

ANNUAL FINANCIAL REPORT
THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING
THE GOODWELL PUBLIC WORKS AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**THE TOWN OF GOODWELL, OKLAHOMA
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
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FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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PUTNAM & COMPANY, PLLC

Certified Public Accountants

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Edmond, Oklahoma 73013

(405) 348-3800

INDEPENDENT AUDITOR'S REPORT

Honorable Governing Board
Town of Goodwell, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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.

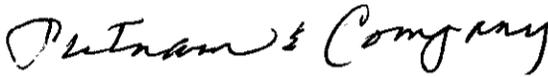
The Town prepares its annual financial statements and schedules on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Goodwell, as of June 30, 2012, and the respective changes in financial position—modified cash basis, thereof for the year then ended in conformity with the basis of accounting described above.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2013, 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 and grants. 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 read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the accounting records concerning capital assets and related depreciation been susceptible to satisfactory audit tests, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described above.


Putnam & Company, PLLC

Edmond, Oklahoma
May 31, 2013

BASIC FINANCIAL STATEMENTS

**TOWN OF GOODWELL, OKLAHOMA
INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY
STATEMENT OF NET ASSETS--MODIFIED CASH BASIS
JUNE 30, 2012**

	Governmental Activities	Business-Type Activities	Totals
CURRENT ASSETS			
Cash and Cash Equivalents	718,394	152,919	871,313
TOTAL ASSETS	\$718,394	152,919	871,313
CURRENT LIABILITIES			
Warrants Outstanding	\$1,010	4,743	5,753
Customer Deposits Payable	36,067		36,067
Total Current Liabilities	37,077	4,743	41,820
NON-CURRENT LIABILITIES			
Long-Term Debt--Non-Current Portion	175,000	69,891	244,891
TOTAL LIABILITIES	212,077	74,634	286,711
NET ASSETS			
Unrestricted	506,317	78,285	584,602
TOTAL NET ASSETS	506,317	78,285	584,602
TOTAL LIABILITIES AND NET ASSETS	\$718,394	152,919	871,313

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, 2012**

FUNCTIONS/PROGRAMS:	Expenses	Program Revenue		Net (Expense) Revenue
		Charges For Services	Operating Grants	
Governmental Activities Town of Goodwell	\$626,387	242,128		(384,259)
Business-Type Activities Goodwell Public Works Authority	218,817	275,876		57,059
Total Primary Government	\$845,204	518,004	0	(327,200)

CHANGES IN NET ASSETS:	Primary Government		Total
	Governmental Activities	Business Type Activities	
Net (Expense) Revenue	(\$384,259)	57,059	(327,200)
General Revenue			
Sales Taxes	84,819		84,819
Interest	981	369	1,350
Other Income	423,614	35	423,649
Total General Revenue	509,414	57,463	182,618
Transfers--In (Out)			0
Change in Net Assets	125,155	57,463	182,618
Net Assets--Beginning	381,162	20,822	401,984
Net Assets--Ending	\$506,317	78,285	584,602

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

THE TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
COMBINED BALANCE SHEET - MODIFIED CASH BASIS - ALL FUND TYPES
JUNE 30, 2012

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	PROPRIETARY FUND TYPES	-TOTALS- (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Capital Projects Fund	Trust and Agency	Enterprise Fund	
ASSETS							
Cash, including time deposits	\$135,128	334,409	51,391	156,904	40,562	152,919	871,313
Total Assets	\$135,128	334,409	51,391	156,904	40,562	152,919	871,313
LIABILITIES							
Warrants Payable	\$0	58			952	4,743	5,753
Refundable Meter Deposits					36,067		36,067
Notes Payable						69,891	69,891
Bonds Payable			175,000				175,000
Total Liabilities	0	58	175,000	0	37,019	74,634	286,711
FUND EQUITY							
Fund Balance-Reserved for Capital Projects				156,904			156,904
Fund Balance-Reserved for Debt Service			(123,609)				(123,609)
Fund Balance--Unreserved	135,128	334,351			3,543		473,022
Unreserved Retained Earnings						78,285	78,285
Total Fund Equity	135,128	334,351	(123,609)	156,904	3,543	78,285	584,602
Total Liabilities and Fund Equity	\$135,128	334,409	51,391	156,904	40,562	152,919	871,313

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, 2012

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency
REVENUES:					
Taxes	\$47,898		828		48,726
Licenses and permits	884				884
Intergovernmental	111,907	11,102			123,009
Charges for Services	159,682	82,446			242,128
Fines and Forfeitures	56,900	113,194			170,094
Interest	95	262	258	222	981
Grants		350			350
Miscellaneous	120,554	15,086	29,730		165,370
Total Revenues	497,920	222,440	30,816	222	751,542
EXPENDITURES:					
Personal Services	339,539				339,539
Maintenance and Operations	110,723	133,814			244,537
Capital Outlay			23,993	18,318	42,311
Total Expenditures	450,262	133,814	23,993	18,318	626,387
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	47,658	88,626	6,823	(18,096)	125,155
OTHER FINANCING SOURCES (USES):					
Proceeds From Bond Issues				175,000	175,000
Estopped Warrants				(497)	(497)
Transfers Among Funds		(55,810)	12,000	(3,351)	(47,161)
Total Other Financing Sources (Uses):	0	(55,810)	12,000	(3,848)	127,342
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	47,658	32,816	18,823	156,904	(3,704)
Fund Balance, Beginning of Year	87,470	301,535	32,568	0	428,820
Fund Balance, End of Year	\$135,128	334,351	51,391	156,904	681,317

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, 2012

	General Fund			Special Revenue Funds			Totals (Memorandum Only)		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
REVENUES:									
Taxes	\$37,661	47,898	10,237			0	37,661	47,898	10,237
Licenses and permits	627	884	257			0	627	884	257
Intergovernmental	92,200	111,907	19,707		11,102	11,102	92,200	123,009	30,809
Charges for Service	119,764	159,682	39,918		82,446	82,446	119,764	242,128	122,364
Fines and Forfeitures	43,200	56,900	13,700		113,194	113,194	43,200	170,094	126,894
Interest	247	95	(152)		262	262	247	357	110
Miscellaneous	109,499	120,554	11,055		15,436	15,436	109,499	135,990	26,491
Total Revenues	403,198	497,920	94,722		222,440	222,440	403,198	720,360	317,162
EXPENDITURES:									
Personal Services	360,000	339,539	20,461		0	0	360,000	339,539	20,461
Maintenance and Operation	125,000	110,723	14,277	301,535	133,814	167,721	426,535	244,537	181,998
Capital Outlay	5,668		5,668			0	5,668	0	5,668
Total Expenditures	490,668	450,262	40,406	301,535	133,814	167,721	792,203	584,076	208,127
Excess of Revenues over Expenditures	(87,470)	47,658	135,128	(301,535)	88,626	390,161	(389,005)	136,284	525,289
OTHER FINANCING SOURCES (USES):									
Estopped Warrants			0			0		0	0
Transfers Among Funds			0		(55,810)	(55,810)		(55,810)	(55,810)
Total Other Financing Sources (Uses)	0	0	0	0	(55,810)	(55,810)	0	(55,810)	(55,810)
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	(87,470)	47,658	135,128	(301,535)	32,816	334,351	(389,005)	80,474	469,479
Fund Balance, Beginning of Year	87,470	87,470	0	301,535	301,535	0	389,005	389,005	0
Fund Balance, End of Year	\$0	135,128	135,128	0	334,351	334,351	0	469,479	469,479

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, 2012**

(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, 2012**

(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.

(d) 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, 2012**

(d) 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.

(e) 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.

(f) 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.

(g) 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.

(h) 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, 2012**

(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, 2012, 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.

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, 2012, the Town had no concentration of credit risk as defined above.

**THE TOWN OF GOODWELL, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

(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 2012. The first principal maturity occurs in 2014, and \$175,000 of the original principal amount was outstanding at June 30, 2012. 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, 2012:

#43315 --(Sewer Improvements)--Principal in the amount of \$69,891 was outstanding at June 30, 2012. 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, 2012.

(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 31, 2013, which is the date the financial statements were available.

**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, 2012**

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE
TAXES			
Franchise Taxes	\$37,661	47,898	10,237
Total Taxes	37,661	47,898	10,237
LICENSES AND PERMITS			
Dog Tags	292	270	(22)
Permits	335	614	279
Total Licenses and Permits	627	884	257
INTERGOVERNMENTAL			
Alcoholic Beverage Tax	12,914	15,108	2,194
Sales Taxes	67,747	84,819	17,072
Use Taxes	10,549	10,712	163
Tobacco Taxes	990	1,268	278
Total Intergovernmental	92,200	111,907	19,707
CHARGES FOR SERVICES			
Dog Pound Fees	710	285	(425)
Water Utility Revenue	20,381	23,552	3,171
Garbage Service Charges	96,518	131,333	34,815
Other - Ambulance	2,155	4,512	2,357
Total Charges for Services	119,764	159,682	39,918
FINES AND FORFEITURES			
Police Fines	43,200	56,900	13,700
INTEREST			
	247	95	(152)
MISCELLANEOUS			
Rents	56	52	(4)
Royalties	734	805	71
Police Salary Reimbursement--OPSU	103,460	114,956	11,496
Insurance Recoveries	864	0	(864)
Sale of Property	860	0	(860)
Copies	114	151	37
Other - Miscellaneous	3,411	4,590	1,179
Total Miscellaneous	109,499	120,554	11,055
TOTALS	\$403,198	497,920	94,722

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, 2012**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE - FAVORABLE/ (UNFAVORABLE)</u>
Personal Services	\$360,000	339,539	20,461
Maintenance and Operation	125,000	110,723	14,277
Capital Outlay	<u>5,668</u>	<u> </u>	<u>5,668</u>
Total Expenditures	<u>\$490,668</u>	<u>450,262</u>	<u>40,406</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, 2012**

	<u>STREET AND ALLEY FUND</u>	<u>CEMETERY FUND</u>	<u>AMBULANCE FUND</u>	<u>MUNICIPAL COURT BOND FUND</u>	<u>FIRE PROTECTION FUND</u>	<u>COMMUNITY CENTER FUND</u>	<u>MAIN STREET IMPROVEMENT FUND</u>	<u>YOUTH FUND</u>
<u>ASSETS</u>								
Cash, Including Time Deposits	\$3,884	9,351	1,897	1,433	30,160	2,337	3,805	191
Total Assets	<u>3,884</u>	<u>9,351</u>	<u>1,897</u>	<u>1,433</u>	<u>30,160</u>	<u>2,337</u>	<u>3,805</u>	<u>191</u>
<u>LIABILITIES</u>								
Warrants Outstanding	\$0	0	0	58	0	0	0	0
<u>FUND BALANCE</u>								
Unreserved	3,884	9,351	1,897	1,375	30,160	2,337	3,805	191
Total Fund Balance	<u>3,884</u>	<u>9,351</u>	<u>1,897</u>	<u>1,375</u>	<u>30,160</u>	<u>2,337</u>	<u>3,805</u>	<u>191</u>
Total Liabilities and Fund Balance	<u>3,884</u>	<u>9,351</u>	<u>1,897</u>	<u>1,433</u>	<u>30,160</u>	<u>2,337</u>	<u>3,805</u>	<u>191</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, 2012**

	<u>POLICE FUND</u>	<u>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	1,949	470	2,680	0	0	276,252	334,409
Total Assets	<u>1,949</u>	<u>470</u>	<u>2,680</u>	<u>0</u>	<u>0</u>	<u>276,252</u>	<u>334,409</u>
<u>LIABILITIES</u>							
Warrants Outstanding	0	0	0	0	0	0	58
<u>FUND BALANCE</u>							
Unreserved	1,949	470	2,680	0	0	276,252	334,351
Total Fund Balance	<u>1,949</u>	<u>470</u>	<u>2,680</u>	<u>0</u>	<u>0</u>	<u>276,252</u>	<u>334,351</u>
Total Liabilities and Fund Balance	<u>1,949</u>	<u>470</u>	<u>2,680</u>	<u>0</u>	<u>0</u>	<u>276,252</u>	<u>334,409</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, 2012

	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	\$11,102							
Total Intergovernmental	11,102	0	0	0	0	0	0	0
CHARGES FOR SERVICE								
Total Charges for Service	0	0	0	0	6,725	0	0	0
FINES AND FORFEITURES								
Police Fines				35,151				
Drug Forfeiture								
Total Fines and Forfeitures	0	0	0	35,151	0	0	0	0
INTEREST								
	5	10	3	31	33		4	
MISCELLANEOUS								
Donations		825	1,067		7,693	350		425
Rentals						910		
Grants							350	
Other		150	2,895		3		319	
Total Miscellaneous	0	975	3,962	0	7,696	1,260	669	425
Total Revenues	11,107	985	3,965	35,182	14,454	1,260	673	425
EXPENDITURES:								
Personal Service								
Maintenance and Operation	11,749	2,892	3,564	8,427	12,502	500	846	405
Capital Outlay								
	11,749	2,892	3,564	8,427	12,502	500	846	405
Excess of Revenues Over (Under) Expenditure:	(642)	(1,907)	401	26,755	1,952	760	(173)	20
OTHER FINANCING SOURCES (USES):								
Transfers (to) from Other Funds				(2,130)				
Transfers (to) from General Fund				(24,000)				
Total Other Financing Sources (Uses)	0	0	0	(26,130)	0	0	0	0
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(642)	(1,907)	401	625	1,952	760	(173)	20
Fund Balance, Beginning of Year	4,526	11,258	1,496	750	28,208	1,577	3,978	171
Fund Balance, End of Year	\$3,884	9,351	1,897	1,375	30,160	2,337	3,805	191

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, 2012

	POLICE FUND	TRAFFIC.COM FUND	CENTENNIAL CELEBRATION FUND	OSU ENGINEERING FUND	REAP FUND	CASH FORFEITURE FUNDS	TOTALS (Memorandum Only)
REVENUES:							
INTERGOVERNMENTAL							
Gas Excise & Commercial Vehicle Taxes	\$0						11,102
Total Intergovernmental	0	0	0	0	0	0	11,102
CHARGES FOR SERVICE							
Total Charges for Service	0	0	0	75,721	0	0	82,446
FINES AND FORFEITURES							
Police Fines		31,103					66,254
Drug Forfeiture						46,940	46,940
Total Fines and Forfeitures	0	31,103	0	0	0	46,940	113,194
INTEREST							
	1	16	3			156	262
MISCELLANEOUS							
Donations							10,360
Rentals							910
Grants							350
Other	409					40	3,816
Total Miscellaneous	409	0	0	0	0	40	15,436
Total Revenues	410	31,119	3	75,721	0	47,136	222,440
EXPENDITURES:							
Personal Service							0
Maintenance and Operation	1,039		203	75,721		15,966	133,814
Capital Outlay							0
	1,039	0	203	75,721	0	15,966	133,814
Excess of Revenues Over (Under) Expenditure	(629)	31,119	(200)	0	0	31,170	88,626
OTHER FINANCING SOURCES (USES):							
Transfers (to) from Other Funds	2,130						0
Transfers (to) from General Fund		(31,810)					(55,810)
Total Other Financing Sources (Uses)	2,130	(31,810)	0	0	0	0	(55,810)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	1,501	(691)	(200)	0	0	31,170	32,816
Fund Balance, Beginning of Year	448	1,161	2,880	0	0	245,082	301,535
Fund Balance, End of Year	\$1,949	470	2,680	0	0	276,252	334,351

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, 2012**

	<u>GPWA RESERVE FUND</u>	<u>SINKING FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
<u>ASSETS</u>			
Cash, including time deposits	<u>\$50,372</u>	<u>1,019</u>	<u>51,391</u>
Total Assets	<u><u>\$50,372</u></u>	<u><u>1,019</u></u>	<u><u>51,391</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>50,372</u>	<u>1,019</u>	<u>51,391</u>
Total Liabilities and Fund Equity	<u><u>\$50,372</u></u>	<u><u>1,019</u></u>	<u><u>51,391</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, 2012**

	GPWA RESERVE FUND	SINKING FUND	--TOTALS-- (Memorandum Only)
	<u> </u>	<u> </u>	<u> </u>
REVENUE:			
Ad Valorem Tax	\$0	828	828
Miscellaneous Sales	29,730		29,730
Interest Earned	111	147	258
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUE	29,841	975	30,816
EXPENDITURES:			
Maintenance & Operation	0		0
Capital Outlay	23,993		23,993
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	23,993	0	23,993
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>5,848</u>	<u>975</u>	<u>6,823</u>
OTHER FINANCING SOURCES (USES):			
Retirement of Bonds and Interest			0
Commissions to Fiscal Agents			0
Transfer from GPWA Water/Sewer Fund	12,000		12,000
	<u> </u>	<u> </u>	<u> </u>
TOTAL OTHER FINANCING SOURCES (USES)	12,000	0	12,000
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>17,848</u>	<u>975</u>	<u>18,823</u>
FUND BALANCE, BEGINNING OF YEAR	<u>32,524</u>	<u>44</u>	<u>32,568</u>
FUND BALANCE, END OF YEAR	<u>\$50,372</u>	<u>1,019</u>	<u>51,391</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, 2012**

<u>ASSETS</u>	<u>GPWA WATER & SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
Cash, including time deposits	<u>\$152,919</u>	<u>152,919</u>
 Total Assets	 <u><u>\$152,919</u></u>	 <u><u>152,919</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Outstanding Warrants	\$4,743	4,743
Notes Payable	<u>69,891</u>	<u>69,891</u>
 Total Liabilities	 <u>74,634</u>	 <u>74,634</u>
 Unreserved Retained Earnings	 <u>78,285</u>	 <u>78,285</u>
 Total Liabilities and Fund Balance	 <u><u>\$152,919</u></u>	 <u><u>152,919</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, 2012**

	<u>GPWA WATER & SEWER FUND</u>	<u>--TOTALS-- (Memorandum Only)</u>
INCOME:		
Charges for Services:		
Water	\$131,865	131,865
Sewer	30,273	30,273
Trash	103,810	103,810
Fire	5,989	5,989
Meter/Water Tap	3,939	3,939
Total Charges for Services	<u>275,876</u>	<u>275,876</u>
Other Income:		
Interest Earned	369	369
Miscellaneous	35	35
Total Other Income	<u>404</u>	<u>404</u>
TOTAL INCOME	<u>276,280</u>	<u>276,280</u>
EXPENSES:		
Maintenance & Operation	<u>218,817</u>	<u>218,817</u>
NET INCOME (LOSS)	<u><u>\$57,059</u></u>	<u><u>57,059</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, 2012**

Cash Flows from Operating Activities:	
Net Income (Loss) from Operations	<u>\$57,059</u>
Cash Flows From Non-Capital Financing Activities:	
Transfers in (out)	<u>(12,000)</u>
Cash Flows from Capital and Related Financing Activities	
Decrease in Long Term Debt	<u>(20,012)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,047
Cash and Cash Equivalents, June 30, 2011	<u>127,872</u>
Cash and Cash Equivalents, June 30, 2012	<u><u>\$152,919</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, 2012**

	METER DEPOSIT FUND
<u>ASSETS</u>	
Cash, including time deposits	\$40,562
Total Assets	\$40,562
<u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Refundable Meter Deposits	\$36,067
Warrants Outstanding	952
Total Liabilities	37,019
Fund Balance:	
Unreserved	3,543
Total Liabilities and Fund Equity	\$40,562

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, 2012**

	METER DEPOSIT FUND
REVENUE:	
Interest	\$144
EXPENDITURES:	
REVENUE IN EXCESS OF EXPENDITURES :	144
OTHER FINANCING SOURCES (USES):	
Adjustment to Warrants Outstanding	(497)
Transfer to Public Works Authority	(3,351)
Total Other Financing Sources (Uses)	(3,848)
FUND BALANCE, BEGINNING OF YEAR	7,247
FUND BALANCE, END OF YEAR	\$3,543

See accompanying letter and notes to financial statements.

**TOWN OF GOODWELL, OKLAHOMA
(INCLUDING THE GOODWELL PUBLIC WORKS AUTHORITY)
SCHEDULE OF STATE AND FEDERAL FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Federal CFDA Number</u>	<u>Program or Award Amount</u>	<u>Cash/ Beginning Balance at July 1, 2011</u>	<u>Federal Receipts</u>	<u>Federal Expenditures</u>	<u>Other Expenditures</u>	<u>Cash/ Ending Balance at June 30, 2012</u>
Federal Emergency Management Agency							
Passed Through the <u>Oklahoma Department of Emergency Management</u> FEMA-1735-DR-OK--Project #022	97.039	\$27,750					0
U.S. Department of Housing and Urban Development							
Passed Through the <u>Oklahoma Economic Development Authority</u> OEDA REAP 214-11		56,460					0
Total Federal Assistance		<u>\$84,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

PUTNAM & COMPANY, PLLC

Certified Public Accountants
169 E. 32nd Street
Edmond, Oklahoma 73013
(405) 348-3800

**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
City of Nicoma Park, Oklahoma

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, as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated May 31, 2013. The report was a special report on 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. 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

The management of the Town is responsible for establishing and maintaining effective 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 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 misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

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 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*.

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


Putnam & Company

Edmond, Oklahoma
May 31, 2013

MANAGEMENT LETTER AND COMMENTS

PUTNAM & COMPANY, PLLC

Certified Public Accountants

169 E. 32nd Street

Edmond, Oklahoma 73013

(405) 348-3800

May 31, 2013

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, 2012, as listed in the table of contents, and have issued our report thereon dated May 31, 2013. 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 31, 2013, 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, 2012**

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.