

ANNUAL FINANCIAL REPORT
THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING
THE GOODWELL PUBLIC WORKS AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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**THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
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PUTNAM & COMPANY, PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Honorable Governing Board
Town of Goodwell, Oklahoma

We have audited the accompanying financial statements, each major fund, and the aggregate remaining fund information of the Town of Goodwell, including the Goodwell Public Works Authority, as of and for the year ended June 30, 2011, as listed in the table of contents, which collectively comprise a portion of the Town's basic financial statements required by accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 combined financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

As described in Note 1, these financial statements were prepared on a modified cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles. The Town has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Accounting principles generally accepted in the United States of America, as applied to the Town's modified cash basis of accounting, require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements resulting from modified cash basis transactions for the Town's governmental and business-type activities are not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, the respective financial position of the governmental activities, business-type activities, and the aggregate remaining fund information of the Town of Goodwell, including the Goodwell Public Works Authority as of and for the year ended June 30, 2011, and the cash flows of its business-type activities for the year ended on the basis of accounting described in Note 1, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. This schedule is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. Since the Town expended less than the annual threshold amount for Federal awards, it is exempt from Federal audit reporting requirements but must maintain records for review or audit by appropriate officials of Federal agencies, pass-through entities, and the General Accounting Office (GAO). The limited procedures that we performed with respect to this information do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2012, on our consideration of the Town's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Putnam & Company, PLLC

Edmond, Oklahoma
April 30, 2012

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**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**

Honorable Governing Board
Town of Goodwell, Oklahoma

We have audited the financial statements, each major fund, and the aggregate remaining fund information of the Town of Goodwell, Oklahoma, as of and for the year ended June 30, 2011, which collectively comprise the Town's financial statements and have issued our report thereon dated April 30, 2012. The report on these financial statements is adverse with respect to the presentation of financial statements in conformity with accounting principles generally accepted in the United States of America because the Town has elected to prepare its financial statements in conformity with a modified cash basis of accounting, and the Town has not implemented the new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

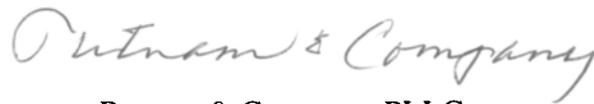
Our consideration of internal control over financial reporting was for the limited purpose prescribed in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material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

Compliance and Other Matters

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

We noted certain matters that we reported to management of Town of Goodwell in a separate letter dated April 30, 2012.

This report is intended solely for the information and use of management, the audit committee and others within the organization, 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. However, though restricted in use, this report is a matter of public record, and its distribution is not limited.



Putnam & Company, PLLC

Edmond, Oklahoma
April 30, 2012

COMBINED FINANCIAL STATEMENTS

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINED BALANCE SHEET - MODIFIED CASH BASIS - ALL FUND TYPES
JUNE 30, 2011

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPES	FIDUCIARY FUND TYPES	FIXED ASSET ACCOUNT GROUP	GENERAL LONG-TERM DEBT ACCT. GROUP	-TOTALS- (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Enterprise Fund	Trust and Agency			
ASSETS								
Cash, including time deposits	\$103,660	301,720	36,051	127,872	39,106			608,409
Land						27,000		27,000
Buildings						196,085		196,085
Equipment				463,413		449,562		912,975
Less: Allowance for Depreciation				(403,344)				(403,344)
Net Plant and Equipment	0	0	0	60,069	0	672,647		732,716
Leasehold Property				833,579				833,579
Less: Allowance for Amortization				(509,897)				(509,897)
Net Leasehold Property				323,682				323,682
Amount Available in Debt Service Fund							44	44
Amounts to be Provided for Debt Retirement								0
Total Assets	\$103,660	301,720	36,051	511,623	39,106	672,647	44	1,664,851
LIABILITIES								
Warrants Payable	\$16,190	126	3,483		452			20,251
Refundable Meter Deposits					31,407			31,407
Notes Payable				89,903				89,903
Bonds Payable								0
Total Liabilities	16,190	126	3,483	89,903	31,859	0	0	141,561
FUND EQUITY								
Investment in General Fixed Assets						672,647		672,647
Fund Balance-Reserved for Debt Service			32,568					32,568
Fund Balance--Unreserved	87,470	301,594			7,247		44	396,355
Unreserved Retained Earnings				421,720				421,720
Total Fund Equity	87,470	301,594	32,568	421,720	7,247	672,647	44	1,523,290
Total Liabilities and Fund Equity	\$103,660	301,720	36,051	511,623	39,106	672,647	44	1,664,851

See accompanying letter and notes to financial statements.

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS--(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2011

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Trust and Agency	
REVENUES:					
Taxes	\$41,845		14,144		55,989
Licenses and permits	698				698
Intergovernmental	102,444	10,786			113,230
Charges for Services	133,072	107,332			240,404
Fines and Forfeitures	48,000	155,199			203,199
Interest	274	2,458	347	1,077	4,156
Grants		97,271			97,271
Miscellaneous	121,665	17,553			139,218
Total Revenues	447,998	390,599	14,491	1,077	854,165
EXPENDITURES:					
Personal Services	352,972				352,972
Maintenance and Operations	124,206	261,224			385,430
Capital Outlay		92,873	3,483		96,356
Total Expenditures	477,178	354,097	3,483	0	834,758
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(29,180)	36,502	11,008	1,077	19,407
OTHER FINANCING SOURCES (USES):					
Debt Service Payments			(16,048)		(16,048)
Estopped Warrants		188		498	686
Transfers Among Funds		744	12,000		12,744
Total Other Financing Sources (Uses):	0	932	(4,048)	498	(2,618)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(29,180)	37,434	6,960	1,575	16,789
Fund Balance, Beginning of Year	116,650	264,160	25,608	5,672	412,090
Fund Balance, End of Year	\$87,470	301,594	32,568	7,247	428,879

See accompanying letter and notes to financial statements.

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL - GENERAL FUND AND BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:									
Taxes	\$32,928	41,845	8,917			0	32,928	41,845	8,917
Licenses and permits	515	698	183			0	515	698	183
Intergovernmental	81,854	102,444	20,590		10,786	10,786	81,854	113,230	31,376
Charges for Service	109,398	133,072	23,674		107,332	107,332	109,398	240,404	131,006
Fines and Forfeitures	63,810	48,000	(15,810)		155,199	155,199	63,810	203,199	139,389
Interest	225	274	49		2,458	2,458	225	2,732	2,507
Miscellaneous	114,694	121,665	6,971		114,824	114,824	114,694	236,489	121,795
Total Revenues	403,424	447,998	44,574	0	390,599	390,599	403,424	838,597	435,173
EXPENDITURES:									
Personal Services	380,000	352,972	27,028		0	0	380,000	352,972	27,028
Maintenance and Operation	135,000	124,206	10,794	264,160	261,224	2,936	399,160	385,430	13,730
Capital Outlay	5,074		5,074		92,873	(92,873)	5,074	92,873	(87,799)
Total Expenditures	520,074	477,178	42,896	264,160	354,097	(89,937)	784,234	831,275	(47,041)
Excess of Revenues over Expenditures	(116,650)	(29,180)	87,470	(264,160)	36,502	300,662	(380,810)	7,322	388,132
OTHER FINANCING SOURCES (USES):									
Estopped Warrants			0		188	188		188	188
Transfers Among Funds			0		744	744		744	744
Total Other Financing Sources (Uses)	0	0	0	0	932	932	0	932	932
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(116,650)	(29,180)	87,470	(264,160)	37,434	301,594	(380,810)	8,254	389,064
Fund Balance, Beginning of Year	116,650	116,650	0	264,160	264,160	0	380,810	380,810	0
Fund Balance, End of Year	\$0	87,470	87,470	0	301,594	301,594	0	389,064	389,064

See accompanying letter and notes to financial statements

NOTES TO FINANCIAL STATEMENTS

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Town of Goodwell, Oklahoma relating to the funds included in the financial statements conform to generally accepted accounting principles of state and local governments, except as noted below. The following represents the more significant accounting and reporting policies and practices of the Town:

(a) Reporting Entity

The Town of Goodwell, for financial reporting purposes, includes funds and account groups over which the governing board exercises oversight authority.

INCLUDED ENTITIES

The Goodwell Public Works Authority is a public trust created under authority of and pursuant to the provisions of 60 O.S. Sections 177-180.3, for the use and benefit of the Town of Goodwell, Oklahoma. The Authority leases the existing water and sewer lines, wells and storage facilities of the Town and receives the revenues from their use. The Authority is charged with the responsibility of maintaining the property as needed, although title to the property is retained by the Town. The lease is for a period of fifty years.

(b) Fund Accounting

The accounts of the Town are organized on the basis of funds and a group of accounts, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance, revenues and expenditures. The various funds are grouped by type in the financial statements in this report, as follows:

Governmental Fund Types

General Fund - The General Fund is the principal fund of the Town which accounts for all financial transactions not properly accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for revenues derived from specific taxes and other designated revenue sources.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt and related costs.

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

(b) Fund Accounting (continued)

Proprietary Fund Types

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Funds

Fiduciary funds are trust or agency funds used to account for assets held by the Town in a trustee capacity or as an agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

General Fixed Assets - This account group is used to account for all fixed assets of the Town, other than those accounted for in Proprietary funds. No depreciation is provided on general fixed assets.

General Long-Term Debt - This account group is used to account for all long-term obligations of the Town except those which are accounted for in its proprietary type funds. Long-term liabilities expected to be repaid from governmental funds are accounted for in the General Long-Term Account Group, and not are not reflected as liabilities within the governmental funds.

(c) Basis of Accounting

The modified cash basis of accounting is followed. Revenues are recorded when received rather than when earned. Expenditures are basically recorded when paid, however, outstanding encumbrances, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation.

This method of accounting is a comprehensive basis of accounting which differs from the method required under generally accepted accounting principles. The Town has not implemented the new financial reporting model, as required by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

(e) Total (Memorandum Only)

The combined financial statements have "Total (Memorandum Only)" columns. These columns do not purport to present the consolidated financial position of the Town of Goodwell, Oklahoma. All significant interfund transactions would be eliminated and other adjustments would be made in the preparation of consolidated financial statements.

(f) Budget

The Town's budget represents appropriations originally authorized and any subsequent revisions that were officially adopted during the fiscal year. The Town's budget is also prepared under the modified cash basis of accounting. In accordance with Oklahoma law, all remaining unexpended appropriations lapse at year end.

(g) Compensated Absences

The Town records vacation and sick leave expenditures only at the time such leave is actually paid.

(2) **DEPOSITS, INVESTMENTS, AND COLLATERAL**

Custodial Credit Risk - The Town's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement.

At June 30, 2011, the Town was not exposed to custodial credit risk as defined above.

Investment Credit Risk – The Town investment policy limits investments to those allowed in state law applicable to municipalities as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

(2) **DEPOSITS, INVESTMENTS, AND COLLATERAL**

Investment Credit Risk (continued) - Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town’s investment policy limits investments to those with a short-term maturities, as a means of managing exposure to fair value losses arising from increasing interest rates. The Town discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the Town (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town’s investment policy requires diversification of investments.

At June 30, 2011, the Town had no concentration of credit risk as defined above.

(3) **LONG-TERM DEBT**

The Town of Goodwell has Long-Term Debt as noted in the following paragraphs.

Capital Improvement Bonds in the amount of \$135,000 were approved and issued in 2001. The first interest maturity occurred in 2003, and \$30,000 of the original principal amount was outstanding at June 30, 2011. A millage levy is assessed annually in order to accumulate funds for the retirement of this debt.

The Goodwell Public Works Authority, had these outstanding notes at June 30, 2011:

#43315 --(Sewer Improvements)--Principal in the amount of \$89,903 outstanding at June 30, 2011. The loan is collateralized by real estate and bears interest at 4.50%.

The Town of Goodwell and the Goodwell Public Works Authority were in compliance with the terms of the bond indenture and these notes at June 30, 2011.

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

(4) PENSION AND RETIREMENT PLANS

All firefighters participate in the Statewide Oklahoma Firefighter's Pension and Retirement System. The Town contributes to this plan for each firefighter in accordance with Oklahoma Statutes.

Historical trend information is presented in annual reports for this retirement systems. This information is useful in assessing a pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

(5) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Accordingly, the Town purchases commercial insurance to reduce its risk of loss. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

(6) COMMITMENTS AND CONTINGENT LIABILITIES

The financial statements do not include any provision for loss contingencies resulting from litigation. Under applicable Oklahoma statutes, cities and towns generally establish a sinking fund to satisfy legal judgments rendered against them. Tax revenues are then specifically assessed for payment of these claims which have been reduced to judgment. Such claims are generally paid through these special tax assessments over a three (3) year period.

(7) SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 30, 2012, which is the date the financial statements were available.

**COMBINING FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULES**

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
SCHEDULE OF REVENUE BY SOURCE--GENERAL FUND
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
TAXES			
Franchise Taxes	\$32,928	41,845	8,917
Total Taxes	<u>32,928</u>	<u>41,845</u>	<u>8,917</u>
LICENSES AND PERMITS			
Dog Tags	112	325	213
Permits	403	373	(30)
Total Licenses and Permits	<u>515</u>	<u>698</u>	<u>183</u>
INTERGOVERNMENTAL			
Alcoholic Beverage Tax	12,474	14,349	1,875
Sales Taxes	62,394	75,275	12,881
Use Taxes	5,745	11,721	5,976
Tobacco Taxes	1,241	1,099	(142)
Total Intergovernmental	<u>81,854</u>	<u>102,444</u>	<u>20,590</u>
CHARGES FOR SERVICES			
Dog Pound Fees	1,229	789	(440)
Water Utility Revenue	13,186	22,646	9,460
Garbage Service Charges	93,552	107,242	13,690
Other - Ambulance	1,431	2,395	964
Total Charges for Services	<u>109,398</u>	<u>133,072</u>	<u>23,674</u>
FINES AND FORFEITURES			
Police Fines	63,810	48,000	(15,810)
INTEREST	<u>225</u>	<u>274</u>	<u>49</u>
MISCELLANEOUS			
Rents	230	63	(167)
Royalties	464	815	351
Refunds & Reimbursements	113,759	114,956	1,197
Insurance Recoveries	71	960	889
Sale of Property		955	955
Copies	78	127	49
Other - Miscellaneous	92	3,789	3,697
Total Miscellaneous	<u>114,694</u>	<u>121,665</u>	<u>6,971</u>
TOTALS	<u>\$403,424</u>	<u>447,998</u>	<u>44,574</u>

See accompanying letter and notes to financial statement.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
SCHEDULE OF EXPENDITURES BY CLASSIFICATION--GENERAL FUND
BUDGET AND ACTUAL - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE/ (UNFAVORABLE)</u>
Personal Services	\$380,000	352,972	27,028
Maintenance and Operation	135,000	124,206	10,794
Capital Outlay	<u>5,074</u>	<u> </u>	<u>5,074</u>
 Total Expenditures	 <u><u>\$520,074</u></u>	 <u><u>477,178</u></u>	 <u><u>42,896</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS--MODIFIED CASH BASIS
JUNE 30, 2011**

	STREET AND ALLEY FUND	CEMETERY FUND	AMBULANCE FUND	MUNICIPAL COURT BOND FUND	FIRE PROTECTION FUND	COMMUNITY CENTER FUND	MAIN STREET IMPROVEMENT FUND	YOUTH FUND
<u>ASSETS</u>								
Cash, Including Time Deposits	\$4,526	11,258	1,496	809	28,208	1,577	3,978	171
Total Assets	<u>\$4,526</u>	<u>11,258</u>	<u>1,496</u>	<u>809</u>	<u>28,208</u>	<u>1,577</u>	<u>3,978</u>	<u>171</u>
<u>LIABILITIES</u>								
Warrants Outstanding	\$0	0	0	0	0	0	0	0
<u>FUND BALANCE</u>								
Unreserved	4,526	11,258	1,496	809	28,208	1,577	3,978	171
Total Fund Balance	<u>4,526</u>	<u>11,258</u>	<u>1,496</u>	<u>809</u>	<u>28,208</u>	<u>1,577</u>	<u>3,978</u>	<u>171</u>
Total Liabilities and Fund Balance	<u>\$4,526</u>	<u>11,258</u>	<u>1,496</u>	<u>809</u>	<u>28,208</u>	<u>1,577</u>	<u>3,978</u>	<u>171</u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS--MODIFIED CASH BASIS
JUNE 30, 2011**

	<u>POLICE FUND</u>	<u>INSUR. REIMB. & TRAFFIC.COM FUNDS</u>	<u>CENTENNIAL CELEBRATION FUND</u>	<u>OPSU ENGINEERING FUND</u>	<u>REAP GRANT</u>	<u>CASH FORFEITURE FUNDS</u>	<u>TOTALS (Memorandum Only)</u>
<u>ASSETS</u>							
Cash, Including Time Deposits	448	1,161	2,880	0	0	245,208	301,720
Total Assets	<u>448</u>	<u>1,161</u>	<u>2,880</u>	<u>0</u>	<u>0</u>	<u>245,208</u>	<u>301,720</u>
<u>LIABILITIES</u>							
Warrants Outstanding	0	0	0	0	0	126	126
<u>FUND BALANCE</u>							
Unreserved	448	1,161	2,880	0	0	245,082	301,594
Total Fund Balance	<u>448</u>	<u>1,161</u>	<u>2,880</u>	<u>0</u>	<u>0</u>	<u>245,082</u>	<u>301,594</u>
Total Liabilities and Fund Balanc	<u>448</u>	<u>1,161</u>	<u>2,880</u>	<u>0</u>	<u>0</u>	<u>245,208</u>	<u>301,720</u>

See accompanying letter and notes to financial statements.

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	STREET AND ALLEY FUND	CEMETERY FUND	AMBULANCE FUND	MUNICIPAL COURT BOND FUND	FIRE PROTECTION FUND	COMMUNITY CENTER FUND	MAIN STREET IMPROVEMENT FUND	YOUTH FUND
REVENUES								
INTERGOVERNMENTAL								
Gas Excise & Commercial Vehicle Taxes	\$10,786							
Total Intergovernmental	10,786	0	0	0	0	0	0	0
CHARGES FOR SERVICE								
Total Charges for Service	0	0	0	0	6,298	0	0	0
FINES AND FORFEITURES								
Police Fines				29,819				
Drug Forfeiture								
Total Fines and Forfeitures	0	0	0	29,819	0	0	0	0
INTEREST								
	7	30	8	68	86		13	
MISCELLANEOUS								
Donations		70	1,200		5,675	220	350	235
Rentals						345		
Grants					4,398			
Other		260	2,700	25	350	350	1,040	
Total Miscellaneous	0	330	3,900	25	10,423	915	1,390	235
Total Revenues	10,793	360	3,908	29,912	16,807	915	1,403	235
EXPENDITURES								
Personal Service								
Maintenance and Operation	6,822	82	5,497	30,082	19,099	3,141	3,619	315
Capital Outlay								
	6,822	82	5,497	30,082	19,099	3,141	3,619	315
Excess of Revenues Over (Under) Expenditure	3,971	278	(1,589)	(170)	(2,292)	(2,226)	(2,216)	(80)
OTHER FINANCING SOURCES (USES)								
Estopped Warrants				58	130			
Transfers (to) from General Fund								
Total Other Financing Sources (Uses)	0	0	0	58	130	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	3,971	278	(1,589)	(112)	(2,162)	(2,226)	(2,216)	(80)
Fund Balance, Beginning of Year	555	10,980	3,085	921	30,370	3,803	6,194	251
Fund Balance, End of Year	\$4,526	11,258	1,496	809	28,208	1,577	3,978	171

See accompanying letter and notes to financial statements

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
SPECIAL REVENUE FUNDS--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011

	POLICE FUND	INSUR. REIMB. & TRAFFIC.COM FUNDS	CENTENNIAL CELEBRATION FUND	OSU ENGINEERING FUND	REAP FUND	CASH FORFEITURE FUNDS	TOTALS (Memorandum Only)
REVENUES:							
INTERGOVERNMENTAL							
Gas Excise & Commerical Vehicle Taxes	\$0						10,786
Total Intergovernmental	0	0	0	0	0	0	10,786
CHARGES FOR SERVICE							
Total Charges for Service	0	0	0	101,034	0	0	107,332
FINES AND FORFEITURES							
Police Fines	1,710						31,529
Drug Forfeiture						123,670	123,670
Total Fines and Forfeitures	1,710	0	0	0	0	123,670	155,199
INTEREST							
	2	34	9			2,201	2,458
MISCELLANEOUS							
Donations							7,750
Rentals							345
Grants					92,873		97,271
Other	555	293				3,885	9,458
Total Miscellaneous	555	293	0	0	92,873	3,885	114,824
Total Revenues	2,267	327	9	101,034	92,873	129,756	390,599
EXPENDITURES:							
Personal Service							0
Maintenance and Operation	3,339		663	101,034		87,531	261,224
Capital Outlay					92,873		92,873
	3,339	0	663	101,034	92,873	87,531	354,097
Excess of Revenues Over (Under) Expenditure	(1,072)	327	(654)	0	0	42,225	36,502
OTHER FINANCING SOURCES (USES):							
Estopped Warrants							188
Transfers		744					744
Total Other Financing Sources (Uses)	0	744	0	0	0	0	932
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,072)	1,071	(654)	0	0	42,225	37,434
Fund Balance, Beginning of Year	1,520	90	3,534	0	0	202,857	264,160
Fund Balance, End of Year	\$448	1,161	2,880	0	0	245,082	301,594

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS--MODIFIED CASH BASIS
JUNE 30, 2011**

	<u>GPWA RESERVE FUND</u>	<u>SINKING FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
<u>ASSETS</u>			
Cash, including time deposits	<u>\$36,007</u>	<u>44</u>	<u>36,051</u>
Total Assets	<u><u>\$36,007</u></u>	<u><u>44</u></u>	<u><u>36,051</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities	<u>\$3,483</u>	<u>0</u>	<u>3,483</u>
Fund Balance:			
Reserved for Debt Service	<u>32,524</u>	<u>44</u>	<u>32,568</u>
Total Liabilities and Fund Equity	<u><u>\$36,007</u></u>	<u><u>44</u></u>	<u><u>36,051</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
DEBT SERVICE FUNDS--MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2011**

	GPWA RESERVE FUND	SINKING FUND	--TOTALS-- (Memorandum Only)
REVENUE:			
Ad Valorem Tax	\$0	14,144	14,144
Interest Earned	212	135	347
TOTAL REVENUE	<u>212</u>	<u>14,279</u>	<u>14,491</u>
EXPENDITURES:			
Capital Improvement	3,483		3,483
Miscellaneous			0
TOTAL EXPENDITURES	<u>3,483</u>	<u>0</u>	<u>3,483</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(3,271)</u>	<u>14,279</u>	<u>11,008</u>
OTHER FINANCING SOURCES (USES):			
Retirement of Bonds Payable and Interest		(15,698)	(15,698)
Commissions to Fiscal Agents		(350)	(350)
Transfer from GPWA Water/Sewer Fund	12,000		12,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,000</u>	<u>(16,048)</u>	<u>(4,048)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>8,729</u>	<u>(1,769)</u>	<u>6,960</u>
FUND BALANCE, BEGINNING OF YEAR	<u>23,795</u>	<u>1,813</u>	<u>25,608</u>
FUND BALANCE, END OF YEAR	<u><u>\$32,524</u></u>	<u><u>44</u></u>	<u><u>32,568</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
PROPRIETARY FUND TYPES
JUNE 30, 2011**

<u>ASSETS</u>	<u>GPWA WATER & SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
Cash, including time deposits	\$127,872	127,872
Equipment	463,413	463,413
Less: Allowance for Depreciation	(403,344)	(403,344)
Net Plant and Equipment	60,069	60,069
Leasehold Property	833,579	833,579
Less: Allowance for Amortization	(509,897)	(509,897)
Net Leasehold Property	323,682	323,682
 Total Assets	 <u>\$511,623</u>	 <u>511,623</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Outstanding Warrants	\$0	0
Notes Payable	89,903	89,903
Unreserved Retained Earnings	421,720	421,720
 Total Liabilities and Fund Balance	 <u>\$511,623</u>	 <u>511,623</u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUE, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - MODIFIED CASH BASIS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>GPWA WATER & SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
INCOME:		
Charges for Services:		
Water	\$122,130	122,130
Sewer	30,712	30,712
Trash	77,045	77,045
Fire	4,386	4,386
Meter/Water Tap	2,932	2,932
Total Charges for Services	<u>237,205</u>	<u>237,205</u>
Other Income:		
Interest Earned	602	602
Miscellaneous	40,081	40,081
Total Other Income	<u>40,683</u>	<u>40,683</u>
TOTAL INCOME	<u>277,888</u>	<u>277,888</u>
EXPENSES:		
Amortization of Leasehold	20,839	20,839
Depreciation of Machinery & Equipment	29,465	29,465
Personal Service	31,608	31,608
Maintenance & Operation	225,479	225,479
TOTAL EXPENSES	<u>307,391</u>	<u>307,391</u>
NET INCOME (LOSS)	<u><u>(\$29,503)</u></u>	<u><u>(29,503)</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	(\$29,503)
Add (Deduct) Items Not Affecting Cash:	
Depreciation Expense	29,465
Amortization Expense	<u>20,839</u>
Net Cash Flow from Operating Activities	20,801
Cash Flows From Non-Capital Financing Activities:	
Transfers in (out)	(12,000)
Cash Flows from Capital Financing Activities:	
Increase in Long Term Debt	<u>19,381</u>
Net Increase (Decrease) in Cash and Cash Equivalents	28,182
Cash and Cash Equivalents, June 30, 2010	<u>99,690</u>
Cash and Cash Equivalents, June 30, 2011	<u><u>\$127,872</u></u>

The notes to the financial statements are an integral part of this statement.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
TRUST AND AGENCY FUND
JUNE 30, 2011**

	<u>METER DEPOSIT FUND</u>
<u>ASSETS</u>	
Cash, including time deposits	<u>\$39,106</u>
 Total Assets	 <u><u>\$39,106</u></u>
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Refundable Meter Deposits	\$31,407
Warrants Outstanding	<u>452</u>
 Fund Balance:	
Unreserved	<u>7,247</u>
 Total Liabilities and Fund Equity	 <u><u>\$39,106</u></u>

See accompanying letter and notes to financial statements.

**THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND FUND BALANCE
TRUST AND AGENCY FUND--(MODIFIED CASH BASIS)
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>METER DEPOSIT FUND</u>
REVENUE:	
Interest	<u>\$1,077</u>
EXPENDITURES:	<u> </u>
REVENUE IN EXCESS OF EXPENDITURES :	<u> 1,077</u>
OTHER FINANCING SOURCES (USES):	
Estopped Warrants	<u> 498</u>
FUND BALANCE, BEGINNING OF YEAR	<u> 5,672</u>
FUND BALANCE, END OF YEAR	<u><u> \$7.247</u></u>

See accompanying letter and notes to financial statements.

**TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Cash/ Beginning Balance at July 1, 2010</u>	<u>Federal Receipts</u>	<u>Federal Expenditures</u>	<u>Other Expenditures</u>	<u>Cash/ Ending Balance at June 30, 2011</u>
U.S. Department of Housing and Urban Development Passed Through the <u>Oklahoma Economic Development Authority</u>							
		49,999		42,874	42,874		0
		49,999		49,999	49,999		0
		<u>56,460</u>					<u>0</u>
Total Federal Assistance		<u><u>\$156,458</u></u>	<u><u>0</u></u>	<u><u>92,873</u></u>	<u><u>92,873</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

The notes to the financial statements are an integral part of this statement.

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

169 S.E. 32ND
EDMOND, OKLAHOMA 73013
(405) 348-3800
FAX (405) 348-7965

April 30, 2012

Honorable Governing Board
Town of Goodwell, Oklahoma

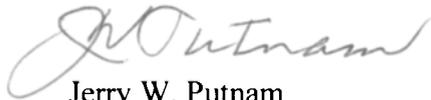
We have audited financial statements of the Town of Goodwell, including the Goodwell Public Works Authority, as of and for the year ended June 30, 2011, as listed in the table of contents, and have issued our report thereon dated April 30, 2012. As a part of our audit, we made a study and evaluation of the Town's system of internal accounting control to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole, and we do not express such an opinion.

However, during our audit we became aware of some matters that, while not involving material weaknesses in internal accounting control, are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated April 30, 2012, on the financial statements of the Town of Goodwell.

We will review the status of these comments during our next audit engagement. We would be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

We also wish to express our appreciation of the courteous attention and cooperation which we received from staff members during our engagement.

Sincerely,



Jerry W. Putnam

PUTNAM & COMPANY, PLLC

**THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
MANAGEMENT LETTER COMMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. Due to the limited size of the Town's staff, it is impossible to segregate all employee duties to preclude one individual from having complete control over entire financial transactions.

2. Fixed asset records are kept for the various items on hand with the Town, but only new fixed asset additions are recorded in the general ledger. None of the inventory items appeared to be physically counted or inspected on an annual basis.