19,562)	409,792	134,072	524,302
Interfund transfers	0	45,000	464,610	509,610
CHANGE IN NET POSITION	(19,562)	454,792	598,682	1,033,912
BEGINNING NET POSITION	4,948,119	8,260,511	846,739	14,055,369
ENDING NET POSITION	\$4,928,557	\$8,715,303	\$1,445,421	\$15,089,281

The accompanying notes are an integral part of these financial statements

**THE TOWN OF GOLDSBY
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022**

	Goldsby Airport Trust	Goldsby Water Authority	Goldsby Public Works Authority	2022 Total Proprietary Funds
Cash flows from operations:				
Cash received from:				
Customers	261,183	1,649,285	175,918	2,086,386
Other cash payments	0	7,300	0	7,300
Cash payments for:				
Goods and services	(153,832)	(388,160)	(135,481)	(677,473)
Employees	(50,932)	(306,803)	(17,666)	(375,401)
Net cash provided from operations	56,419	961,622	22,771	1,040,812
Cash flows from capital financing activities:				
Insurance recoveries	0	0	542,494	542,494
Interfund transfers	0	45,000	250,308	295,308
Capital grants	101,733	0	0	101,733
Capital expenditures	(113,339)	(178,177)	(5,132)	(296,648)
Principal payments	(46,504)	0	(25,000)	(71,504)
Net transfers to restricted accounts	0	(181,226)	(250,308)	(431,534)
Net cash from capital financing activities	(58,110)	(314,403)	512,362	139,849
Cash flows from non-capital financing activities:				
Interfund transfers	0	0	0	0
Net transfers from restricted accounts	0	8,826	0	8,826
Net cash from non-capital financing activities	0	8,826	0	8,826
Cash flows from investing activities:				
Interest income	0	38	0	38
Net increase (decrease) in cash	(1,691)	656,083	535,133	1,189,525
Beginning cash	42,914	676,034	124,051	842,999
Ending cash	\$41,223	\$1,332,117	\$659,184	\$2,032,524
Reconciliation of income from operations to net cash from operations:				
Operating income (loss)	(121,295)	465,967	22,958	367,630
Adjustments to income from operations:				
Depreciation and amortization	187,859	441,885	14,706	644,450
Change in assets and liabilities:				
(Increase) decrease in due from other funds	2,076	5,528	(14,893)	(7,289)
(Increase) decrease in inventories	521	0	0	521
Increase (decrease) in deferred revenues	0	(8)	0	(8)
Increase (decrease) in due to other funds	(12,742)	48,250	0	35,508
Net cash provided by operations	\$56,419	\$961,622	\$22,771	\$1,040,812
** Activity in restricted accounts:				
Beginning cash and investments		290,083	2,689,428	2,979,511
Impact and development fees		341,454	0	341,454
Transfers from operating		181,226	250,308	431,534
Developer fee payments		(20,851)	0	(20,851)
Net meter deposits		18,403	0	18,403
Principal payments		(117,772)	(165,000)	(282,772)
Interest payments		(63,454)	(69,037)	(132,491)
Bank charges		(8)	0	(8)
Investment income		442	736	1,178
Ending cash and investments		\$629,523	\$2,706,435	\$3,335,958

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

The accompanying notes are an integral part of these financial statements

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1. Summary of Significant Accounting Policies

1A. Introduction

The Town's financial statements are prepared using the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles (GAAP) in the United States of America. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP in substance but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. Generally, that means that only items arising from cash transactions are recorded. Accounts receivable and accounts payable, for instance, are not recorded.

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, public improvements, planning and zoning, and general administration. In addition, the Town owns and operates an airport, a water system, and a trash service.

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.

1B1. 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 or appointed by the trustees if no customers outside the Town limits were petitioned to serve. 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. The GPWA sold its internet service in June 2006 and is currently operating the Town's trash service. The GPWA is in the process of adding commercial sewer services. GPWA does not present separate financial statements. 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 Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1C. Basis of Presentation

1C1. Fund Accounting

The Town uses fund accounting to maintain its financial records. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The Town's funds are organized into two categories: governmental and proprietary. Within these categories, funds are further defined as major or non-major. The emphasis in fund financial statements is on major funds in either the governmental or business-type activities categories as defined by GASB 34. The Town has one governmental fund and three business-type funds.

1C2. Basis of Accounting and Measurement Focus

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. Measurement focus is a term used to describe which transactions are recorded.

1C2a. Modified Cash Basis of Accounting

The modified cash basis of accounting is a comprehensive basis of accounting other than GAAP and is a modification of the pure cash basis of accounting. Professional standards define the cash basis of accounting *as a basis of accounting an entity uses to record cash receipts and disbursements, and modifications of the cash basis having substantial support (for example, recording depreciation on fixed assets.)* Although the modified cash basis of accounting is not separately defined by professional standards, the modifications to the cash basis have evolved over time through common practice, and generally result when cash receipts or disbursements provide a benefit or obligation covering multiple reporting periods, and the reporting of the cash transaction would be more meaningful to financial statement users if spread over those multiple periods.

For modifications to be considered to have substantial support, they should:

1. be made as a result of cash receipts or disbursements;
2. have substantial support in GAAP or other accounting literature; and
3. be logical.

The government-wide financial statements are highly aggregated financial statements that present financial information for all assets, deferred outflows, liabilities, deferred inflows, and net assets using the economic resources measurement focus within the limitations of the modified cash basis of accounting. This means that revenues are recorded when received and expenses, with the exception of capitalizing and depreciating capital assets, are recorded when paid. The government-wide financial statements required are the statement of net assets and the statement of activities. These financial statements are designed to help users assess the finances of a government in its entirety, including the year's operating results; determine whether the government's overall financial position improved or deteriorated; and evaluate whether the government's current-year revenues were sufficient to pay for current year services. They are also designed to help users assess the cost of providing services to its citizenry; determine how the government finances its programs; understand the extent to which the government has invested in capital assets; and make better comparisons between governments.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1C4. Governmental Fund Financial Statements

The general fund of the Town is a governmental fund. The governmental fund financial statements focus primarily on the sources, uses, and balances of current financial resources. They are presented using the current financial resources measurement focus and the modified cash basis of accounting. Revenues are recognized when they are received and expenditures are recorded when paid. The financial statements required for governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balance. The governmental fund balance sheet does not present capital assets or long-term liabilities. Instead, the statement of revenues, expenditures and changes in fund balance reports the financial resource inflows and outflows arising from the disposition and acquisition of capital assets, the issuance and repayment of long-term debt, and maturation of non-debt long-term liabilities. Capital assets and long-term liabilities associated with and generally arising from activities reported in governmental funds are reported only in the government-wide financial statements.

1C5. Proprietary Fund Financial Statements

The Title 60 trusts of the town are proprietary funds. The proprietary funds utilize an economic resources measurement focus within the limitations of the modified cash basis of accounting, the objectives of which involves the determination of operating income, changes in net position, net position, and cash flows. The accounting principles applicable are those similar to businesses in the private sector. The Town maintains three proprietary funds, 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.

1D. 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.

1E. 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. However, 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.

1F. Inventories

Inventories are valued using the average cost basis (AVCO), which approximates market. GAT inventories consist of fuel for resale.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

1G. 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.

1H. 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.

1I. Equity Classifications

In the government-wide statements, equity is classified as net position and reported in three components as follows:

1. Net investment in capital assets – 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 that have had constraints placed upon them either by external sources such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation.
3. Unrestricted – All other net assets that do not meet the definition of the previous two classifications.

In the fund financial statements, governmental fund equity is classified as fund balance and reported as needed in five components as follows:

1. Nonspendable – amounts not in a spendable form, or legally or contractually required to be maintained intact.
2. Restricted – constraints placed on fund balance are externally imposed by creditors, grantors, or other governments; or are imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the individual government's highest level of decision-making authority.
4. Assigned – constraints placed on fund balance are imposed by the government's intent that it be used for specific purposes but are neither restricted nor committed. An individual government must define and

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

disclose how it expresses its intent for purposes of making assignments. For the Town, this intent is expressed by the use of purchase orders encumbering amounts for assigned purposes as approved by the board of trustees.

5. Unassigned – remaining fund balance in excess of all other classifications.

1J. Revenues and Expenditures

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.

1K. Use of Restricted Resources

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. When committed, assigned and unassigned resources are available for use, it is the government's policy to use committed and assigned resources first, and then unassigned resources as needed.

2. Budgets and Budgetary Accounting

The board of trustees adopts legally required annual operating budgets each year for each fund. The same modified cash 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, four 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. The claims paid for the current year were \$9,693 for truck repairs.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

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.

At year end, the City had deposits of \$7,824,350 that were collateralized with securities held by a pledging financial institution or by its trust department or agent but not in the Town's name. It also had deposits of \$2,706,434 in debt service trust accounts that were uncollateralized but were invested in government securities of the same type that would be allowable government investments.

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 as follows: cash - \$371,467; intergovernmental revenues - \$84,650; expenditures: \$0.

Water Facilities Impact Fees

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 \$428,998 and \$415,473 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.

Development Reimbursement Fees

February 18, 2014, the Town adopted ordinance 2014-2 providing for a reimbursement policy for major water line extension projects and providing that such reimbursement obligations shall become a liability against the property within the defined service area of such projects subject to certain reimbursement agreements. At year end, only one such reimbursement agreement is in effect. Deposits and the associated liability subject to the agreement at June 30, were \$6,167 respectively.

Transportation Impact Fees

March 7, 2019, the Town adopted ordinance 2019-001 providing for transportation impact fees on new development. These funds may be used only for acquiring, equipping, and/or making capital improvements to the transportation infrastructure of the Town and shall not be used for maintenance and operations. The balance and its associated liability at June 30 were \$89,256.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

6. Long-term Debt

Debt activity for the year just ended is as follows:

Business-type activities	Beginning			Ending	
	Balance	Additions	Reductions	Balance	Due in One Year
Notes from direct borrowings and direct placements:					
Airport note payable	\$320,120	\$0	(\$46,504)	\$273,616	\$46,504
Water system note payable	\$2,552,491	\$0	(\$117,772)	\$2,434,719	\$120,752
Total	\$2,872,611	\$0	(\$164,276)	\$2,708,335	\$167,256
Sewer system bonds	\$2,750,000	\$0	(\$165,000)	\$2,585,000	\$170,000

Outstanding debt at June 30 is as follows:

Business-type	Interest	Maturity	Amount		Security
	Rate	Date	Issued	Outstanding	
Notes from direct borrowings and direct placements:					
Airport improvements	0.000%	5/1/28	\$459,632	\$273,616	rents and leases
Water system	2.480%	9/15/38	\$2,998,819	\$2,434,719	water revenues and .5 cent sales tax
Bonds					
Sewer system	2.125% to 3.5%	8/1/34	\$2,915,000	\$2,585,000	3 cent sales tax

Debt payments to maturity are as follows:

	Notes from Direct Borrowings and Direct Placements						Bonds		
	Goldsby Airport Trust			Goldsby Water Authority			Goldsby Public Works Authority		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	46,504	0	46,504	120,752	60,475	181,226	170,000	64,013	234,013
2024	46,504	0	46,504	123,652	57,574	181,226	175,000	58,838	233,838
2025	46,504	0	46,504	126,936	54,291	181,226	180,000	53,063	233,063
2026	46,504	0	46,504	130,148	51,079	181,226	185,000	47,947	232,947
2027	46,504	0	46,504	133,441	47,786	181,226	190,000	43,844	233,844
2028-2032	41,095	0	41,095	719,378	186,753	906,132	1,010,000	149,975	1,159,975
2033-2037	0	0	0	815,287	90,845	906,132	675,000	26,703	701,703
2038-2039	0	0	0	265,127	6,713	271,839	0	0	0
	\$273,616	\$0	\$273,616	\$2,434,719	\$555,515	\$2,990,234	\$2,585,000	\$444,381	\$3,029,381

November 5, 2015, the GAT issued a promissory note for \$465,100 to the Town for airport improvements. The note carries no interest and is secured by lease revenues at the airport. The Town has waived payments on the note during times when the GAT was unable to make payments due to construction projects, but monthly payments are currently being made. The debt is recorded in the financial statements as a long-term interfund payable by the GAT and a long-term interfund receivable by the Town.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

January 1, 2018, the GWA issued a \$5,500,000 promissory note to the Oklahoma Water Resources Board (OWRB) for water system improvements. The note carries an interest rate of 2.48% and matures September 15, 2038. At June 30, 2020, \$2,998,819 of the note had been drawn down. The note is secured by system assets and revenues and .5% of the Town's 3.5% sales tax. The GWA is required to maintain sufficient utility rates so that net revenues, as defined in the loan agreement, meet, or exceed 1.25 times the maximum annual debt service of \$352,143, which is \$440,179.

August 27, 2019, the GPWA issued \$2,915,000 sales tax revenue bonds for a commercial sewer system. The bonds have a variable interest rate of 2.125% to 3.5% and mature August 1, 2034. The bonds are secured by 3% of the Town's 3.5% sales tax.

7. Capital Assets

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

Governmental activities	Beginning			Ending
Assets not depreciated	Balance	Additions	Disposals	Balance
Land	641,922	0	0	641,922
Total assets not depreciated	641,922	6,210	0	648,132
Depreciable assets				
Buildings	1,904,154	104,888	0	2,009,042
Vehicles and equipment	1,941,652	144,676	(47,830)	2,038,498
Streets, bridges, sidewalks	4,987,831	200,172	0	5,188,003
Total depreciable assets	8,833,637	449,735	(47,830)	9,235,542
Accumulated depreciation				
Buildings	(741,149)	(61,782)	0	(802,931)
Vehicles and equipment	(1,349,070)	(129,591)	34,873	(1,443,788)
Streets, bridges, sidewalks	(1,905,585)	(259,419)	0	(2,165,004)
Total depreciation	(3,995,805)	(450,792)	34,873	(4,411,724)
Net depreciable assets	4,837,833	(1,056)	(12,958)	4,823,819
Net governmental assets	5,479,755	5,154	(12,958)	5,471,951
Business-type activities				
Assets not depreciated				
Construction in progress	643,376	203,976	(411,415)	435,937
Land	331,374	0	0	331,374
Total assets not depreciated	974,749	203,976	(411,415)	767,311
Depreciable assets				
Buildings	2,405,919	11,967	(505,541)	1,912,345
Vehicles and equipment	448,720	64,363	(104,665)	408,418
Infrastructure	17,364,151	426,446	0	17,790,597
Total depreciable assets	20,218,790	502,776	(610,205)	20,111,360
Accumulated depreciation				
Buildings	(708,781)	(68,470)	202,035	(575,216)
Vehicles and equipment	(278,094)	(38,550)	49,852	(266,792)
Infrastructure	(4,085,215)	(537,430)	0	(4,622,645)
Total depreciation	(5,072,089)	(644,450)	251,887	(5,464,653)
Net depreciable assets	15,146,700	(141,675)	(358,319)	14,646,707
Net business-type assets	16,121,450	62,302	(769,734)	15,414,018

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

Depreciation was charged to functions as follows:

Governmental activities		Business-type activities	
General government	52,277	Airport	187,859
Park	45,049	Water	441,885
Fire	98,684	Trash	<u>14,706</u>
Streets	<u>254,782</u>	Total business-type depreciation	<u>644,450</u>
Total governmental depreciation	<u>450,792</u>		

8. Pension Plans

Defined Contribution Pension Plan

The Town employees participate in the Oklahoma Municipal Retirement Fund (Fund), administered by JPMorgan Chase Bank 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 contribute 8% of their gross payroll while the Town contribution was 6%. Employee contributions over 8% are optional. The payroll for Town employees for the year was \$639,892. The payroll for Town employees covered by the Fund for the year was \$470,480. Actual Town and employee contributions for the year were \$37,638 and \$49,866 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 years ended June 30, 2022, 2021 and 2020 was \$720, \$720 and \$780 respectively equal to the required contribution for each year.

9. Subsequent Events

Management performed an evaluation of the Town's activity through (auditor's date), 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.

The Town of Goldsby
Notes to the Basic Financial Statements
As of and for the Year Ended June 30, 2022

10. Inter-fund Transactions

Inter-fund Receivables and Payables	General				Total
	Fund	GAT	GWA	GPWA	
Routine operating expenses	343	0	(22,779)	22,436	0
Capital improvements	35,078	0	(35,078)	0	0
Total inter-fund balances	<u>\$35,421</u>	<u>\$0</u>	<u>(\$57,857)</u>	<u>\$22,436</u>	<u>\$0</u>

Inter-fund Transfers	General				Total
	Fund	GAT	GWA	GPWA	
Operating funds	0	0	0	0	0
Sales taxes per debt instruments	(250,308)	0	0	250,308	0
Capital projects	(259,302)	0	45,000	214,302	0
Total transfers	<u>(\$509,610)</u>	<u>\$0</u>	<u>\$45,000</u>	<u>\$464,610</u>	<u>\$0</u>

**THE TOWN OF GOLDSBY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Budget Basis Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	734,000	774,000	534,475	(239,525)
Taxes pledged for debt	1,400,000	1,400,000	2,043,781	643,781
Payments in lieu of taxes	35,000	35,000	38,729	3,729
Shared taxes	34,000	56,000	127,765	71,765
Fines and fees	51,500	51,500	43,321	(8,179)
Permits, licenses, inspections	66,000	126,000	148,774	22,774
Rents and royalties	25,000	25,000	28,435	3,435
Sales and services	100,000	100,000	108,385	8,385
Donations	0	0	920	920
Grants	394,000	608,302	295,030	(313,272)
Other revenues	30,000	5,000	110,644	105,644
Interest	3,500	3,500	5,751	2,251
TOTAL REVENUES	2,873,000	3,184,302	3,486,010	301,708
EXPENDITURES				
Court	83,900	83,900	64,902	18,998
General government	369,000	465,000	474,243	(9,243)
Park department	107,650	90,550	54,495	36,055
Security department	227,000	227,000	230,895	(3,895)
Fire department	133,300	133,300	96,697	36,603
Street department	220,500	274,100	287,616	(13,516)
Capital outlay	905,000	919,500	455,946	463,554
TOTAL EXPENDITURES	2,046,350	2,193,350	1,664,794	528,556
REVENUES OVER (UNDER) EXPENDITURES	826,650	990,952	1,821,216	830,264
OTHER FINANCING SOURCES (USES)				
Interfund transfers	(458,496)	(672,798)	(509,610)	163,188
NET CHANGE IN FUND BALANCES	368,154	318,154	1,311,606	993,452
BEGINNING FUND BALANCE	4,906,318	4,906,318	4,906,318	0
ENDING FUND BALANCE	\$5,274,472	\$5,224,472	\$6,217,924	\$993,452

Notes to the budgetary comparison schedule:

1. The budget is prepared on the modified cash basis of accounting.
2. The legal level of compliance is at the department level.

THE TOWN OF GOLDSBY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(Modified Cash Basis)

<i>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE</i>	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	RECEIPTS
<i>U.S. Department of Transportation - Federal Aviation Administration</i>			
Oklahoma Aeronautics Commission			
Airport Improvement Program	20.106	3-40-0066-014-2021	57,980
Airport Coronavirus Response Program	20.106	3-40-0066-013-2021	11,967
Airport Improvement Program - Cares Grant	20.106	3-40-0066-010-2020	28,607
Airport Improvement Program - Cares Grant	20.106	3-40-0066-010-2020	3,179
Total U.S. Department of Transportation - FAA			<u>101,733</u>
<i>Federal Emergency Management Agency</i>			
Oklahoma Department of Emergency Management			
Disaster Grants - Public Assistance	97.036	189446 P/W#175 4575DR-OK	3,646
Disaster Grants - Public Assistance	97.036	172659 P/W#62 4575DR-OK	23,319
Total Federal Emergency Management Agency			<u>26,965</u>
<i>U.S. Department of the Treasury</i>			
Oklahoma Municipal League			
Coronavirus Local Fiscal Recovery Funds (SLFRF) for Non-Entitlement Units of Government	21.027		214,302
TOTAL FEDERAL AWARDS			<u><u>\$343,000</u></u>

THE TOWN OF GOLDSBY
SCHEDULE OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(Modified Cash Basis)

<i>STATE GRANTOR/ PASS-THROUGH GRANTOR PROGRAM TITLE</i>		GRANTOR'S NUMBER	RECEIPTS
<i>Oklahoma Department of Agriculture, Food, and Forestry</i>			
Association of Central Oklahoma Governments			
Rural Fire Protection			4,763
<i>Oklahoma Department of Commerce</i>			
Association of Central Oklahoma Governments			
Rural Economic Action Plan		2020 REAP 202214	45,000
TOTAL STATE AWARDS			<u><u>\$49,763</u></u>

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

To the Board of Trustees
Town of Goldsby

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Goldsby, Oklahoma, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Goldsby, Oklahoma's basic financial statements, and have issued our report thereon dated November 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Goldsby, Oklahoma's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Goldsby, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Goldsby, Oklahoma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Handwritten signature in cursive script that reads "Russell & Williams CPAs PC".

Oklahoma City, Oklahoma
November 28, 2022