

**ANNUAL FINANCIAL REPORT**  
**THE TOWN OF GOODWELL, OKLAHOMA**  
**INCLUDING**  
**THE GOODWELL PUBLIC WORKS AUTHORITY**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**THE TOWN OF GOODWELL, OKLAHOMA  
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**THE TOWN OF GOODWELL, OKLAHOMA  
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**INDEPENDENT AUDITOR'S REPORT**

Town Council  
Town of Goodwell  
Goodwell, Oklahoma

**Report on the Financial Statements**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Goodwell, Oklahoma (the Town), as of and for the year ended June 30, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility 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 1. This includes 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 presentation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Basis for Qualified Opinion**

As discussed in Note 1, to the financial statements, the Town has not maintained complete capital asset records to support the historical cost of past capital asset purchases. Accounting principles generally accepted in the United States of America require that capital assets be recorded at historical cost net of accumulated depreciation. Documentation supporting historical cost was not readily available for our review. Also, the Town has elected to not report depreciation on these capital assets. The amount by which this departure would affect assets, net position, and expenses of the Governmental and Business-Type Activities is not readily determinable.

#### **Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Goodwell, Oklahoma, as of June 30, 2015 and the respective changes in modified cash basis financial position and where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

#### **Basis of Accounting**

We draw attention to Note 1 of the financial statements that 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.

#### **Other Matters**

##### **Supplementary and Other Information**

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.

The Town has not presented the Management's Discussion and Analysis required by the Governmental Accounting Standards Board (GASB) and the GASB has determined is necessary to supplement, although not required to be a part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis and is not a required

part of the basic financial statements. We subjected this information to the auditing procedures applied by us, in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated May 25, 2016 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and compliance.

*Putnam & Company*

Putnam & Company, PLLC  
May 25, 2016

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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**

Town Council  
Town of Goodwell  
Goodwell, Oklahoma

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, each major fund of the Town of Goodwell, Oklahoma, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Goodwell's basic financial statements and have issued our report thereon dated May 25, 2016. The report on the Town was qualified due to the Town's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Management Discussion and Analysis is not presented as required by the Governmental Accounting Standards Board.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Goodwell's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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.

#### **Purpose of this Report**

The purpose of this report is intended solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or 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.

*Putnam & Company*

Putnam & Company, PLLC

May 25, 2016

**GOVERNMENT – WIDE FINANCIAL STATEMENTS**

**TOWN OF GOODWELL, OKLAHOMA**  
**INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY**  
**STATEMENT OF NET POSITION--MODIFIED CASH BASIS**  
**JUNE 30, 2015**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	572,588	192,278	764,866
<b>TOTAL ASSETS</b>	<b>\$572,588</b>	<b>192,278</b>	<b>764,866</b>
<b>CURRENT LIABILITIES</b>			
Warrants Outstanding	\$14,733		14,733
Customer Deposits Payable	42,073		42,073
Long-Term Debt--Non-Current Portion	20,000		20,000
<b>Total Current Liabilities</b>	<b>76,806</b>	<b>0</b>	<b>76,806</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-Term Debt--Non-Current Portion	120,000	3,819	123,819
<b>TOTAL LIABILITIES</b>	<b>196,806</b>	<b>3,819</b>	<b>200,625</b>
<b>NET POSITION</b>			
Unrestricted	375,782	188,459	564,241
<b>TOTAL POSITION</b>	<b>375,782</b>	<b>188,459</b>	<b>564,241</b>

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

**TOWN OF GOODWELL, OKLAHOMA**  
**INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY**  
**STATEMENT OF ACTIVITIES--MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities Town of Goodwell	\$628,956	175,226		(453,730)
Business-Type Activities Goodwell Public Works Authority	227,845	268,851		41,006
Total Primary Government	\$856,801	444,077	0	(412,724)

CHANGES IN NET ASSETS:	Primary Government		
	Governmental Activities	Business Type Activities	Total
Net (Expense) Revenue	(\$453,730)	41,006	(412,724)
General Revenue			
Sales Taxes	81,753		81,753
Interest	649	205	854
Other Income	415,365	141	415,506
Total General Revenue	497,767	346	85,389
Transfers--In (Out)	(47,000)	(15,500)	(62,500)
Interest Expense	(4,720)		(4,720)
Estopped Warrants	1,170		1,170
Change in Net Position	(6,513)	25,852	19,339
Net Position--Beginning	382,295	162,607	544,902
Net Position--Ending	\$375,782	188,459	564,241

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

## **FUND FINANCIAL STATEMENTS**

**THE TOWN OF GOODWELL, OKLAHOMA**  
**(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)**  
**COMBINED BALANCE SHEET - MODIFIED CASH BASIS - ALL FUND TYPES**  
**JUNE 30, 2015**

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	PROPRIETARY FUND TYPES	-TOTALS- (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Trust and Agency	Enterprise Fund	
<b>ASSETS</b>						
Cash, including time deposits	\$183,845	289,376	56,857	42,510	192,278	764,866
Total Assets	<u>\$183,845</u>	<u>289,376</u>	<u>56,857</u>	<u>42,510</u>	<u>192,278</u>	<u>764,866</u>
<b>LIABILITIES</b>						
Warrants Payable	\$13,645	883		205		14,733
Refundable Meter Deposits				42,073		42,073
Notes Payable					3,819	3,819
Bonds Payable			140,000			140,000
Total Liabilities	<u>13,645</u>	<u>883</u>	<u>140,000</u>	<u>42,278</u>	<u>3,819</u>	<u>200,625</u>
<b>FUND EQUITY</b>						
Fund Balance-Reserved for Capital Projects						0
Fund Balance-Reserved for Debt Service			(83,143)			(83,143)
Fund Balance--Unreserved	170,200	288,493		232		458,925
Unreserved Retained Earnings					188,459	188,459
Total Fund Equity	<u>170,200</u>	<u>288,493</u>	<u>(83,143)</u>	<u>232</u>	<u>188,459</u>	<u>564,241</u>
Total Liabilities and Fund Equity	<u>\$183,845</u>	<u>289,376</u>	<u>56,857</u>	<u>42,510</u>	<u>192,278</u>	<u>764,866</u>

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, 2015

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Trust and Agency	
<b>REVENUES:</b>					
Taxes	\$49,638		25,835		75,473
Licenses and permits	506				506
Intergovernmental	112,010	11,845			123,855
Charges for Services	171,129	4,097			175,226
Fines and Forfeitures	62,500	77,911			140,411
Interest	160	310	100	79	649
Grants		4,484			4,484
Miscellaneous	122,952	25,550	3,887		152,389
<b>Total Revenues</b>	<b>518,895</b>	<b>124,197</b>	<b>29,822</b>	<b>79</b>	<b>672,993</b>
<b>EXPENDITURES:</b>					
Personal Services	392,862				392,862
Maintenance and Operations	129,779	63,733			193,512
Capital Outlay			42,282		42,282
<b>Total Expenditures</b>	<b>522,641</b>	<b>63,733</b>	<b>42,282</b>	<b>0</b>	<b>628,656</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(3,746)</b>	<b>60,464</b>	<b>(12,460)</b>	<b>79</b>	<b>44,337</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Fiscal Agents Fees			(300)		(300)
Estopped Warrants	1,078			92	1,170
Retirement of Bonds & Interest			(24,720)		(24,720)
Transfers Among Funds		(62,500)	15,500		(47,000)
<b>Total Other Financing Sources (Uses):</b>	<b>1,078</b>	<b>(62,500)</b>	<b>(9,520)</b>	<b>92</b>	<b>(70,850)</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(2,668)</b>	<b>(2,036)</b>	<b>(21,980)</b>	<b>171</b>	<b>(26,513)</b>
Fund Balance, Beginning of Year	172,868	290,529	78,837	61	542,295
Fund Balance, End of Year	\$170,200	288,493	56,857	232	515,782

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, 2015**

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
<b>REVENUES:</b>									
Taxes	\$48,284	49,638	1,354			0	48,284	49,638	1,354
Licenses and permits	568	506	(62)			0	568	506	(62)
Intergovernmental	98,561	112,010	13,449		11,845	11,845	98,561	123,855	25,294
Charges for Service	156,445	171,129	14,684		4,097	4,097	156,445	175,226	18,781
Fines and Forfeitures	58,768	62,500	3,732		77,911	77,911	58,768	140,411	81,643
Interest	175	160	(15)		310	310	175	470	295
Miscellaneous	113,863	122,952	9,089		30,034	30,034	113,863	152,986	39,123
<b>Total Revenues</b>	<b>476,664</b>	<b>518,895</b>	<b>42,231</b>		<b>124,197</b>	<b>124,197</b>	<b>476,664</b>	<b>643,092</b>	<b>166,428</b>
<b>EXPENDITURES:</b>									
Personal Services	450,000	392,862	57,138			0	450,000	392,862	57,138
Maintenance and Operation	180,000	129,779	50,221	290,529	63,733	226,796	470,529	193,512	277,017
Capital Outlay	19,532		19,532			0	19,532	0	19,532
<b>Total Expenditures</b>	<b>649,532</b>	<b>522,641</b>	<b>126,891</b>	<b>290,529</b>	<b>63,733</b>	<b>226,796</b>	<b>940,061</b>	<b>586,374</b>	<b>353,687</b>
<b>Excess of Revenues over Expenditures</b>	<b>(172,868)</b>	<b>(3,746)</b>	<b>169,122</b>	<b>(290,529)</b>	<b>60,464</b>	<b>350,993</b>	<b>(463,397)</b>	<b>56,718</b>	<b>520,115</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Estopped Warrants		1,078	1,078			0		1,078	1,078
Transfers Among Funds			0		(62,500)	(62,500)		(62,500)	(62,500)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>1,078</b>	<b>1,078</b>	<b>0</b>	<b>(62,500)</b>	<b>(62,500)</b>	<b>0</b>	<b>(61,422)</b>	<b>(61,422)</b>
<b>Excess of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<b>(172,868)</b>	<b>(2,668)</b>	<b>170,200</b>	<b>(290,529)</b>	<b>(2,036)</b>	<b>288,493</b>	<b>(463,397)</b>	<b>(4,704)</b>	<b>458,693</b>
Fund Balance, Beginning of Year	172,868	172,868	0	290,529	290,529	0	463,397	463,397	0
Fund Balance, End of Year	\$0	170,200	170,200	0	288,493	288,493	0	458,693	458,693

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, 2015**

**(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 ENTITY—(Blended Component Unit)**

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.

The accompanying financial statements present both the government itself, as legally defined, and a component unit, which is a legally separate entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

(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, 2015**

(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.

**(c) Government-wide financial statements**

The government-wide financial statements ( the statement of net position and the statement of activities) report information on activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, and other non-exchange transactions are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Generally, only cash (and cash equivalents) and items that involve the receipt or disbursement of cash (or cash equivalents) during the period are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure, and long-term liabilities such as debt and compensated absences may also not be reported.

**C. Basis of presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

**THE TOWN OF GOODWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**C. Basis of presentation – Government-Wide Financial Statements (continued)**

The government-wide financial statements are presented on the modified cash basis of accounting. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are any payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the inter-fund services provided and other charges between the government's public works function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds and blended component unit. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds. The fund financial statements are presented on the modified cash basis of accounting.

(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 inter-fund 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.

**THE TOWN OF GOODWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

(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 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, 2015, 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 \$175,000 were issued in 2013. The first principal maturity occurs in 2015, and \$140,000 of the original principal amount was outstanding at June 30, 2015. A millage levy is assessed annually in order to accumulate funds for the retirement of this debt.

The Goodwell Public Works Authority, had the following note outstanding at June 30, 2015:

#43315 --(Sewer Improvements)--Principal in the amount of \$3,819 was outstanding at June 30, 2015. 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 this note at June 30, 2015.

**THE TOWN OF GOODWELL, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

(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 May 25, 2016, 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, 2015**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
<b>TAXES</b>			
Franchise Taxes	\$48,284	49,638	1,354
Total Taxes	48,284	49,638	1,354
<b>LICENSES AND PERMITS</b>			
Dog Tags	162	165	3
Permits	406	341	(65)
Total Licenses and Permits	568	506	(62)
<b>INTERGOVERNMENTAL</b>			
Alcoholic Beverage Tax	14,837	17,090	2,253
Sales Taxes	71,877	81,753	9,876
Use Taxes	10,965	12,238	1,273
Tobacco Taxes	882	929	47
Total Intergovernmental	98,561	112,010	13,449
<b>CHARGES FOR SERVICES</b>			
Dog Pound Fees	486	376	(110)
Water Utility Revenue	20,030	18,768	(1,262)
Garbage Service Charges	128,181	139,503	11,322
Other - Ambulance	7,748	12,482	4,734
Total Charges for Services	156,445	171,129	14,684
<b>FINES AND FORFEITURES</b>			
Police Fines	58,768	62,500	3,732
<b>INTEREST</b>			
	175	160	(15)
<b>MISCELLANEOUS</b>			
Rents	22		(22)
Sale of Property	8,910		(8,910)
Royalties	522	632	110
Police Salary Reimbursement--OPSU	103,460	117,556	14,096
Copies		96	96
Other - Miscellaneous	949	4,668	3,719
Total Miscellaneous	113,863	122,952	9,089
<b>TOTALS</b>	<b>\$476,664</b>	<b>518,895</b>	<b>42,231</b>

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, 2015**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE/ (UNFAVORABLE)</u>
Personal Services	\$450,000	392,862	57,138
Maintenance and Operation	180,000	129,779	50,221
Capital Outlay	<u>19,532</u>	<u></u>	<u>19,532</u>
Total Expenditures	<u><u>\$649,532</u></u>	<u><u>522,641</u></u>	<u><u>126,891</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, 2015**

	STREET AND ALLEY FUND	CEMETERY FUND	AMBULANCE FUND	MUNICIPAL COURT BOND FUND	FIRE PROTECTION FUND	COMMUNITY CENTER FUND	MAIN STREET IMPROVEMENT FUND	YOUTH FUND
<b><u>ASSETS</u></b>								
Cash, Including Time Deposits	\$2,925	7,972	10,773	3,380	42,379	1,217	2,481	613
<b>Total Assets</b>	<b><u>\$2,925</u></b>	<b><u>7,972</u></b>	<b><u>10,773</u></b>	<b><u>3,380</u></b>	<b><u>42,379</u></b>	<b><u>1,217</u></b>	<b><u>2,481</u></b>	<b><u>613</u></b>
<b><u>LIABILITIES</u></b>								
Warrants Outstanding	\$0	0	22	0	0	0	0	0
<b><u>FUND BALANCE</u></b>								
Unreserved	2,925	7,972	10,751	3,380	42,379	1,217	2,481	613
<b>Total Fund Balance</b>	<b><u>2,925</u></b>	<b><u>7,972</u></b>	<b><u>10,751</u></b>	<b><u>3,380</u></b>	<b><u>42,379</u></b>	<b><u>1,217</u></b>	<b><u>2,481</u></b>	<b><u>613</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$2,925</u></b>	<b><u>7,972</u></b>	<b><u>10,773</u></b>	<b><u>3,380</u></b>	<b><u>42,379</u></b>	<b><u>1,217</u></b>	<b><u>2,481</u></b>	<b><u>613</u></b>

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, 2015**

	<u>POLICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TRAFFIC.COM FUNDS</u>	<u>CENTENNIAL CELEBRATION FUND</u>	<u>COMMUNITY GARDEN FUND</u>	<u>CDBG &amp; REAP GRANTS</u>	<u>CASH FORFEITURE FUNDS</u>	<u>TOTALS (Memorandum Only)</u>
<b><u>ASSETS</u></b>								
Cash, Including Time Deposits	<u>878</u>	<u>874</u>	<u>69</u>	<u>448</u>	<u>90</u>	<u>0</u>	<u>215,277</u>	<u>289,376</u>
Total Assets	<u>878</u>	<u>874</u>	<u>69</u>	<u>448</u>	<u>90</u>	<u>0</u>	<u>215,277</u>	<u>289,376</u>
<b><u>LIABILITIES</u></b>								
Warrants Outstanding	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>861</u>	<u>883</u>
<b><u>FUND BALANCE</u></b>								
Unreserved	<u>878</u>	<u>874</u>	<u>69</u>	<u>448</u>	<u>90</u>	<u>0</u>	<u>214,416</u>	<u>288,493</u>
Total Fund Balance	<u>878</u>	<u>874</u>	<u>69</u>	<u>448</u>	<u>90</u>	<u>0</u>	<u>214,416</u>	<u>288,493</u>
Total Liabilities and Fund Balance	<u>878</u>	<u>874</u>	<u>69</u>	<u>448</u>	<u>90</u>	<u>0</u>	<u>215,277</u>	<u>289,376</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, 2015

	STREET AND ALLEY FUND	CEMETERY FUND	AMBULANCE FUND	MUNICIPAL COURT BOND FUND	FIRE PROTECTION FUND	COMMUNITY CENTER FUND	MAIN STREET IMPROVEMENT FUND	YOUTH FUND
<b>REVENUES:</b>								
<b>INTERGOVERNMENTAL</b>								
Gas Excise & Commercial Vehicle Taxes	\$11,845							
Total Intergovernmental	11,845	0	0	0	0	0	0	0
<b>CHARGES FOR SERVICE</b>								
Total Charges for Service	0	0	0	0	4,097	0	0	0
<b>FINES AND FORFEITURES</b>								
Police Fines				30,302				
Drug Forfeiture								
Total Fines and Forfeitures	0	0	0	30,302	0	0	0	0
<b>INTEREST</b>								
	2	8	14	14	41		3	
<b>MISCELLANEOUS</b>								
Donations		125	2,145		1,737	100	350	467
Rentals						1,040		
Grants					4,484			
Other		500	11,929		3,603	350	452	
Total Miscellaneous	0	625	14,074	0	9,824	1,490	802	467
Total Revenues	11,847	633	14,088	30,316	13,962	1,490	805	467
<b>EXPENDITURES:</b>								
Personal Service								
Maintenance and Operation	11,066	245	10,105	10,524	6,246	730	1,459	298
Capital Outlay								
	11,066	245	10,105	10,524	6,246	730	1,459	298
Excess of Revenues Over (Under) Expenditure	781	388	3,983	19,792	7,716	760	(654)	169
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers (to) from Other Funds				(17,000)				
Transfers (to) from General Fund								
Total Other Financing Sources (Uses)	0	0	0	(17,000)	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	781	388	3,983	2,792	7,716	760	(654)	169
Fund Balance, Beginning of Year	2,144	7,584	6,768	588	34,663	457	3,135	444
Fund Balance, End of Year	\$2,925	7,972	10,751	3,380	42,379	1,217	2,481	613

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, 2015**

	POLICE FUND	CAPITAL PROJECTS FUND	TRAFFIC.COM FUND	CENTENNIAL CELEBRATION FUND	COMMUNITY GARDEN FUND	CDBG & REAP FUND	CASH FORFEITURE FUNDS	TOTALS (Memorandum Only)
<b>REVENUES:</b>								
<b>INTERGOVERNMENTAL</b>								
Gas Excise & Commerical Vehicle Taxes	\$0							11,845
Total Intergovernmental	0	0	0	0	0	0	0	11,845
<b>CHARGES FOR SERVICE</b>								
Total Charges for Service	0	0	0	0	0	0	0	4,097
<b>FINES AND FORFEITURES</b>								
Police Fines	2,145		45,464					77,911
Drug Forfeiture								0
Total Fines and Forfeitures	2,145	0	45,464	0	0	0	0	77,911
<b>INTEREST</b>								
	1	1	0	1			225	310
<b>MISCELLANEOUS</b>								
Donations	700							5,624
Rentals								1,040
Grants								4,484
Other	110			8			1,934	18,886
Total Miscellaneous	810	0	0	8	0	0	1,934	30,034
Total Revenues	2,956	1	45,464	9	0	0	2,159	124,197
<b>EXPENDITURES:</b>								
Personal Service								0
Maintenance and Operation	3,682			1,180			18,198	63,733
Capital Outlay								0
	3,682	0	0	1,180	0	0	18,198	63,733
Excess of Revenues Over (Under) Expenditure:	(726)	1	45,464	(1,171)	0	0	(16,039)	60,464
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers (to) from Other Funds								(17,000)
Transfers (to) from General Fund			(45,500)					(45,500)
Total Other Financing Sources (Uses)	0	0	(45,500)	0	0	0	0	(62,500)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(726)	1	(36)	(1,171)	0	0	(16,039)	(2,036)
Fund Balance, Beginning of Year	1,604	873	105	1,619	90	0	230,455	290,529
Fund Balance, End of Year	\$878	874	69	448	90	0	214,416	288,493

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, 2015**

	<u>GPWA RESERVE FUND</u>	<u>SINKING FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
<u>ASSETS</u>			
Cash, including time deposits	<u>\$29,830</u>	<u>27,027</u>	<u>56,857</u>
Total Assets	<u><u>\$29,830</u></u>	<u><u>27,027</u></u>	<u><u>56,857</u></u>
<u>LIABILITIES AND FUND EQUITY</u>			
Liabilities	<u>\$0</u>	<u>0</u>	<u>0</u>
Fund Balance:			
Reserved for Debt Service	<u>29,830</u>	<u>27,027</u>	<u>56,857</u>
Total Liabilities and Fund Equity	<u><u>\$29,830</u></u>	<u><u>27,027</u></u>	<u><u>56,857</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, 2015**

	GPWA RESERVE FUND	SINKING FUND	--TOTALS-- (Memorandum Only)
	<u>          </u>	<u>          </u>	<u>          </u>
REVENUE:			
Ad Valorem Tax	\$0	25,835	25,835
Miscellaneous	3,887		3,887
Interest Earned	68	32	100
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL REVENUE	3,955	25,867	29,822
EXPENDITURES:			
Maintenance & Operation	0		0
Capital Outlay	42,282		42,282
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL EXPENDITURES	42,282	0	42,282
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(38,327)</u>	<u>25,867</u>	<u>(12,460)</u>
OTHER FINANCING SOURCES (USES):			
Retirement of Bonds and Interest		(24,720)	(24,720)
Commissions to Fiscal Agents		(300)	(300)
Transfer from General Fund			0
Transfer from GPWA Water/Sewer Fund	15,500		15,500
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL OTHER FINANCING SOURCES (USES)	15,500	(25,020)	(9,520)
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(22,827)</u>	<u>847</u>	<u>(21,980)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>52,657</u>	<u>26,180</u>	<u>78,837</u>
FUND BALANCE, END OF YEAR	<u>\$29,830</u>	<u>27,027</u>	<u>56,857</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, 2015**

<u>ASSETS</u>	<u>GPWA WATER &amp; SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
Cash, including time deposits	<u>\$192,278</u>	<u>192,278</u>
Total Assets	<u><u>\$192,278</u></u>	<u><u>192,278</u></u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Notes Payable	<u>3,819</u>	<u>3,819</u>
Total Liabilities	<u>3,819</u>	<u>3,819</u>
Unreserved Retained Earnings	<u>188,459</u>	<u>188,459</u>
Total Liabilities and Fund Balance	<u><u>\$192,278</u></u>	<u><u>192,278</u></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, 2015**

	<u>GPWA WATER &amp; SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
<b>INCOME:</b>		
Charges for Services:		
Water	\$112,323	112,323
Sewer	34,408	34,408
Trash	109,380	109,380
Fire	4,569	4,569
Ambulance	6,348	6,348
Meter/Water Tap	1,823	1,823
Total Charges for Services	<u>268,851</u>	<u>268,851</u>
Other Income:		
Interest Earned	205	205
Miscellaneous	141	141
Total Other Income	<u>346</u>	<u>346</u>
<b>TOTAL INCOME</b>	<u>269,197</u>	<u>269,197</u>
<b>EXPENSES:</b>		
Maintenance & Operation	<u>227,845</u>	<u>227,845</u>
<b>NET INCOME (LOSS)</b>	<u><u>\$41,352</u></u>	<u><u>41,352</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  
MODIFIED CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2015**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$41,352</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers in (out)	<u>(15,500)</u>
Cash Flows from Capital and Related Financing Activities	
Decrease in Long Term Debt	<u>(23,577)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,275
Cash and Cash Equivalents, June 30, 2014	<u>190,003</u>
Cash and Cash Equivalents, June 30, 2015	<u><u>\$192,278</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, 2015**

	METER DEPOSIT FUND
<u>ASSETS</u>	
Cash, including time deposits	\$42,510
Total Assets	\$42,510
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Refundable Meter Deposits	\$42,073
Warrants Outstanding	205
Total Liabilities	42,278
Fund Balance:	
Unreserved	232
Total Liabilities and Fund Equity	\$42,510

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, 2015**

	METER DEPOSIT FUND
REVENUE:	
Interest	\$79
EXPENDITURES:	
REVENUE IN EXCESS OF EXPENDITURES :	79
OTHER FINANCING SOURCES (USES):	
Adjustment to Warrants Outstanding	92
Transfer to Public Works Authority	92
Total Other Financing Sources (Uses)	92
FUND BALANCE, BEGINNING OF YEAR	61
FUND BALANCE, END OF YEAR	\$232

See accompanying letter and notes to financial statements.

**MANAGEMENT LETTER AND COMMENTS**

**PUTNAM & COMPANY, PLLC**

Certified Public Accountants

169 E. 32<sup>nd</sup> Street

Edmond, Oklahoma 73013

(405) 348-3800

May 25, 2016

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, 2015, as listed in the table of contents, and have issued our report thereon dated May 25, 2016. 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 May 25, 2016, 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, 2015**

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.