

THE CITY OF WOODWARD, OKLAHOMA
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

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**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Users of the City of Woodward, Oklahoma Annual Financial Report

I 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 City of Woodward, Oklahoma, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woodward's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodward's basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, is not a required part of the basic financial statements. The federal and state awards information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Required Supplementary Information as listed in the table of contents as supplementary information are not a required part of the basic financial statements, but

are supplementary information required by accounting principles generally accepted in the United States of America. The required supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the measurement and presentation of the required supplementary information. However I did not audit the information and accordingly, I express no opinion on it.

The City of Woodward has not presented a Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 1, 2009 on my consideration of the City of Woodward's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Derrel S. White, CPA

A handwritten signature in cursive script, appearing to read "Derrel S. White", followed by the letters "CPA" in a smaller, printed font.

Woodward, Oklahoma
December 1, 2009

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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
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Statement of Net Assets— June 30, 2009

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Equivalents	\$ 4,506,533	\$ 898,097	\$ 5,404,630
Restricted cash and cash equivalents	12,095,891	179,585	12,275,476
Investments	5,017,028	-	5,017,028
Internal balances	277,718	(277,718)	-
Deposits with insurance pool	165,803	-	165,803
Receivables:			
Accounts receivables, net	-	504,983	504,983
Due from fiduciary fund	14,458	-	14,458
Accrued interest receivable	27,412	-	27,412
Due from other governments	1,655,645	-	1,655,645
Other receivables	482,066	-	482,066
Inventory	611,207	-	611,207
Total current assets	<u>24,853,761</u>	<u>1,304,947</u>	<u>26,158,708</u>
Noncurrent Assets:			
Deposits with industrial foundation	-	453,596	453,596
Capital Assets:			
Land and other nondepreciable assets	18,867,705	505,990	19,373,695
Other Capital Assets, net of depreciation	24,354,542	13,920,820	38,275,362
Unamortized note issuance costs	466,073	14,800	480,873
Total noncurrent assets	<u>43,688,320</u>	<u>14,895,206</u>	<u>58,583,526</u>
Total Assets	<u><u>68,542,081</u></u>	<u><u>16,200,153</u></u>	<u><u>84,742,234</u></u>
LIABILITIES			
Current Liabilities:			
Accounts payable	3,582,922	174,793	3,757,715
Due to depositors	17,847	167,788	185,635
Deferred revenue	12,702	-	12,702
Interest payable	91,066	8,766	99,832
Current portion of:			
Accrued compensated absences	50,340	8,014	58,354
Notes payable	1,765,000	53,056	1,818,056
Capital lease obligation	73,259	-	73,259
Limited obligation notes payable	-	116,296	116,296
Total current liabilities	<u>5,593,136</u>	<u>528,713</u>	<u>6,121,849</u>
Noncurrent liabilities:			
Accrued compensated absences	201,361	32,060	233,421
Notes payable, net	26,153,607	1,295,496	27,449,103
Capital lease obligation	713,293	-	713,293
Limited obligation notes payable	-	801,950	801,950
Total noncurrent liabilities	<u>27,068,261</u>	<u>2,129,506</u>	<u>29,197,767</u>
Total liabilities	<u><u>32,661,397</u></u>	<u><u>2,658,219</u></u>	<u><u>35,319,616</u></u>
NET ASSETS			
Invested in capital assets, net of related debt	14,517,088	12,160,012	26,677,100
Restricted for:			
Debt Service	1,434,030	11,705	1,445,735
Other purposes	3,059,578	453,596	3,513,174
Unrestricted	16,869,988	916,621	17,786,609
Total net assets	<u><u>\$ 35,880,684</u></u>	<u><u>\$ 13,541,934</u></u>	<u><u>\$ 49,422,618</u></u>

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Statement of Activities – For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
City Commission	\$ 39,542	\$ -	\$ -	\$ -	\$ (39,542)	\$ -	\$ (39,542)
City Attorney	58,350	-	-	-	(58,350)	-	(58,350)
Library	384,321	17,747	9,640	-	(356,934)	-	(356,934)
City Finance	305,223	-	-	-	(305,223)	-	(305,223)
Cemetery	103,808	56,320	-	-	(47,488)	-	(47,488)
Construction	147,165	-	-	-	(147,165)	-	(147,165)
Managerial	284,009	-	-	-	(284,009)	-	(284,009)
City Clerk/Treasurer	255,602	-	-	-	(255,602)	-	(255,602)
Police	2,496,962	790,233	117,746	-	(1,588,983)	-	(1,588,983)
General Government	1,286,103	18,436	5,000	2,300	(1,260,367)	-	(1,260,367)
Parks and Recreation	540,745	26,656	-	-	(514,089)	-	(514,089)
Fire	2,138,873	-	302,016	-	(1,836,857)	-	(1,836,857)
Code Enforcement	199,512	44,223	-	-	(155,289)	-	(155,289)
Kid's Inc	194,905	-	-	-	(194,905)	-	(194,905)
Senior Citizens Center	100,075	-	-	-	(100,075)	-	(100,075)
Civil Defense	166,927	-	24,176	-	(142,751)	-	(142,751)
Building Maintenance	367,376	-	-	-	(367,376)	-	(367,376)
Motive Maintenance	170,386	-	-	-	(170,386)	-	(170,386)
Street Department	1,130,958	-	107,851	57,526	(965,581)	-	(965,581)
Airport	633,835	496,970	-	-	(136,865)	-	(136,865)
Hospital	306,057	603,398	-	-	297,341	-	297,341
Museum	40,584	-	-	-	(40,584)	-	(40,584)
Information Services	58,220	-	-	-	(58,220)	-	(58,220)
Tourism	731,943	-	-	-	(731,943)	-	(731,943)
Interest on Long-term debt	1,021,302	-	-	-	(1,021,302)	-	(1,021,302)
Total governmental activities	13,162,783	2,053,983	566,429	59,826	(10,482,545)	-	(10,482,545)
Business-type activities:							
Water	2,527,758	2,163,333	-	-	-	(364,425)	(364,425)
Sewer	1,054,622	911,323	-	-	-	(143,299)	(143,299)
Sanitation	924,952	832,326	-	-	-	(92,626)	(92,626)
Economic Development	201,370	337,290	-	-	-	135,920	135,920
Total business-type activities	4,708,702	4,244,272	-	-	-	(464,430)	(464,430)
Total primary government	17,871,485	6,298,255	566,429	59,826	(10,482,545)	(464,430)	(10,946,975)
General revenues:							
Taxes:							
Sales and use taxes					\$ 10,949,496	\$ -	\$ 10,949,496
Franchise and public service taxes					665,005	-	665,005
Hotel/motel tax					544,735	-	544,735
Weed abatement					12,643	-	12,643
Intergovernmental revenue not restricted to specific programs					245,970	-	245,970
Investment Income					387,046	29,158	416,204
Miscellaneous					247,469	21,465	268,934
Transfers - Internal activity					(723,070)	723,070	-
Total general revenues and transfers					12,329,294	773,693	13,102,987
Change in net assets					1,846,749	309,263	2,156,012
Net assets - beginning, restated					34,033,935	13,232,671	47,266,606
Net assets - ending					\$ 35,880,684	\$ 13,541,934	\$ 49,422,618

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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF WOODWARD OKLAHOMA
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Governmental Funds Balance Sheet – June 30, 2009

	<u>General Fund</u>	<u>Limited Purpose Sales Tax</u>	<u>Restricted Sales Tax</u>	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,837,745	\$ 12,869,632	\$ 1,637,339	\$ 2,162	\$ 255,546	\$ 16,602,424
Investments	3,017,028	2,000,000	-	-	-	5,017,028
Deposit with insurance pool	165,803	-	-	-	-	165,803
Receivables:						
Accrued interest receivable	27,412	-	-	-	-	27,412
Due from fiduciary funds	14,458	-	-	-	-	14,458
Due from other funds	438,542	-	11,624	10,599	-	460,765
Due from other governments	943,783	444,042	222,021	5,169	40,630	1,655,645
Court receivables, net	52,146	-	-	-	-	52,146
Other receivables	425,951	-	-	-	3,913	429,864
Inventory	611,207	-	-	-	-	611,207
Total assets	<u>7,534,075</u>	<u>15,313,674</u>	<u>1,870,984</u>	<u>17,930</u>	<u>300,089</u>	<u>25,036,752</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	465,785	2,950,558	150,309	10,225	6,045	3,582,922
Due to other funds	22,008	8,900	4,450	76,065	71,624	183,047
Due to depositors	13,257	-	-	-	4,593	17,850
Deferred revenue	42,132	-	-	17,871	-	60,003
Total liabilities	<u>543,182</u>	<u>2,959,458</u>	<u>154,759</u>	<u>104,161</u>	<u>82,262</u>	<u>3,843,822</u>
Fund balances:						
Reserved for:						
Encumbrances	100,360	157,779	158,766	28,089	-	444,994
Inventory	611,207	-	-	-	-	611,207
Deposits in insurance pool	165,803	-	-	-	-	165,803
Capital projects	-	(466,073)	-	-	-	(466,073)
Debt service	-	1,525,096	-	-	-	1,525,096
Unreserved, reported in:						
General fund	6,113,523	-	-	-	-	6,113,523
Special revenue funds	-	11,137,414	1,557,459	(114,320)	217,827	12,798,380
Total fund balances	<u>6,990,893</u>	<u>12,354,216</u>	<u>1,716,225</u>	<u>(86,231)</u>	<u>217,827</u>	<u>21,192,930</u>
Total liabilities and fund balances	<u>\$ 7,534,075</u>	<u>\$ 15,313,674</u>	<u>\$ 1,870,984</u>	<u>\$ 17,930</u>	<u>\$ 300,089</u>	<u>\$ 25,036,752</u>

**CITY OF WOODWARD OKLAHOMA
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Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balances of Governmental Funds:

Total fund balance, governmental funds	\$	21,192,930
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets:		
Governmental capital assets, net of accumulated depreciation of \$7,194,932		33,952,853
Hospital capital assets transferred from business-type activities, net of accumulated depreciation of \$849,992		9,269,394
Certain assets are not available to pay for current fund liabilities and, therefore are deferred in the funds:		
Other receivables		47,301
Unamortized bond issue costs		466,073
Certain long-term liabilities are not accrued in governmental funds, but rather are recognized as an expenditure when due:		
Accrued interest payable		(91,007)
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:		
Notes payable, net of unamortized charge on refunding		(27,918,607)
Capital lease obligation		(786,552)
Accrued compensated absences		(251,701)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	35,880,684

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Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2009

	<u>General Fund</u>	<u>Limited Purpose Sales Tax</u>	<u>Restricted Sales Tax</u>	<u>Grant Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Taxes	\$ 7,262,375	\$ 2,908,979	\$ 1,454,489	\$ -	\$ 544,735	\$ 12,170,578
Intergovernmental	752,260	-	-	117,666	-	869,926
Charges for services	467,798	-	-	-	510,944	978,742
Fines and forfeitures	421,016	-	-	-	-	421,016
Licenses and permits	44,223	-	-	-	-	44,223
Investment earnings	151,203	200,555	30,281	2	5,005	387,046
Miscellaneous	222,603	-	-	-	766	223,369
Total revenues	<u>9,321,478</u>	<u>3,109,534</u>	<u>1,484,770</u>	<u>117,668</u>	<u>1,061,450</u>	<u>15,094,900</u>
EXPENDITURES						
Current:						
City commission	39,412	-	-	-	-	39,412
City treasurer	38,393	-	-	-	-	38,393
City attorney	58,350	-	-	-	-	58,350
City court	89,692	-	-	-	-	89,692
Library	353,118	-	-	-	-	353,118
City finance	295,069	-	-	-	-	295,069
Cemetery	92,913	-	-	-	70	92,983
Construction	134,224	-	-	-	-	134,224
Managerial	273,503	-	-	-	-	273,503
City Clerk	188,315	-	-	-	-	188,315
Police	2,315,952	-	-	-	-	2,315,952
General Government	1,015,260	-	-	-	-	1,015,260
Parks and recreation	493,942	-	-	-	-	493,942
Fire	2,035,112	-	-	-	-	2,035,112
Code enforcement	182,258	-	-	-	-	182,258
Civil defense	116,756	-	-	-	-	116,756
Kids inc.	167,662	-	-	-	-	167,662
Senior citizen center	93,414	-	-	-	-	93,414
Building maintenance	349,914	-	-	-	-	349,914
Motive maintenance	162,149	-	-	-	-	162,149
Streets	804,953	-	-	-	-	804,953
Museum	40,584	-	-	-	-	40,584
Information Technology	55,877	-	-	-	-	55,877
Tourism	738,804	-	-	-	-	738,804
Airport	-	-	-	-	517,561	517,561
Hospital	-	694	-	-	-	694
Capital Outlay	85,570	16,225,611	792,675	180,299	7,159	17,291,314
Debt Service:						
Principal	-	1,628,443	-	-	-	1,628,443
Interest	-	1,219,785	-	-	-	1,219,785
Total Expenditures	<u>10,221,196</u>	<u>19,074,533</u>	<u>792,675</u>	<u>180,299</u>	<u>524,790</u>	<u>30,793,493</u>
Excess (deficiency) of revenues over expenditures	<u>(899,718)</u>	<u>(15,964,999)</u>	<u>692,095</u>	<u>(62,631)</u>	<u>536,660</u>	<u>(15,698,593)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	6,150,000	-	-	-	6,150,000
Bond issue costs	-	(118,355)	-	-	-	(118,355)
Transfers in	908,562	193,424	-	48,708	50,000	1,200,694
Transfers out	(98,708)	(3,500)	-	-	(908,562)	(1,010,770)
Total other financing sources and uses	<u>809,854</u>	<u>6,221,569</u>	<u>-</u>	<u>48,708</u>	<u>(858,562)</u>	<u>6,221,569</u>
Net change in fund balances	(89,864)	(9,743,430)	692,095	(13,923)	(321,902)	(9,477,024)
Fund balances - beginning restated	7,080,757	22,097,646	1,024,130	(72,308)	539,729	30,669,954
Fund balances - ending	<u>\$ 6,990,893</u>	<u>\$ 12,354,216</u>	<u>\$ 1,716,225</u>	<u>\$ (86,231)</u>	<u>\$ 217,827</u>	<u>\$ 21,192,930</u>

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Changes in Fund Balances – Changes in Net Assets Reconciliation:

Net change in fund balances - total governmental funds: \$ (9,477,024)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	16,976,408
Capital asset disposals	(20,577)
Depreciation expense	(893,698)
Hospital depreciation expense	(281,424)
	15,780,709

Governmental funds report bond issuance costs and loss on refunding as expenditures while governmental activities report amortization expense to allocate those expenditures over the life of the asset:

Interest expense	(21,418)
Amortization expense	(37,130)
Bond issue costs	118,355
	59,807

Governmental funds report revenues earned but not received in time to pay current expenditures are deferred while governmental activities report the revenues as earned:

Deferred revenue	10,205
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Governmental funds report debt principal payments as expenditures and debt proceeds as revenue while governmental activities report the payments as a reduction of the debt and proceeds as an increase to the debt:

Note proceeds	(6,150,000)
Note principal payments	1,628,448
Accrued interest on note payable	22,939
Accrued compensated absences	(28,335)
	(4,526,948)

Change in net assets of governmental activities	\$ 1,846,749
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

**CITY OF WOODWARD OKLAHOMA
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Proprietary Fund Statement of Net Assets – June 30, 2009

	<u>Woodward Municipal Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 898,097
Restricted cash and cash equivalents	179,585
Accounts Receivable, net	504,983
Total current assets	1,582,665
Non-current assets:	
Deposits with industrial foundation	453,596
Capital Assets:	
Land and other non-depreciable assets	522,947
Other capital assets, net of depreciation	23,173,257
Unamortized debt issue costs	14,800
Total non-current assets	24,164,600
Total assets	25,747,265
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued payroll	174,793
Accrued interest payable	8,766
Due to other funds	277,718
Due to depositors	167,788
Current portion of:	
Accrued compensated absences	8,014
Notes payable	53,056
Limited obligation notes payable	116,296
Total current liabilities	806,431
Non-current liabilities:	
Accrued compensated absences	32,060
Notes payable	1,295,496
Limited obligation notes payable	801,950
Total non-current liabilities	2,129,506
Total liabilities	2,935,937
NET ASSETS	
Invested in capital assets, net of related debt	21,429,406
Restricted for debt service	11,705
Restricted for industrial development	453,596
Restricted for other purposes	-
Unrestricted	916,621
Total net assets	\$ 22,811,328

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Certain hospital capital assets owned by the proprietary fund are reclassified as governmental activities' assets in the Statement of Net Assets:	(9,269,394)
Net Asset of Business-Type Activities	\$ 13,541,934

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Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Assets – Year Ended June 30, 2009

	<u>Woodward Municipal Authority</u>
REVENUES	
Charges for services:	
Water	\$ 2,132,752
Sewer	898,296
Sanitation	813,784
Penalties	55,677
Rental income	947,161
Total Operating Revenues	4,847,670
OPERATING EXPENSES	
Public works	174,742
Utility billing	369,672
Water	1,454,797
Sewer	595,084
Sanitation	818,285
Economic development	95,324
Electricity	174,301
Amortization expense	800
Depreciation expense	1,075,049
Total Operating Expenses	4,758,054
Operating income (loss)	89,616
NON-OPERATING REVENUES (EXPENSES)	
Investment income	29,158
Miscellaneous income	21,465
Interest expense and fiscal charges	(126,029)
Total non-operating revenue (expenses)	(75,406)
Income (loss) before contributions and transfers	14,210
Capital contributions	203,550
Transfers in	3,500
Transfers out	(193,424)
Change in net assets	27,836
Total net assets - beginning, restated	22,783,492
Total net assets - ending	\$ 22,811,328
Change in Net Assets Reconciliation:	
Change in net assets of the proprietary fund	\$ 27,836
Certain proprietary fund transactions were related to governmental activities:	
Hospital depreciation expense	281,427
Change in net assets of business-type activities	\$ 309,263

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Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2009

	Woodward Municipal Authority Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,803,498
Payment to suppliers and employees	(3,971,526)
Refund of customer meter deposits	(27,882)
Receipts of customer meter deposits	42,705
Interfund receipts/payments	176,117
Net Cash Provided by Operating Activities	1,022,912
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	3,500
Transfers to other funds	(193,424)
Net Cash Provided by (Used in) noncapital financing activities	(189,924)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt and notes	(158,305)
Interest and fiscal charges paid on capital debt and notes	(127,286)
Acquisition of capital assets	(561,508)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(847,099)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	29,158
Net Cash Provided by (Used in) Investing Activities	29,158
Net Increase in Cash and Cash Equivalents	15,047
Balances - beginning of the year	1,062,635
Balances - end of the year	\$ 1,077,682
Reconciliation to Statement of Net assets:	
Cash	\$ 898,097
Restricted cash	179,585
	\$ 1,077,682
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	89,616
Adjustments to reconcile operating income (loss):	
Depreciation expense	1,075,049
Amortization expense	800
Miscellaneous revenue	21,465
Change in assets and liabilities:	
Due to other funds	176,117
Accounts receivable	(65,637)
Accounts and other payables	(283,153)
Customer meter deposits payable	14,823
Deposit with industrial foundation	(10,278)
Accrued compensated absences	4,110
Net Cash Provided by Operating Activities	\$ 1,022,912
Noncash Activities:	
Capital assets acquired by governmental funds	\$ 203,550
Total noncash activities	\$ 203,550

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BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

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Fiduciary Funds – Statement of Assets and Liabilities-Agency Funds – June 30, 2009

	<u>Cafeteria Plan</u>	<u>Municipal Court</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 20,611	\$ 36,382	\$ 56,993
Total assets	<u>20,611</u>	<u>36,382</u>	<u>56,993</u>
LIABILITIES			
Accounts payable	-	12,944	12,944
Due to other funds	147	14,312	14,459
Amounts held in escrow	20,464	9,126	29,590
Total liabilities	<u>\$ 20,611</u>	<u>\$ 36,382</u>	<u>\$ 56,993</u>

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FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

The City's financial reporting entity includes the primary government (City of Woodward) and a blended component unit as noted below. This annual report includes all activities for which the City of Woodward City Commissioners is fiscally responsible.

The City of Woodward— that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Woodward has a population of 14,000 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative – the City Commission is a five-member governing body with the mayor elected by the citizens at large and the four commissioners elected by each ward
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation.

Component Units:

The City of Woodward Municipal Authority – public trust created under 60 O.S. §176 with City as beneficiary that operates the water, sewer and sanitation services of the City. The component unit (Authority) has the City Council as their governing body (trustees) and the City is able to impose its will on the Authority through required approval of all debt obligations issued by these entities. The Authority is reported as a blended component unit.

Related Organizations:

In addition, the City has two related organizations that are not included as component units within the City's financial statements.

- Woodward Hospital and Health Center – is a 501.(C)(3) non-profit corporation that has used the Woodward Municipal Authority as a vehicle to issue revenue note debt for facility improvements. This debt is secured by a pledge of hospital revenues and the improvements to the facilities constructed with the proceeds of the debt. The corporation leases the hospital facilities from the Woodward Municipal Authority in accordance with a long-term lease agreement signed by both parties. The Woodward Hospital and Health Center is not considered to be a component unit of the City of Woodward, and issues separate audited financial statements on an annual basis. The debt issues of the Woodward Municipal Authority that are secured solely with the hospital revenues and facility improvements are disclosed in detail the long-term debt note as non-commitment debt. The Woodward Municipal Authority has also issued revenue notes which constructed the original hospital facility. These notes are secured by a restricted sales tax which is appropriated and transferred by the City to the Authority, and further secured by revenues of the Authority's utility systems. Additional information regarding this debt is disclosed in the long-term debt section of this report.

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- The Woodward Industrial Foundation is a non-profit corporation organized under Section 501.(C) (6) of the Internal Revenue Code. The Foundation promotes industrial growth in the City of Woodward and Woodward County. The WIF is not considered a component unit of the City and prepares separately audited financial statements which are available from the Foundation's offices. The City of Woodward has contracted with the Foundation to provide professional assistance to the City in coordinating its economic and industrial development program. For the services provided, the City compensates the WIF at a current rate of \$14,000 per month. Also, the City has agreed to pay to WIF, pursuant to this contract, monthly sums (presently \$13,000 per month) for funding of costs incurred related to the City's (WMA) participation in the state Quality Building Program. Any remaining unspent funds pursuant to this Program are held by the WIF for the benefit of the City (WMA). During the year ended June 30, 2009, the WIF administered lease rental agreements between the Woodward Municipal Authority and industrial occupants and the payment of other economic development expenses.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statement of net assets and activities are reported on the accrual basis of accounting and economic resource focus. Under the economic resource focus, all assets and liabilities, including current and non-current are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- Public Safety: Fire and Police – Fines and forfeitures, K-9 donations, restricted operating grants, 911 revenue, state pension on-behalf payments, capital grants and contributions
- Airport: Rental fees
- Streets: Commercial vehicle and gasoline excise tax shared by the State.
- Library: Fines, state aid operating grant
- Park and recreation: program revenues
- Code enforcement: License and permits
- General Government: Rental and miscellaneous charges for services, arts council grant, ODOC grant
- Civil Defense: emergency management, operating grants
- Cemetery: cemetery lot sales
- Hospital: rental fees

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

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Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds
- Limited Purpose Sales Tax Fund – accounts for revenues of a one-cent sales tax legally restricted by voter election for capital improvements or debt service on certain bonds, such as the debt related to the hospital
- Restricted Sales Tax Fund – accounts for revenues of a one-half cent sales tax legally restricted by voter election for capital improvement purposes
- Grant Fund – accounts for grants of any nature to be accounted for within this fund by department excluding grants in progress prior to establishment of grant fund

Aggregated Non-Major Funds (reported as Other Governmental Funds):

- Special Revenue Funds:
 - Hotel/Motel Tax Fund – accounts for hotel/motel tax revenues to be used in economic development and promotion of tourism
 - E911 Fund – accounts for the City's share of E911 customer assessment that is legally restricted for public safety
 - FAA Grant Fund – accounts for revenues and expenditures of a grant from the Federal Aviation Administration.
 - Miscellaneous Trust Fund – accounts for miscellaneous fees received and restricted for related expenditures
 - Airport Fund – accounts for operating revenues and expenditure of the municipal airport
 - Cemetery Care Fund – accounts for 12.5 percent of cemetery revenue restricted by State law for cemetery capital improvements.
 - Perpetual Care Fund – accounts for revenues administratively restricted for cemetery capital improvements

The governmental funds are reported on a modified accrual basis of accounting and current financial resources measurement focus. Revenues are recorded on the modified accrual basis when earned and collected within 60 days of period end.

The reconciliation of the governmental funds financial statements to the governmental activities presentation in the government-wide financial statements is the result of the use of the economic resources measurement focus and accrual basis of accounting at the government-wide level.

The General Fund, Limited Purpose Sales Tax Fund, Restricted Sales Tax Fund and Grant Fund are considered major funds and are therefore displayed in separate columns. All other governmental funds are considered non-major funds and are aggregated under the column Other Governmental Funds.

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Proprietary Funds:

The City's proprietary funds include:

Major Enterprise Fund:

- Woodward Municipal Authority – accounts for the operation of the water, sewer, sanitation and hospital activities.

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus. For business-type activities and proprietary funds, Financial Accounting Standard Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

For purposes of the statement of revenues, expenses and changes in fund net assets, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Fiduciary funds:

These funds are used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements, and similar arrangements. These net assets are not available for the operations of the City. Fiduciary funds report transaction on an accrual basis of accounting and economic resource measurement focus.

The City's fiduciary funds include:

Agency Funds:

- Cafeteria Plan – accounts for employee cafeteria plan withholding subsequently used to pay medical costs. Unused withholdings are released to the City after required period of time has expired.
- Municipal Court – accounts for municipal court bonds held pending case resolution and state assessed fees held for remittance to the state.

3. Cash, Cash Equivalents, and Investments

For the purposes of the statements of net assets, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

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At June 30, 2009, the reporting entity held the following deposits and investments:

	<u>Carrying Value</u>	<u>Maturity Date</u>	
Deposits:			
Demand deposits	\$ 5,628,506		
Cash on hand	950		
Time deposits	<u>5,000,000</u>	Less than 1 yr	
Total deposits	<u>\$ 10,629,456</u>		
	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>
Investments:			
J P Morgan US Treasury Plus Money Market Fund	11,751	AAAm	N/A
Mutual stock fund	17,029	N/A	N/A
American Performance US Treasury Money Market Fund	<u>12,095,891</u>	AAAm	N/A
Total investments	<u>\$ 12,124,671</u>		
Total deposits and investments	<u>\$ 22,754,127</u>		
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents	\$ 5,404,630		
Restricted cash and cash equivalents	12,275,476		
Investments	5,017,028		
Fuduciary funds cash	<u>56,993</u>		
	<u>\$ 22,754,127</u>		

Custodial Credit Risk – Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City’s name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City’s name. The City’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 110% of the uninsured deposits and accrued interest thereon. Collateral is limited to U.S. Treasury securities or direct debt obligations of municipalities, counties, or school districts within the state. At June 30, 2009, the City was not exposed to custodial credit as defined above.

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 City’s investment related to interest rate risk establishes maximum maturities for certain investments. The policy limits investment maturities to no more than three years from date of purchase, except for investment of bond or debt reserve funds which have no maximum. The City discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. As noted in the schedule of deposits and investments above, at June 30, 2009, the investments held by the City mature in less than one year.

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Investment Credit Risk – The City’s investment policy limits authorized investments to those defined in state law as a means of managing its exposure to fair value losses arising from increasing interest rates. The City’s investment policy limits investments to the following:

- a. Obligations of the U. S. Government, its agencies and instrumentalities.
- 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.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., and d.

The City also has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. 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. As noted in the schedule of deposits and investments above, at June 30, 2009, all of the City’s investments in debt securities were rated AAAM by Standard & Poors .

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 City (any over 5% 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 City’s investment policy requires diversification of investments. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the City’s total investment portfolio may be invested in a single financial institution. At June 30, 2009, the City had no concentration of investment credit risk as defined above.

Restricted Cash and Investments - The amounts reported as restricted assets of the statement of net assets are comprised of amounts held for utility deposits (refunded upon termination of service or applied to final bill), and amounts held by the trustee bank for debt retirement. The restricted assets as of June 30, 2009 are as follows:

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<u>Type of Restricted Assets</u>	<u>Cash and Cash Equivalents</u>
Governmental Activities:	
Limited Purpose Sales Tax Accounts:	
03 Principal account	\$ 722,029
03 Interest account	204,969
06 Principal account	203,489
06 Construction account	1,616,798
06 Interest account	48,782
07 Principal account	197,331
07 Construction account	5,737,804
07 Interest account	41,910
08 Principal account	78,753
08 Construction account	3,216,193
08 Interest account	<u>27,833</u>
Total	<u><u>\$ 12,095,891</u></u>
Business-Type Activities:	
Deposits subject to refund	167,788
Sales Tax Revenue Note Accounts:	
97 Debt Service Account	166
97 Reserve Account	42
97 Project Account	<u>11,589</u>
Total	<u><u>\$ 179,585</u></u>

4. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

For the year ended June 30, 2009, capital assets balances changed as follows:

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	Restated Balance at July 1, 2008	Additions	Deductions	Balance at June 30, 2009
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 283,043	\$ -	\$ -	\$ 283,043
Construction in progress	3,222,746	16,106,293	744,377	18,584,662
Total capital assets not being depreciated	<u>3,505,789</u>	<u>16,106,293</u>	<u>744,377</u>	<u>18,867,705</u>
Other capital assets:				
Buildings	16,575,410	186,475	-	16,761,885
Improvements	3,691,290	16,189	-	3,707,479
Infrastructure	2,926,251	334,549	1,000	3,259,800
Machinery, furniture and equipment	7,792,659	1,077,279	199,636	8,670,302
Total other capital assets at historical cost	<u>30,985,610</u>	<u>1,614,492</u>	<u>200,636</u>	<u>32,399,466</u>
Less accumulated depreciation for:				
Buildings	3,617,563	422,218	-	4,039,781
Improvements	601,238	135,471	-	736,709
Infrastructure	217,647	111,954	1,000	328,601
Machinery, furniture and equipment	2,613,414	505,478	179,059	2,939,833
Total accumulated depreciation	<u>7,049,862</u>	<u>1,175,121</u>	<u>180,059</u>	<u>8,044,924</u>
Other capital assets, net	<u>23,935,748</u>	<u>439,371</u>	<u>20,577</u>	<u>24,354,542</u>
Governmental activities capital assets, net	<u>\$ 27,441,537</u>	<u>\$ 16,545,664</u>	<u>\$ 764,954</u>	<u>\$ 43,222,247</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 300,703	\$ -	\$ -	300,703
Construction in progress	253,400	682,293	730,406	205,287
Total capital assets not being depreciated	<u>554,103</u>	<u>682,293</u>	<u>730,406</u>	<u>505,990</u>
Other capital assets:				
Land improvements	14,852	-	-	14,852
Buildings	5,037,958	1,371	-	5,039,329
Machinery, furniture and equipment	2,866,080	747,105	27,135	3,586,050
Utility Property & Equipment	17,577,322	64,695	-	17,642,017
Total other capital assets at historical cost	<u>25,496,212</u>	<u>813,171</u>	<u>27,135</u>	<u>26,282,248</u>
Less accumulated depreciation for:				
Land improvements	2,284	666	-	2,950
Buildings	2,031,107	30,431	-	2,061,538
Machinery, furniture and equipment	1,132,246	190,167	19,924	1,302,489
Utility Property & Equipment	8,422,090	572,361	-	8,994,451
Total accumulated depreciation	<u>11,587,727</u>	<u>793,625</u>	<u>19,924</u>	<u>12,361,428</u>
Other capital assets, net	<u>13,908,485</u>	<u>19,546</u>	<u>7,211</u>	<u>13,920,820</u>
Business-type activities capital assets, net	<u>\$ 14,462,588</u>	<u>\$ 701,839</u>	<u>\$ 737,617</u>	<u>\$ 14,426,810</u>

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. A capitalization threshold of \$1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows: Buildings 50 years, Improvements other than buildings 20-30 years, Machinery, furniture and equipment 5-24 years, Utility property and improvements and infrastructure 15-50 years.

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Depreciation of capital assets is included in total expenses and is charged or allocated to the activities primarily benefiting from the use of the specific asset. Depreciation expense has been allocated as follows:

Governmental Activities:

Library	\$ 31,426
Cemetery	10,983
Construction	13,305
City Commission	130
Managerial	7,693
City Finance	11,492
Civil Defense	13,687
City Clerk	25,531
Police	85,054
General Government	126,296
Parks and Recreation	88,417
Fire	91,466
Code Enforcement	19,253
Building Maintenance	22,409
Motive Maintenance	8,171
Streets	200,553
Airport	113,993
Senior Citizens	6,594
Kid's Inc	7,225
Museum	3,156
Information Technology	1,551
Tourism	5,313
Hospital	281,423
Total	\$ 1,175,121

Business-Type Activities:

Water	\$ 440,031
Sewer	296,474
Sanitation	57,120
Total	\$ 793,625

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2009, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Accrued Compensated Absences	\$ 228,154	\$ 23,547	\$ -	\$ 251,701	\$ 50,340
Note Payable	24,255,000	5,300,000	1,565,000	27,990,000	1,765,000
Capital Lease	-	850,000	63,448	786,552	73,259
Total Governmental Activities	<u>\$ 24,483,154</u>	<u>\$ 6,173,547</u>	<u>\$ 1,628,448</u>	<u>\$ 29,028,253</u>	<u>\$ 1,888,599</u>
Business-Type Activities:					
Accrued Compensated Absences	\$ 35,964	\$ 4,110	\$ -	\$ 40,074	\$ 8,014
Notes Payable	1,400,000		51,448	1,348,552	53,056
Limited Obligation Notes Payable	1,025,103	-	106,857	918,246	116,296
Total Business-Type Activities	<u>\$ 2,461,067</u>	<u>\$ 4,110</u>	<u>\$ 158,305</u>	<u>\$ 2,306,872</u>	<u>\$ 177,366</u>
Total Long-Term Debt	<u>\$ 26,944,221</u>	<u>\$ 6,177,657</u>	<u>\$ 1,786,753</u>	<u>\$ 31,335,125</u>	<u>\$ 2,065,965</u>

Governmental activities long-term debt:

Accrued Compensated Absences:	Current portion	\$ 50,340
	Noncurrent	<u>201,361</u>
		<u>\$251,701</u>

Notes Payable:

2003 Woodward Municipal Authority Sales tax Revenue Note, Series 2003, original issue amount \$7,945,000, dated August 2003, secured by utility revenue and pledged sales tax, interest rates of 5.20%, with final maturity on November 1, 2012. The note refunded the previously issued 1993 Refunding Series Sales Tax Revenue Bonds. The bonds are legally required to be repaid from the proceeds of a restricted one cent sales tax.	\$4,010,000
Less: Unamortized charge on refunding	<u>(71,393)</u>
	<u>3,938,607</u>

2006 Woodward Municipal Authority Sales tax Revenue Note, Series 2006, original issue amount \$9,700,000, dated December 2006, secured by sales tax, interest rates of 4.187%, with final maturity on December 1, 2026.	9,015,000
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2007 Woodward Municipal Authority Sales Tax Revenue Note, Series 2007, original Issue amount \$10,000,000, dated December 2007 secured by sales tax, interest rate of 4.087% with final maturity on December 1, 2027	9,665,000
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2008 Woodward Municipal Authority Sales Tax Revenue Note, Series 2008, original Issue amount \$5,300,000, dated October 2008 secured by sales tax, interest rate of 5.15% with final maturity on December 1, 2028	5,300,000
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Current portion	\$ 1,765,000
Non-current portion	<u>26,153,607</u>
Total Notes Payable	<u>\$27,918,607</u>

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Capital Lease Payable:

\$850,000 capital lease with MUSCO Financial for lighting for multiple ball fields, payable in monthly installments of \$8,950, interest rate of 4.8% with final payment due on May 2018	<u>786,552</u>
Current portion	\$ 73,258
Non-current portion	<u>713,294</u>
Total Notes Payable	<u>\$786,552</u>

Business-type activities long-term debt:

Accrued Compensated Absences:	Current portion	\$ 8,014
	Noncurrent	<u>32,060</u>
		<u>\$ 40,074</u>

Notes Payable:

OWRB Promissory Note dated August 1, 2007, original amount of \$1,400,000, due in semi-annual installments each March 15 and September 15, final installment due March 15, 2028, with 3.10% interest rate.	<u>\$1,348,552</u>
Current portion	\$ 53,056
Noncurrent	<u>1,295,496</u>
	<u>\$1,348,552</u>

Limited Obligation Notes Payable:

The City, through the Woodward Municipal Authority (WMA), has entered into various agreements to issue limited obligation notes payable whose proceeds were used to finance construction of an industrial facility for lease to an industrial occupant. The current industrial occupant (Deepwater Chemicals, Inc.) leases the facility for \$20,000 per month. The WMA has assigned the rental income to the debt holders. For the year ended June 30, 2009, the Woodward Industrial Foundation collected the rental income and made the debt service payments on behalf of the WMA.

The WMA original borrowings related to this project were renegotiated in October of 1995 and presently consist of:

- Note payable to the Oklahoma Industrial Finance Authority (OIFA)

The note to OIFA is secured by a first mortgage. Said rental income is sufficient to service and retire the OIFA note. In the event of default by Deepwater in payment of said rental, the remedies of OIFA do not include the right to obtain a deficiency judgment.

The note to OIFA is secured by a first mortgage. Said rental income is sufficient to service and retire the OIFA note. In the event of default by Deepwater in payment of said rental, the remedies of OIFA do not include the right to obtain a deficiency judgment.

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Limited Obligation Notes Payable:

Taxable Promissory Note, dated October 11, 1995, payable to the Oklahoma Industrial Finance Authority, original amount of \$1,823,447, due in monthly installments of \$15,824, final installment due September 2015, with an interest rate of 8.5%, payable from rental income from industrial occupant of \$15,824 per month.	<u>\$918,246</u>
Current portion	\$ 116,296
Non-current portion	<u>801,969</u>
Total Notes Payable	<u>\$918,246</u>

Long-term debt service requirements to maturity:

Year Ended June 30,	Governmental Activities				Business-Type Activities			
	Notes Payable		Lease Payable		Notes Payable		Limited Obligation Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	1,765,000	1,211,801	73,259	34,138	53,056	34,720	116,296	73,592
2011	1,875,000	1,124,837	76,649	30,747	54,713	33,330	126,576	63,312
2012	1,970,000	1,032,873	80,196	27,200	56,422	31,896	137,764	52,124
2013	2,050,000	936,684	83,905	23,491	58,185	30,418	149,941	39,947
2014	1,015,000	865,646	87,788	19,608	60,002	28,893	163,194	26,694
2015-2019	5,750,000	3,615,468	384,755	35,878	329,328	119,876	224,475	12,935
2020-2024	7,065,000	2,230,296	-	-	384,085	73,954	-	-
2025-2029	6,500,000	597,260	-	-	352,761	21,006	-	-
Total	<u>\$ 27,990,000</u>	<u>\$ 11,614,865</u>	<u>\$ 786,552</u>	<u>\$ 171,062</u>	<u>\$ 1,348,552</u>	<u>\$ 374,093</u>	<u>\$918,246</u>	<u>\$268,604</u>

Pledge of Future Revenues

Sales Tax Pledge - The City has one and a half cents (or 43%) of future sales tax revenues to repay \$27,990,000 of Series 2003, 2006, 2007 and 2008 Sales Tax Revenue Notes. Proceeds from the notes provided financing for capital assets. The notes are payable from pledged sales tax revenues and are payable through 2012, 2026, 2027 and 2028 respectively. The total principal and interest payable for the remainder of the life of these notes is \$39,604,865. Pledged sales taxes received in the current year were \$4,508,850. Debt service payments of \$2,749,893 for the current fiscal year were 61% of the pledged sales taxes.

Utility Net Revenues Pledge - The City has also pledged future net water and sewer revenues to repay \$1,400,000 of the 2007 Series OWRB Note Payable. Proceeds from the note provided financing for utility system capital assets. The note is payable through 2028. The total principal and interest payable for the remainder of the life of these bonds and notes is \$1,722,645. The note is payable from the above-mentioned utility net revenues. The debt service payments on the note this year were \$95,424 which was 10% of pledged net utility revenues of \$981,167.

6. Net Assets and Fund Balances

Net Assets:

Net assets as reported in the government-wide and proprietary fund financial statements are displayed in three components:

- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted

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capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

b. *Restricted net assets* - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. *Unrestricted net assets* - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

It is the City’s policy to first use restricted net assets prior to the use of unrestricted net assets when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balances:

Fund balances as reported in the governmental funds financial statements are displayed in two components:

a. *Reserved* – Consists of fund balances that are either legally restricted as to use (such as voter-restricted sales taxes), or fund balances that are not available for expenditure in the subsequent year (such as long-term receivables, inventory, etc.)

b. *Unreserved* – All other fund balances not classified as “reserved”.

Deficit Prohibition:

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund (excluding public trusts). The following funds report negative fund balances:

Grant fund	(86,231)
Airport fund	(71,624)

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Beginning fund balance/net assets were restated as of July 1, 2008, as follows:

	<u>Government-Wide Governmental Activities</u>	<u>General Fund</u>	<u>Airport Fund</u>	<u>Government-Wide Business-type Activities</u>	<u>WMA Fund</u>
Beginning fund balance/net assets, as previously reported	\$ 33,529,108	\$ 7,092,170	\$ 28,313	\$ 12,707,105	\$ 22,222,235
Over(under)statement of capital assets	542,495	-	-	525,566	590,734
Overstatement of cash	(11,413)	(11,413)	-	-	-
Understatement of airport receivables	3,222	-	3,222	-	-
Under(over)statement of hospital assets transferred	(29,477)	-	-	-	(29,477)
Beginning fund balance/net assets, restated	<u>\$ 34,033,935</u>	<u>\$ 7,080,757</u>	<u>\$ 31,535</u>	<u>\$ 13,232,671</u>	<u>\$ 22,783,492</u>

7. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net assets to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2009 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
General Fund	Grant Fund	48,708	Grant match
Hotel Motel Tax Fund	General Fund	689,407	Expense reimbursement
WMA Fund	Limited Purpose	193,424	Expense reimbursement
Limited Purpose	WMA Fund	3,500	Expense reimbursement
General Fund	Airport Fund	50,000	Operating expenses
911 Fund	General Fund	67,335	Expense reimbursement
FAA Grant Fund	General Fund	151,820	Expense reimbursement
		<u>\$ 1,204,194</u>	

Reconciliation to fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 1,200,694	\$ 1,010,770	\$ 189,924
Proprietary Funds	3,500	193,424	(189,924)
Total	<u>\$ 1,204,194</u>	<u>\$ 1,204,194</u>	<u>\$ -</u>

Reconciliation to statement of activities:

Net transfers	\$ (189,924)
Transfers of economic development expenses from governmental activities to business-type activities	106,046
Transfers of Hospital rental income from business-type activities to governmental activities	603,398
Transfer of business-type capital contributions from governmental activities	203,550
Total transfer - internal activity	<u>\$ 723,070</u>

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Balances:

Interfund receivable and payables at June 30, 2009 were comprised of the following:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>	<u>Nature of Balance</u>
WMA	General Fund	277,718	Payroll deductions and inventory
General Fund	Grant Fund	10,599	Grant expenses
General Fund	Resticted Sales Tax Fund	11,409	Grant expenses
Grant Fund	Resticted Sales Tax Fund	215	Grant expenses
Limited Purpose	General Fund	8,900	Cigarette tax incorrectly posted
Resticted Sales Tax Fund	General Fund	4,450	Cigarette tax incorrectly posted
FAA Grant Fund	General Fund	71,624	Grant expenses
Grant Fund	General Fund	75,850	Grant expenses
Total		<u>\$ 460,765</u>	

Reconciliation to Statement of Net Assets:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Balances</u>
Governmental Funds	\$ 460,765	\$ 183,047	\$ 277,718
Proprietary Funds	-	277,718	(277,718)
Total Interfund Balances	<u>\$ 460,765</u>	<u>\$ 460,765</u>	<u>\$ -</u>

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property – Covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Workers' Compensation – Workers' compensation is covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Employee's Group Medical – Covered through participation in commercial insurance

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

9. Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

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Construction Commitments:

At June 30, 2009, the City had awarded construction contracts with outstanding balances payable from various funds as listed below:

<u>Contractor</u>	<u>Project</u>	<u>Original Contract Amt</u>	<u>Remaining Balance @ 6-30-09</u>
Kline Mechanical Contracting	Crystal Beach Park	26,184,977	1,514,582

Federal and State Award Programs:

The City of Woodward participates in various federal or state grant/loan programs from year to year. In 2009, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

10. Pension Plan Participation

The City of Woodward participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Principal Mutual Retirement (PMR) – an agent multiple-employer defined contribution plan
- Oklahoma Municipal Retirement Fund (OMRF) – an agent multiple-employer defined contribution plan

Firefighters' Plan:

Pursuant to the requirements of Title 11, section 49-102, the City of Woodward participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Firefighters Pension Board on behalf of both paid and volunteer firefighters. The paid firefighter contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid firefighter to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The state made on-behalf payments of \$192,947.

A copy of the Firefighters Statewide Pension Plan financial statements can be obtained from the Oklahoma Firefighters Pension System, 4545 Lincoln Blvd. Suite 263, Oklahoma City, OK, 73105-3707.

Police Plan:

Pursuant to the requirements of Title 11, section 50-102, the City of Woodward participates in the statewide cost-sharing multi-employer defined benefit plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). The paid police person contributes 8% to the plan. The City is required by state law to contribute 13% per year per paid police person to the statewide plan. The plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The state made on-behalf payments of \$109,168.

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The OPPRS issues a publicly available report that includes financial statements, which can be obtained from the Oklahoma Police Pension and Retirement System, 1001 N.W. 63rd Street, Oklahoma City, OK, 73116-7335.

Employee Plan:

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through a defined contribution plan with the Principal Mutual Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. Employees are eligible to participate upon completion of a probationary period. Employer contributions equal to 7% of the employee's gross pay. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% after completion of three years of service and then 20% per year for the next four years. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rest with the City Commission.

The City has also provided a defined contribution plan known as the Oklahoma Municipal Retirement Fund Defined Contribution Plan. Participation in the defined contribution plan is mandatory for all full-time employees not covered under the Police and Firefighter's Pension Systems. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon their employment commencement date. The City's contributions may vary from year to year, however, for the current year the City contributed 1% of gross pay for eligible employees. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% upon the employee's employment commencement date. The employee is fully vested upon employment commencement date. The employee's required rate of contribution is 2% with total employee contributions not to exceed 10%. The authority to establish and amend the provisions of the plan rest with the City Commission.

Summary of Contributions:

<u>Oklahoma Police Pension & Retirement System</u>			<u>Oklahoma Firefighter's Pension & Retirement System</u>	
<i>Fiscal Year</i>	<i>Required Contribution</i>	<i>Percent Contributed</i>	<i>Required Contribution</i>	<i>Percent Contributed</i>
2007	106,453	100%	92,098	100%
2008	113,332	100%	97,619	100%
2009	126,961	100%	114,762	100%

<u>Oklahoma Municipal Retirement Fund</u>			<u>Principal Mutual</u>	
<i>Fiscal Year</i>	<i>Employer</i>	<i>Employee</i>	<i>Employer</i>	<i>Employee</i>
2007	36,554	109,712	213,067	-
2008	35,453	70,905	246,973	-
2008	38,522	77,045	269,381	-

11. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

12. Sales Tax Revenue

Sales tax revenue represents a 3 ½ cent tax on each dollar of taxable sales of which is recorded as follows:

- 2 cents is recorded in the General Fund for operations.
- 1 cent is recorded in the Limited Purpose Sales Tax Fund to be used for capital improvements or debt service on certain bonds.
- ½ cent is recorded in the Restricted Sales Tax Fund to be used for capital improvements.

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REQUIRED SUPPLEMENTARY INFORMATION

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Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	<u>Original</u>	<u>Final</u>		
Beginning Budgetary Fund Balance	\$ 3,950,306	\$ 3,950,306	\$ 3,950,306	\$ -
Resources (Inflows)				
Taxes	8,039,092	8,039,092	7,552,306	(486,786)
Intergovernmental	487,525	509,128	457,575	(51,553)
Charges for services	494,774	494,774	464,369	(30,405)
Fines and Forfeitures	479,541	479,541	442,903	(36,638)
Licenses and permits	67,586	67,586	44,223	(23,363)
Investment Income	212,209	212,209	194,674	(17,535)
Miscellaneous	177,572	213,322	230,535	17,213
Other Financing Sources - Transfers In	600,000	900,000	908,687	8,687
Total resources (Inflows)	<u>10,558,299</u>	<u>10,915,652</u>	<u>10,295,272</u>	<u>(620,380)</u>
Amounts available for appropriation	<u>14,508,605</u>	<u>14,865,958</u>	<u>14,245,578</u>	<u>(620,380)</u>
Charges to Appropriations (Outflows)				
Current:				
City Commission	36,990	39,990	39,893	97
City Manager	343,989	301,489	272,562	28,927
City Attorney	75,000	75,000	55,185	19,815
City Treasurer	39,231	39,231	38,286	945
City Court	94,451	94,451	91,101	3,350
Code Enforcement	216,144	216,144	181,358	34,786
City Clerk	198,878	198,878	185,185	13,693
City Finance	291,874	305,874	294,007	11,867
City at Large	1,151,000	1,202,750	1,057,006	145,744
Library	403,487	403,487	361,599	41,888
Construction	159,981	159,981	134,574	25,407
Park	389,945	426,555	344,064	82,491
Cemetery	112,695	112,695	93,717	18,978
Street	939,314	939,314	908,425	30,889
Building Maintenance	377,219	377,219	352,553	24,666
Motive Maintenance	189,751	189,751	162,218	27,533
Police	2,458,516	2,309,475	2,220,354	89,121
Fire	1,824,010	1,923,515	1,860,976	62,539
Civil Defense	103,788	120,548	119,233	1,315
Senior Citizens Center	104,707	104,707	93,319	11,388
Kid's Inc.	174,589	174,589	167,902	6,687
Museum	107,694	107,694	103,406	4,288
Information Technology	77,648	77,648	68,901	8,747
Tourism	447,879	820,149	820,146	3
Transfers to Other Funds	188,321	188,321	98,708	89,613
Total Charges to Appropriations (Outflows)	<u>10,507,101</u>	<u>10,909,455</u>	<u>10,124,678</u>	<u>784,777</u>
Net change in budgetary fund balance	<u>51,198</u>	<u>6,197</u>	<u>170,594</u>	<u>164,397</u>
Ending Budgetary Fund Balance	<u>\$ 4,001,504</u>	<u>\$ 3,956,503</u>	<u>\$ 4,120,900</u>	<u>\$ 164,397</u>

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	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Beginning Budgetary Fund Balance	\$ 11,206,635	\$ 11,206,635	\$ 11,206,635	\$ -
Resources (Inflows)				
Taxes	3,161,726	3,161,726	2,995,914	(165,812)
Intergovernmental	1,500,000	1,500,000	-	(1,500,000)
Investment Income	103,585	103,585	91,949	(11,636)
Miscellaneous	750,000	750,000	-	(750,000)
Other Financing Sources - Loan Proceeds	12,042,340	12,042,340	6,150,000	(5,892,340)
Other Financing Sources - Transfers In	1,250,000	1,250,000	193,424	(1,056,576)
Total resources (Inflows)	<u>18,807,651</u>	<u>18,807,651</u>	<u>9,431,287</u>	<u>(9,376,364)</u>
Amounts available for appropriation	<u>30,014,286</u>	<u>30,014,286</u>	<u>20,637,922</u>	<u>(9,376,364)</u>
Charges to Appropriations (Outflows)				
Departmental:				
City at Large	7,200,000	7,200,000	-	7,200,000
Park	13,164,218	13,164,218	6,683,371	6,480,847
Street	562,000	562,000	446,841	115,159
Water	2,500,000	2,500,000	197,416	2,302,584
Transfers to Other Funds	5,803,311	5,803,311	3,500	5,799,811
Total Charges to Appropriations (Outflows)	<u>29,229,529</u>	<u>29,229,529</u>	<u>7,331,128</u>	<u>21,898,401</u>
Net change in budgetary fund balance	<u>(10,421,878)</u>	<u>(10,421,878)</u>	<u>2,100,159</u>	<u>12,522,037</u>
Ending Budgetary Fund Balance	<u>\$ 784,757</u>	<u>\$ 784,757</u>	<u>\$ 13,306,794</u>	<u>\$ 12,522,037</u>

	Budgeted Amounts		Actual Amounts, Budgetary Basis	variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Beginning Budgetary Fund Balance	\$ 1,134,725	\$ 1,134,725	\$ 1,134,725	\$ -
Resources (Inflows)				
Taxes	1,580,863	1,580,863	1,498,169	(82,694)
Investment Income	32,375	32,375	30,281	(2,094)
Miscellaneous	1,021,674	1,021,674	-	(1,021,674)
Total resources (Inflows)	<u>2,634,912</u>	<u>2,634,912</u>	<u>1,528,450</u>	<u>(1,106,462)</u>
Amounts available for appropriation	<u>3,769,637</u>	<u>3,769,637</u>	<u>2,663,175</u>	<u>(1,106,462)</u>
Charges to Appropriations (Outflows)				
Departmental:				
City Manager	5,500	13,000	12,654	346
City Court	-	1,100	1,094	6
Code Enforcement	48,210	29,560	25,438	4,122
City Clerk	31,350	31,350	29,777	1,573
City Finance	8,500	8,500	3,091	5,409
City at Large	387,650	387,950	384,617	3,333
Library	37,400	37,400	4,628	32,772
Construction	35,600	35,600	-	35,600
Park	45,450	109,100	107,780	1,320
Cemetery	12,750	12,750	-	12,750
Street	398,000	398,000	397,301	699
Building Maintenance	142,900	79,400	42,834	36,566
Motive Maintenance	2,750	2,750	2,505	245
Police	100,236	100,236	92,028	8,208
Fire	179,300	179,300	171,749	7,551
Senior Citizens Center	-	10,000	9,920	80
Kid's Inc.	15,000	64,000	63,600	400
Civil Defense	39,350	56,350	55,891	459
Airport	121,400	55,000	33,853	21,147
Museum	12,000	12,000	-	12,000
Total Charges to Appropriations (Outflows)	<u>1,623,346</u>	<u>1,623,346</u>	<u>1,438,760</u>	<u>184,586</u>
Net change in budgetary fund balance	<u>1,011,566</u>	<u>1,011,566</u>	<u>89,690</u>	<u>(921,876)</u>
Ending Budgetary Fund Balance	<u>\$ 2,146,291</u>	<u>\$ 2,146,291</u>	<u>\$ 1,224,415</u>	<u>\$ (921,876)</u>

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	Grant Fund		Actual Amounts, Budgetary Basis	variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Beginning Budgetary Fund Balance	\$ 288,531	\$ 288,531	\$ 288,531	\$ -
Resources (Inflows)				
Intergovernmental	2,360,914	2,544,540	177,238	(2,367,302)
Investment Income	-	-	2	2
Other Financing Sources - Transfers In	76,522	76,522	-	(76,522)
Total resources (Inflows)	<u>2,437,436</u>	<u>2,621,062</u>	<u>177,240</u>	<u>(2,443,822)</u>
Amounts available for appropriation	<u>2,725,967</u>	<u>2,909,593</u>	<u>465,771</u>	<u>(2,443,822)</u>
Charges to Appropriations (Outflows)				
Departmental:				
City at Large	1,366,086	2,394,163	36,335	2,357,828
Library	20,000	20,504	20,504	-
Park	25,000	26,995	1,995	25,000
Civil Defense	26,350	50,100	45,727	4,373
Airport	-	129,300	123,300	6,000
Total Charges to Appropriations (Outflows)	<u>1,437,436</u>	<u>2,621,062</u>	<u>227,861</u>	<u>2,393,201</u>
Net change in budgetary fund balance	<u>1,000,000</u>	<u>-</u>	<u>(50,621)</u>	<u>(50,621)</u>
Ending Budgetary Fund Balance	<u>\$ 1,288,531</u>	<u>\$ 288,531</u>	<u>\$ 237,910</u>	<u>\$ (50,621)</u>

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on a non-GAAP budgetary basis that report revenues on a cash basis and expenditures on a modified cash basis. For budgetary purposes expenditures are reported in the period the invoice is received, except for payroll expenditures that are recorded when paid.
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.
3. The budgetary basis differs from the modified accrual basis as shown in the schedule below:

	General Fund	Limited Purpose	Restricted Sales Tax	Grant Fund
Resources budgetary basis:	\$ 10,295,272	\$ 9,431,287	\$ 1,528,450	\$ 177,240
Add (deduct) change in receivables	(367,248)	21,671	(43,680)	(10,864)
Add state on-behalf payments	302,016	-	-	-
Deduct loan proceeds	-	(6,150,000)	-	-
Deduct transfer in	(908,562)	(193,424)	-	(48,708)
Revenue - modified accrual basis	<u>\$ 9,321,478</u>	<u>\$ 3,109,534</u>	<u>\$ 1,484,770</u>	<u>\$ 117,668</u>
Charges to appropriation budgetary basis	\$ 10,124,678	\$ 7,331,128	\$ 1,438,760	\$ 227,861
Add (deduct) change in payables	834,028	11,768,957	(182,530)	163,345
Trustee statement activity	-	-	-	-
Deduct current year encumbrances	(352,509)	(5,877,728)	(618,359)	(223,667)
Add prior year encumbrances	71,890	5,974,031	154,804	12,760
Deduct state on-behalf payments	(358,183)	-	-	-
Deduct bond issue costs	-	(118,355)	-	-
Deduct transfer out	(98,708)	(3,500)	-	-
Expenditures - modified accrual basis	<u>\$ 10,221,196</u>	<u>\$ 19,074,533</u>	<u>\$ 792,675</u>	<u>\$ 180,299</u>

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2009

SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA#	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>DEPARTMENT OF COMMERCE</u>				
Facilities Assitance	11.300	08-01-04281	1,000,000	2,300
<u>DEPARTMENT OF TRANSPORTATION</u>				
Downtown Streetscape Project	20.205	STP177E070EH	286,086	31,012
Downtown Enhancement Project	20.205	HPP-177E(079)HP	343,449	26,514
			<u>629,535</u>	<u>57,526</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Grants to States - State Aid	45.310	FY 08-09	20,504	18,638
			<u>20,504</u>	<u>18,638</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Hazard Mitigation Passed Through Woodward County:	97.039	HM-FEMA-1355-DR	8,099	19,500
Emergency Management Assistance	97.042	PL 85-606	18,000	11,000
			<u>26,099</u>	<u>30,500</u>
TOTAL FEDERAL AWARDS			<u>\$ 1,676,138</u>	<u>\$ 108,964</u>
STATE AWARDS:				
<u>OKLAHOMA AERONAUTICS COMMISSION:</u>				
OAC Grant			\$28,343	\$2,869
<u>OKLAHOMA ARTS COUNCIL:</u>				
Arts Council Grant - :Local Challenge Grant			5,000	5,000
TOTAL STATE AWARDS			<u>\$33,343</u>	<u>\$7,869</u>

Footnotes to Schedule of Expenditures of Federal and State Awards:

1. The Schedule of Expenditures of Federal and State Awards is prepared on an accrual basis of accounting. The expenditures are recorded when the liability is incurred regardless of when the award proceeds are received.

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

SUPPLEMENTARY INFORMATION

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

Combining Nonmajor Governmental Funds Balance Sheet – June 30, 2009

	<u>Hotel/Motel Tax</u>	<u>911 Emergency Fund</u>	<u>FAA Grant Fund</u>	<u>Miscellaneous Trust Fund</u>
ASSETS				
Cash and cash equivalents	\$ 40,264	\$ -	\$ -	\$ 4,593
Due from other governments	40,630	-	-	-
Other receivables	-	-	-	-
Total assets	<u>80,894</u>	<u>-</u>	<u>-</u>	<u>4,593</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	-	-
Accrued payroll payables	-	-	-	-
Due to other funds	-	-	71,624	-
Amount held in escrow	-	-	-	4,593
Total liabilities	<u>-</u>	<u>-</u>	<u>71,624</u>	<u>4,593</u>
Fund balances:				
Unreserved	80,894	-	(71,624)	-
Total fund balances	<u>80,894</u>	<u>-</u>	<u>(71,624)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 80,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,593</u>

	<u>Airport Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 64,639	\$ 133,581	\$ 12,469	\$ 255,546
Due from other governments	-	-	-	40,630
Other receivables	3,913	-	-	3,913
Total assets	<u>68,552</u>	<u>133,581</u>	<u>12,469</u>	<u>300,089</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,416	94	-	1,510
Accrued payroll payables	4,535	-	-	4,535
Due to other funds	-	-	-	71,624
Amount held in escrow	-	-	-	4,593
Total liabilities	<u>5,951</u>	<u>94</u>	<u>-</u>	<u>82,262</u>
Fund balances:				
Unreserved	62,601	133,487	12,469	217,827
Total fund balances	<u>62,601</u>	<u>133,487</u>	<u>12,469</u>	<u>217,827</u>
Total liabilities and fund balances	<u>\$ 68,552</u>	<u>\$ 133,581</u>	<u>\$ 12,469</u>	<u>\$ 300,089</u>

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2009

	<u>Hotel/Motel Tax</u>	<u>911 Emergency Fund</u>	<u>FAA Grant Fund</u>	<u>Miscellaneous Trust Fund</u>
REVENUES				
Taxes	\$ 544,735	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Investment income	451	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>545,186</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current:				
Library	-	-	-	-
Police	-	-	-	-
Airport	-	-	-	-
Cemetery	-	-	-	-
Economic development	-	-	-	-
Golf course	-	-	-	-
Park	-	-	-	-
Swimming pool	-	-	-	-
Tourism	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	545,186	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(689,407)	(67,335)	(151,820)	-
Total other financing sources and uses	<u>(689,407)</u>	<u>(67,335)</u>	<u>(151,820)</u>	<u>-</u>
Net change in fund balances	(144,221)	(67,335)	(151,820)	-
Fund balances - beginning, restated	225,115	67,335	80,196	-
Fund balances - ending	<u>\$ 80,894</u>	<u>\$ -</u>	<u>\$ (71,624)</u>	<u>\$ -</u>

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2009 , (Continued)

	<u>Airport Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 544,735
Intergovernmental	-	-	-	-
Charges for services	496,970	13,974	-	510,944
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Investment income	891	3,348	315	5,005
Miscellaneous	766	-	-	766
Total revenues	<u>498,627</u>	<u>17,322</u>	<u>315</u>	<u>1,061,450</u>
EXPENDITURES				
Current:				
Library	-	-	-	-
Police	-	-	-	-
Airport	517,561	-	-	517,561
Cemetery	-	-	70	70
Economic development	-	-	-	-
Golf course	-	-	-	-
Park	-	-	-	-
Swimming pool	-	-	-	-
Tourism	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	7,159	-	7,159
Total Expenditures	<u>517,561</u>	<u>7,159</u>	<u>70</u>	<u>524,790</u>
Excess (deficiency) of revenues over expenditures	(18,934)	10,163	245	536,660
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	-	-	50,000
Transfers out	-	-	-	(908,562)
Total other financing sources and uses	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>(858,562)</u>
Net change in fund balances	31,066	10,163	245	(321,902)
Fund balances - beginning, restated	31,535	123,324	12,224	539,729
Fund balances - ending	<u>\$ 62,601</u>	<u>\$ 133,487</u>	<u>\$ 12,469</u>	<u>\$ 217,827</u>

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

INTERNAL CONTROL AND COMPLIANCE

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2009**

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Derrel S. White, CPA

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

To the City Council
City of Woodward, Oklahoma

I have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of and for the year ended June 30, 2009. The report was modified to indicate the omission of Management's Discussion and Analysis, and to disclaim an opinion on the required supplemental information and Performer Analysis. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Woodward, Oklahoma's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City of Woodward, Oklahoma's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I considered to be material weakness.

This report is intended solely for the information and use of the City of Woodward, Oklahoma officials and is not intended to be and should not be used by anyone other than these specified parties.



Derrel S. White, CPA

Woodward, Oklahoma
December 1, 2009