

City of Woodward

*Annual Financial Statements
And
Independent Auditor's Reports*

As of And for
The Fiscal Year Ending
June 30, 2010

THE CITY OF WOODWARD, OKLAHOMA

**ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORTS**

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

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**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
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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 City Council

City of Woodward, OK

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Woodward, OK as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Woodward, OK's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Woodward, OK, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, on our consideration of the City of Woodward, OK's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodward, OK's financial statements as a whole. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Derrel S. White, CPA

Woodward, OK
November 18, 2010

**CITY OF WOODWARD OKLAHOMA
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BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Statement of Net Assets– June 30, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Equivalents	\$ 3,026,846	\$ 662,252	\$ 3,689,098
Restricted cash and cash equivalents	5,032,078	208,903	5,240,981
Investments	4,926,569	-	4,926,569
Internal balances	200,078	(200,078)	-
Deposits with insurance pool	106,856	-	106,856
Receivables:			
Accounts receivables, net	-	647,762	647,762
Accrued interest receivable	23,779	-	23,779
Due from other governments	1,919,419	-	1,919,419
Other receivables	474,720	-	474,720
Inventory	856,003	-	856,003
Total current assets	<u>16,566,348</u>	<u>1,318,839</u>	<u>17,885,187</u>
Noncurrent Assets:			
Deposits with industrial foundation	-	445,622	445,622
Capital Assets:			
Land and other nondepreciable assets	24,043,725	923,982	24,967,707
Other Capital Assets, net of depreciation	22,356,996	13,242,824	35,599,820
Unamortized note issuance costs	426,793	14,000	440,793
Total noncurrent assets	<u>46,827,514</u>	<u>14,626,428</u>	<u>61,453,942</u>
Total Assets	<u>63,393,862</u>	<u>15,945,267</u>	<u>79,339,129</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	892,474	210,302	1,102,776
Due to depositors	19,227	197,106	216,333
Deferred revenue	9,248	-	9,248
Interest payable	110,818	8,421	119,239
Current portion of:			
Accrued compensated absences	49,478	7,098	56,576
Notes payable	1,875,000	54,713	1,929,713
Capital lease obligation	76,649	-	76,649
Limited obligation notes payable	-	126,577	126,577
Total current liabilities	<u>3,032,894</u>	<u>604,217</u>	<u>3,637,111</u>
Noncurrent liabilities:			
Accrued compensated absences	197,911	28,393	226,304
Notes payable, net	24,300,025	1,240,784	25,540,809
Capital lease obligation	636,645	-	636,645
Limited obligation notes payable	-	675,367	675,367
Total noncurrent liabilities	<u>25,134,581</u>	<u>1,944,544</u>	<u>27,079,125</u>
Total liabilities	<u>28,167,475</u>	<u>2,548,761</u>	<u>30,716,236</u>
NET ASSETS			
Invested in capital assets, net of related debt	3,597,207	12,069,332	15,666,539
Restricted for:			
Debt Service	1,434,871	11,797	1,446,668
Other purposes	-	445,622	445,622
Unrestricted	30,194,309	869,755	31,064,064
Total net assets	<u>\$ 35,226,387</u>	<u>\$ 13,396,506</u>	<u>\$ 48,622,893</u>

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Statement of Activities – For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
City Commission	\$ 36,386	\$ -	\$ -	\$ -	\$ (36,386)	\$ -	\$ (36,386)
City Attorney	61,159	-	-	-	(61,159)	-	(61,159)
Library	419,463	16,536	15,102	-	(387,825)	-	(387,825)
City Finance	304,586	-	-	-	(304,586)	-	(304,586)
Cemetery	119,552	39,219	-	-	(80,333)	-	(80,333)
Construction	152,752	-	-	-	(152,752)	-	(152,752)
Managerial	279,702	-	-	-	(279,702)	-	(279,702)
City Clerk/Treasurer	319,216	-	-	-	(319,216)	-	(319,216)
Police	2,795,637	774,623	103,651	10,000	(1,907,363)	-	(1,907,363)
General Government	1,265,859	11,563	12,450	-	(1,241,846)	-	(1,241,846)
Parks and Recreation	1,197,538	152,844	9,563	39,172	(995,959)	-	(995,959)
Fire	2,283,336	-	288,028	-	(1,995,308)	-	(1,995,308)
Code Enforcement	226,305	41,602	-	-	(184,703)	-	(184,703)
Kid's Inc	187,606	-	-	-	(187,606)	-	(187,606)
Senior Citizens Center	101,243	-	-	-	(101,243)	-	(101,243)
Civil Defense	146,581	-	18,870	-	(127,711)	-	(127,711)
Building Maintenance	457,351	-	-	-	(457,351)	-	(457,351)
Motive Maintenance	194,777	-	-	-	(194,777)	-	(194,777)
Street Department	1,419,870	-	107,914	-	(1,311,956)	-	(1,311,956)
Airport	597,976	379,147	205,300	-	(13,529)	-	(13,529)
Hospital	282,427	623,267	-	-	340,840	-	340,840
Museum	39,952	-	-	-	(39,952)	-	(39,952)
Information Services	91,192	-	-	-	(91,192)	-	(91,192)
Tourism	697,576	-	-	-	(697,576)	-	(697,576)
Interest on Long-term debt	983,556	-	-	-	(983,556)	-	(983,556)
Total governmental activities	14,661,598	2,038,801	760,878	49,172	(11,812,747)	-	(11,812,747)
Business-type activities:							
Water	2,282,330	2,242,527	-	-	-	(39,803)	(39,803)
Sewer	1,019,044	921,571	-	-	-	(97,473)	(97,473)
Sanitation	949,774	856,096	-	-	-	(93,678)	(93,678)
Economic Development	98,897	341,476	-	-	-	242,579	242,579
Total business-type activities	4,350,045	4,361,670	-	-	-	11,625	11,625
Total primary government	19,011,643	6,400,471	760,878	49,172	(11,812,747)	11,625	(11,801,122)
General revenues:							
Taxes:							
Sales and use taxes					\$ 9,423,533	\$ -	\$ 9,423,533
Franchise and public service taxes					645,972	-	645,972
Hotel/motel tax					433,503	-	433,503
Weed abatement					10,009	-	10,009
Intergovernmental revenue not restricted to specific programs					230,848	-	230,848
Investment Income					216,965	33,243	250,208
Miscellaneous					174,996	76,997	251,993
Transfers - Internal activity					267,293	(267,293)	-
Total general revenues and transfers					11,403,119	(157,053)	11,246,066
Change in net assets					(409,628)	(145,428)	(555,056)
Net assets - beginning, restated (see Note 6)					35,636,015	13,541,934	49,177,949
Net assets - ending					\$ 35,226,387	\$ 13,396,506	\$ 48,622,893

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BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

**CITY OF WOODWARD OKLAHOMA
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Governmental Funds Balance Sheet – June 30, 2010

	<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	\$ 775,590	\$ 4,942,477	\$ 2,016,633	\$ 123,840	\$ 200,384	\$ 8,058,924
Investments	2,926,569	2,000,000	-	-	-	4,926,569
Deposit with insurance pool	106,856	-	-	-	-	106,856
Receivables:						
Accrued interest receivable	23,779	-	-	-	-	23,779
Due from other funds	438,542	-	11,624	10,599	-	460,765
Due from other governments	1,123,273	480,520	240,260	25,797	49,569	1,919,419
Court receivables, net	35,749	-	-	-	-	35,749
Other receivables	437,531	-	-	-	1,440	438,971
Inventory	856,003	-	-	-	-	856,003
Total assets	<u>6,723,892</u>	<u>7,422,997</u>	<u>2,268,517</u>	<u>160,236</u>	<u>251,393</u>	<u>16,827,035</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	389,285	336,566	23,253	136,457	6,913	892,474
Due to other funds	99,648	8,900	4,450	76,065	71,624	260,687
Due to depositors	13,257	-	-	-	5,973	19,230
Deferred revenue	24,180	-	-	11,548	-	35,728
Total liabilities	<u>526,370</u>	<u>345,466</u>	<u>27,703</u>	<u>224,070</u>	<u>84,510</u>	<u>1,208,119</u>
Fund balances:						
Reserved for:						
Encumbrances	100,360	157,779	158,766	28,089	-	444,994
Inventory	856,003	-	-	-	-	856,003
Deposits in insurance pool	106,856	-	-	-	-	106,856
Capital projects	-	3,597,207	-	-	-	3,597,207
Debt service	-	1,434,871	-	-	-	1,434,871
Unreserved, reported in:						
General fund	5,134,303	-	-	-	-	5,134,303
Special revenue funds	-	1,887,674	2,082,048	(91,923)	166,883	4,044,682
Total fund balances	<u>6,197,522</u>	<u>7,077,531</u>	<u>2,240,814</u>	<u>(63,834)</u>	<u>166,883</u>	<u>15,618,916</u>
Total liabilities and fund balances	<u>\$ 6,723,892</u>	<u>\$ 7,422,997</u>	<u>\$ 2,268,517</u>	<u>\$ 160,236</u>	<u>\$ 251,393</u>	<u>\$ 16,827,035</u>

**CITY OF WOODWARD OKLAHOMA
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As of and for the Year Ended June 30, 2010**

Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balances of Governmental Funds:

Total fund balance, governmental funds	\$	15,618,916
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 \$9,076,618		37,412,757
Hospital capital assets transferred from business-type activities, net of accumulated depreciation of \$1,131,419		8,987,967
Certain assets are not available to pay for current fund liabilities and, therefore are deferred in the funds:		
Other receivables		26,480
Unamortized bond issue costs		426,793
Certain long-term liabilities are not accrued in governmental funds, but rather are recognized as an expenditure when due:		
Accrued interest payable		(110,818)
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		(26,175,025)
Capital lease obligation		(713,294)
Accrued compensated absences		(247,389)
Net Assets of Governmental Activities in the Statement of Net Assets	\$	35,226,387

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Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2010

	<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	\$ 6,249,566	\$ 2,554,194	\$ 1,277,010	\$ -	\$ 433,503	\$ 10,514,273
Intergovernmental	716,736	-	-	317,469	9,563	1,043,768
Charges for services	574,269	-	-	-	388,860	963,129
Fines and forfeitures	427,499	-	-	-	-	427,499
Licenses and permits	41,602	-	-	-	-	41,602
Investment earnings	104,149	60,751	45,164	108	6,793	216,965
Miscellaneous	148,482	-	-	-	7,718	156,200
Total revenues	<u>8,262,303</u>	<u>2,614,945</u>	<u>1,322,174</u>	<u>317,577</u>	<u>846,437</u>	<u>13,363,436</u>
EXPENDITURES						
Current:						
City commission	36,386	-	-	-	-	36,386
City treasurer	39,909	-	-	-	-	39,909
City attorney	61,159	-	-	-	-	61,159
City court	94,648	-	-	-	-	94,648
Library	352,156	-	-	-	-	352,156
City finance	289,047	-	-	-	-	289,047
Cemetery	108,732	-	-	-	-	108,732
Construction	140,910	-	-	-	-	140,910
Managerial	274,205	-	-	-	-	274,205
City Clerk	181,188	-	-	-	-	181,188
Police	2,415,235	-	-	-	-	2,415,235
General Government	817,400	-	-	-	-	817,400
Parks and recreation	721,162	-	-	-	-	721,162
Fire	2,076,818	-	-	-	-	2,076,818
Code enforcement	197,980	-	-	-	-	197,980
Civil defense	105,442	-	-	-	-	105,442
Kids inc.	170,654	-	-	-	-	170,654
Senior citizen center	100,074	-	-	-	-	100,074
Building maintenance	370,341	-	-	-	-	370,341
Motive maintenance	181,351	-	-	-	-	181,351
Streets	886,767	-	-	-	-	886,767
Museum	40,012	-	-	-	-	40,012
Information Technology	87,051	-	-	-	-	87,051
Tourism	682,382	-	-	-	-	682,382
Airport	-	-	-	-	-	-
Hospital	-	1,000	-	-	464,983	464,983
Capital Outlay	30,175	5,004,287	797,585	321,623	445	6,154,115
Debt Service:						
Principal	-	1,838,259	-	-	-	1,838,259
Interest	-	1,245,938	-	-	-	1,245,938
Total Expenditures	<u>10,461,184</u>	<u>8,089,484</u>	<u>797,585</u>	<u>321,623</u>	<u>465,428</u>	<u>20,135,304</u>
Excess (deficiency) of revenues over expenditures	<u>(2,198,881)</u>	<u>(5,474,539)</u>	<u>524,589</u>	<u>(4,046)</u>	<u>381,009</u>	<u>(6,771,868)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,726,948	197,854	-	26,442	294,994	2,246,238
Transfers out	(321,436)	-	-	-	(726,948)	(1,048,384)
Total other financing sources and uses	<u>1,405,512</u>	<u>197,854</u>	<u>-</u>	<u>26,442</u>	<u>(431,954)</u>	<u>1,197,854</u>
Net change in fund balances	(793,369)	(5,276,685)	524,589	22,396	(50,945)	(5,574,014)
Fund balances - beginning	6,990,891	12,354,216	1,716,225	(86,230)	217,828	21,192,930
Fund balances - ending	<u>\$ 6,197,522</u>	<u>\$ 7,077,531</u>	<u>\$ 2,240,814</u>	<u>\$ (63,834)</u>	<u>\$ 166,883</u>	<u>\$ 15,618,916</u>

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Changes in Fund Balances – Changes in Net Assets Reconciliation:

Net change in fund balances - total governmental funds: \$ (5,574,014)

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	5,591,256
Depreciation expense	(1,886,684)
Hospital depreciation expense	(281,427)
	3,423,145

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	(39,279)
	(60,697)

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	(20,821)
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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 principal payments	1,838,258
Accrued interest on note payable	(19,811)
Accrued compensated absences	4,312
	1,822,759

Change in net assets of governmental activities	\$ (409,628)
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**CITY OF WOODWARD OKLAHOMA
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BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

Proprietary Fund Statement of Net Assets – June 30, 2010

	<u>Woodward Municipal Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 662,252
Restricted cash and cash equivalents	208,903
Accounts Receivable, net	647,762
Due from other funds	77,640
Total current assets	1,596,557
Non-current assets:	
Deposits with industrial foundation	445,622
Capital Assets:	
Land and other non-depreciable assets	940,939
Other capital assets, net of depreciation	22,213,834
Unamortized debt issue costs	14,000
Total non-current assets	23,614,395
Total assets	25,210,952
 LIABILITIES	
Current Liabilities:	
Accounts payable and accrued payroll	210,302
Accrued interest payable	8,421
Due to other funds	277,718
Due to depositors	197,106
Current portion of:	
Accrued compensated absences	7,098
Notes payable	54,713
Limited obligation notes payable	126,577
Total current liabilities	881,935
Non-current liabilities:	
Accrued compensated absences	28,393
Notes payable	1,240,784
Limited obligation notes payable	675,367
Total non-current liabilities	1,944,544
Total liabilities	2,826,479
 NET ASSETS	
Invested in capital assets, net of related debt	21,057,302
Restricted for debt service	11,797
Restricted for industrial development	445,622
Unrestricted	869,752
Total net assets	\$ 22,384,473

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:	(8,987,967)
Net Asset of Business-Type Activities	\$ 13,396,506

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Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Assets – Year Ended June 30, 2010

	<u>Woodward Municipal Authority</u>
REVENUES	
Charges for services:	
Water	\$ 2,189,160
Sewer	921,571
Sanitation	853,978
Penalties	53,367
Rental income	966,861
Total Operating Revenues	4,984,937
OPERATING EXPENSES	
Public works	164,846
Utility billing	410,378
Water	1,044,167
Sewer	637,685
Sanitation	842,780
Economic development	98,897
Electricity	174,150
Amortization expense	800
Depreciation expense	1,138,273
Total Operating Expenses	4,511,976
Operating income	472,961
NON-OPERATING REVENUES (EXPENSES)	
Investment income	33,243
Miscellaneous income	76,997
Interest expense and fiscal charges	(119,496)
Total non-operating revenue (expenses)	(9,256)
Income before contributions and transfers	463,705
Transfers in	307,294
Transfers out	(1,197,854)
Change in net assets	(426,855)
Total net assets - beginning	22,811,328
Total net assets - ending	\$ 22,384,473
Change in Net Assets Reconciliation:	
Change in net assets of the proprietary fund	\$ (426,855)
Certain proprietary fund transactions were related to governmental activities:	
Hospital depreciation expense	281,427
Change in net assets of business-type activities	\$ (145,428)

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Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2010

	Woodward Municipal Authority Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 4,919,154
Payment to suppliers and employees	(3,334,003)
Refund of customer meter deposits	(34,994)
Receipts of customer meter deposits	64,312
Interfund receipts/payments	(77,640)
Net Cash Provided by Operating Activities	1,536,829
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	314,794
Transfers to other funds	(1,204,354)
Net Cash Provided by (Used in) noncapital financing activities	(889,560)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt and notes	(169,357)
Interest and fiscal charges paid on capital debt and notes	(120,841)
Acquisition of capital assets	(596,841)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(887,039)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	33,243
Net Cash Provided by (Used in) Investing Activities	33,243
Net Increase (Decrease) in Cash and Cash Equivalents	(206,527)
Balances - beginning of the year	1,077,682
Balances - end of the year	\$ 871,155
Reconciliation to Statement of Net assets:	
Cash	\$ 662,252
Restricted cash	208,903
	\$ 871,155
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income	472,961
Adjustments to reconcile operating income:	
Depreciation expense	1,138,273
Amortization expense	800
Miscellaneous revenue	76,996
Change in assets and liabilities:	
Due from other funds	(77,640)
Accounts receivable	(142,779)
Accounts and other payables	35,509
Customer meter deposits payable	29,318
Deposit with industrial foundation	7,974
Accrued compensated absences	(4,583)
Net Cash Provided by Operating Activities	\$ 1,536,829

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BASIC FINANCIAL STATEMENTS – FIDUCIARY FUNDS

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Fiduciary Funds – Statement of Assets and Liabilities-Agency Funds – June 30, 2010

	<u>Cafeteria Plan</u>	<u>Municipal Court</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 20,464	\$ 21,983	\$ 42,447
Total assets	<u>20,464</u>	<u>21,983</u>	<u>42,447</u>
LIABILITIES			
Accounts payable	-	16,165	16,165
Amounts held in escrow	20,464	5,818	26,282
Total liabilities	<u>\$ 20,464</u>	<u>\$ 21,983</u>	<u>\$ 42,447</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.

- 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, 2010, 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
 - 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.

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, 2010, the reporting entity held the following deposits and investments:

	<u>Carrying Value</u>	<u>Maturity Date</u>	
Deposits:			
Demand deposits	\$ 3,927,651		
Cash on hand	1,000		
Time deposits	<u>4,906,569</u>	Less than 1 yr	
Total deposits	<u>\$ 8,835,220</u>		
	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Maturity Date</u>
Investments:			
J P Morgan US Treasury Plus Money Market Fund	11,797	AAAm	N/A
Mutual stock fund	20,000	N/A	N/A
American Performance US Treasury Money Market Fund	<u>5,032,078</u>	AAAm	N/A
Total investments	<u>\$ 5,063,875</u>		
Total deposits and investments	<u>\$ 13,899,095</u>		
Reconciliation to Statement of Net Assets:			
Cash and cash equivalents	\$ 3,689,098		
Restricted cash and cash equivalents	5,240,981		
Investments	4,926,569		
Fiduciary funds cash	<u>42,447</u>		
	<u>\$ 13,899,095</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, 2010, 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, 2010, 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, 2010, 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, 2010, 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, 2010 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	\$ 630,441
03 Interest account	169,366
06 Principal account	211,976
06 Contruction account	989,176
06 Interest account	40,730
07 Principal account	211,802
07 Contruction account	1,495,356
07 Interest account	34,166
08 Principal account	97,849
08 Contruction account	1,112,675
08 Interest account	<u>38,541</u>
Total	<u><u>\$ 5,032,078</u></u>
 Business-Type Activities:	
Deposits subject to refund	197,106
Sales Tax Revenue Note Accounts:	
97 Debt Service Account	166
97 Reserve Account	42
97 Project Account	<u>11,589</u>
Total	<u><u>\$ 208,903</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, 2010, capital assets balances changed as follows:

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	Restated Balance at July 1, 2009	Additions	Deductions	Balance at June 30, 2010
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 283,043	\$ -	\$ -	\$ 283,043
Construction in progress	18,703,170	5,107,384	49,872	23,760,682
Total capital assets not being depreciated	<u>18,986,213</u>	<u>5,107,384</u>	<u>49,872</u>	<u>24,043,725</u>
Other capital assets:				
Buildings	16,761,885	116,209	-	16,878,094
Improvements	3,707,479	-	-	3,707,479
Infrastructure	3,259,800	-	-	3,259,800
Machinery, furniture and equipment	8,307,125	417,534	5,000	8,719,659
Total other capital assets at historical cost	<u>32,399,466</u>	<u>533,743</u>	<u>5,000</u>	<u>32,565,032</u>
Less accumulated depreciation for:				
Buildings	4,039,781	584,616	-	4,624,397
Improvements	736,709	241,461	-	978,170
Infrastructure	328,601	112,276	-	440,877
Machinery, furniture and equipment	2,939,833	1,229,759	5,000	4,164,592
Total accumulated depreciation	<u>8,044,924</u>	<u>2,168,112</u>	<u>5,000</u>	<u>10,208,036</u>
Other capital assets, net	<u>24,354,542</u>	<u>(1,634,369)</u>	<u>-</u>	<u>22,356,996</u>
Governmental activities capital assets, net	<u>\$ 43,222,247</u>	<u>\$ 3,473,015</u>	<u>\$ 49,872</u>	<u>\$ 46,400,721</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 300,703	\$ 110,698	\$ -	411,401
Construction in progress	205,287	307,294	-	512,581
Total capital assets not being depreciated	<u>505,990</u>	<u>417,992</u>	<u>-</u>	<u>923,982</u>
Other capital assets:				
Land improvements	14,852	-	-	14,852
Buildings	5,039,329	35,000	-	5,074,329
Machinery, furniture and equipment	3,586,050	143,850	-	3,729,900
Utility Property & Equipment	17,642,017	-	-	17,642,017
Total other capital assets at historical cost	<u>26,282,248</u>	<u>178,850</u>	<u>-</u>	<u>26,461,098</u>
Less accumulated depreciation for:				
Land improvements	2,950	666	-	3,616
Buildings	2,061,538	31,942	-	2,093,480
Machinery, furniture and equipment	1,302,489	280,382	-	1,582,871
Utility Property & Equipment	8,994,451	543,856	-	9,538,307
Total accumulated depreciation	<u>12,361,428</u>	<u>856,846</u>	<u>-</u>	<u>13,218,274</u>
Other capital assets, net	<u>13,920,820</u>	<u>(677,996)</u>	<u>-</u>	<u>13,242,824</u>
Business-type activities capital assets, net	<u>\$ 14,426,810</u>	<u>\$ (260,004)</u>	<u>\$ -</u>	<u>\$ 14,166,806</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	\$ 65,189
Cemetery	11,168
Construction	13,073
Managerial	7,138
City Finance	15,083
Civil Defense	26,127
City Clerk	96,785
Police	284,160
General Government	163,351
Parks and Recreation	403,962
Fire	189,400
Code Enforcement	25,602
Building Maintenance	61,526
Motive Maintenance	9,337
Streets	339,718
Airport	137,655
Senior Citizens	7,463
Kid's Inc	7,546
Museum	3,156
Information Technology	5,227
Tourism	14,019
Hospital	281,427
Total	<u>\$ 2,168,112</u>

Business-Type Activities:

Water	\$ 483,232
Sewer	300,745
Sanitation	72,869
Total	<u>\$ 856,846</u>

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5. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2010, the reporting entity's long-term debt changed as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Accrued Compensated Absences	\$ 251,701	\$ 110,582	\$ 114,894	\$ 247,389	\$ 49,478
Note Payable	27,990,000	-	1,765,000	26,225,000	1,875,000
Capital Lease	786,552	-	73,258	713,294	76,649
Total Governmental Activities	<u>\$ 29,028,253</u>	<u>\$ 110,582</u>	<u>\$ 1,953,152</u>	<u>\$ 27,185,683</u>	<u>\$ 2,001,127</u>
Business-Type Activities:					
Accrued Compensated Absences	\$ 40,074	\$ 15,746	\$ 20,329	\$ 35,491	\$ 7,098
Notes Payable	1,348,552	-	53,055	1,295,497	54,713
Limited Obligation Notes Payable	918,246	-	116,302	801,944	126,577
Total Business-Type Activities	<u>\$ 2,306,872</u>	<u>\$ 15,746</u>	<u>\$ 189,686</u>	<u>\$ 2,132,932</u>	<u>\$ 188,388</u>
Total Long-Term Debt	<u>\$ 31,335,125</u>	<u>\$ 126,328</u>	<u>\$ 2,142,838</u>	<u>\$ 29,318,615</u>	<u>\$ 2,189,515</u>

Governmental activities long-term debt:

Accrued Compensated Absences:	Current portion	\$ 49,478
	Non-current portion	197,911
		<u>\$247,389</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. \$3,080,000

Less: Unamortized charge on refunding (49,975)

3,030,025

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. 8,665,000

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 9,315,000

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 5,165,000

\$26,175,025

Current portion	\$ 1,875,000
Non-current portion	<u>24,300,025</u>
Total Notes Payable	<u>\$26,175,025</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>\$713,294</u>
Current portion	\$ 76,649
Non-current portion	<u>636,645</u>
Total Notes Payable	<u>\$713,294</u>

Business-type activities long-term debt:

Accrued Compensated Absences:	Current portion	\$7,098
	Non-current portion	<u>28,393</u>
		<u>\$ 35,491</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>\$1,295,497</u>
Current portion	\$ 54,713
Non-current portion	<u>1,240,784</u>
	<u>\$1,295,497</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, 2010, 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.

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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.

\$801,944

Current portion	\$ 126,577
Non-current portion	<u>675,367</u>
Total Notes Payable	<u>\$801,944</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
2011	1,875,000	1,124,837	76,649	30,747	54,713	33,330	126,577	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	1,060,000	820,698	91,851	15,545	61,876	27,321	177,619	12,269
2016-2020	5,985,000	3,360,946	292,905	20,333	339,617	111,251	46,849	666
2021-2025	7,370,000	1,916,627	-	-	396,084	63,890	-	-
2026-2029	4,900,000	344,754	-	-	268,598	12,377	-	-
Total	<u>\$26,225,000</u>	<u>\$10,403,065</u>	<u>\$ 713,294</u>	<u>\$ 136,924</u>	<u>\$ 1,295,497</u>	<u>\$ 339,376</u>	<u>\$801,944</u>	<u>\$195,012</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 \$32,945,000 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 \$36,628,065. Pledged sales taxes received in the current year were \$3,843,875. Debt service payments of \$2,972,317 for the current fiscal year were 77% of the pledged sales taxes.

Utility Net Revenues Pledge - The City has also pledged future net water and sewer revenues to repay \$1,823,447 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 \$1,634,873. The note is payable from the above-mentioned utility net revenues. The debt service payments on the note this year were \$92,462 which was 6.5% of pledged net utility revenues of \$1,428,879.

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:

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- a. *Invested in capital assets, net of related debt* - Consists of capital assets including restricted 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	(71,624)
Airport fund	(3,255)

Beginning fund balance/net assets were restated as of July 1, 2010, as follows:

	<u>Government-Wide</u> <u>Governmental</u> <u>Activities</u>
Beginning fund balance/net assets, as previously reported	\$ 35,880,684
Over(under)statement of capital assets	<u>(244,669)</u>
Beginning fund balance/net assets, restated	<u>\$ 35,636,015</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

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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, 2010 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
WMA	General Fund	1,000,000	Operational
General Fund	Grant Fund	26,442	Grant match
General Fund	Hotel/Motel Tax Fund	275,994	Administration fees
Hotel/Motel Tax Fund	General Fund	726,948	Operational/Debt Payments
General Fund	Special Airport	19,000	Operational
WMA	Limited Purpose	197,854	Reimburse expenses
		<u>\$ 2,246,238</u>	

Reconciliation to fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,246,238	\$ 1,048,384	\$ 1,197,854
Proprietary Funds	307,294	1,197,854	(890,560)
Total	<u>2,553,532</u>	<u>2,246,238</u>	<u>307,294</u>
One-sided transfer of capital assets from proprietary fund to governmental activity	-	307,294	307,294
	<u>\$ 2,553,532</u>	<u>\$ 2,553,532</u>	<u>\$ -</u>

Reconciliation to statement of activities:

Net transfers	\$ 1,197,854
Transfers of Hospital rental income from business-type activities to governmental activities	(623,267)
Transfer of business-type capital contributions from governmental activities	(307,294)
Total transfer - internal activity	<u>\$ 267,293</u>

Balances:

Interfund receivable and payables at June 30, 2010 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
Resticted Sales Tax Fund	General Fund	4,450	Cigarette tax incorrectly posted
Limited Purpose	General Fund	8,900	Cigarette tax incorrectly posted
Grant Fund	Resticted Sales Tax Fund	215	Grant expenses
FAA Grant Fund	General Fund	71,624	Grant expenses
Grant Fund	General Fund	75,850	Grant expenses
General Fund	WMA	77,640	Grant expenses
Total		<u>\$ 538,405</u>	

Reconciliation to Statement of Net Assets:

	<u>Due From</u>	<u>Due To</u>	<u>Internal Balances</u>
Governmental Funds	\$ 460,765	\$ 260,687	\$ 200,078
Proprietary Funds	77,640	277,718	(200,078)
Total Interfund Balances	<u>\$ 538,405</u>	<u>\$ 538,405</u>	<u>\$ -</u>

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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.

Construction Commitments:

At June 30, 2010, 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 @ 6-30-10</u>
Kline Mechanical Contracting	Crystal Beach Park	26,184,977	1,183,224
Barrett Williamson	Streetscape	1,607,608	1,356,658
Lane Christian, Cline Consolidated, Hydro Resources	Water Field Enhancement	3,665,000	2,542,534
Timberlake Construction	Convention Center	7,337,995	6,919,809
Cornell Construction	FAA AIP34001080082010	411,877	411,877

Federal and State Award Programs:

The City of Woodward participates in various federal or state grant/loan programs from year to year. In 2010, 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 \$200,051.

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 \$87,977.

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

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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>
2008	113,332	100%	97,619	100%
2009	126,961	100%	114,762	100%
2010	130,111	100%	119,304	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>
2008	35,453	70,905	246,973	-
2009	38,522	77,045	269,381	-
2010	29,575	59,149	206,970	-

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, 2010

	General Fund		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
Beginning Budgetary Fund Balance	\$ 4,120,900	\$ 4,120,900	\$ 4,120,900	\$ -
Resources (Inflows)				
Taxes	6,764,463	6,764,463	6,076,943	(687,520)
Intergovernmental	424,537	424,537	415,083	(9,454)
Charges for services	586,457	606,781	568,547	(38,234)
Fines and Forfeitures	422,129	422,129	431,762	9,633
Licenses and permits	42,942	42,942	41,602	(1,340)
Investment Income	136,292	136,292	96,385	(39,907)
Miscellaneous	144,445	146,229	148,481	2,252
Other Financing Sources - Transfers In	1,830,094	1,830,094	1,726,948	(103,146)
Total resources (Inflows)	<u>10,351,359</u>	<u>10,373,467</u>	<u>9,505,751</u>	<u>(867,716)</u>
Amounts available for appropriation	<u>14,472,259</u>	<u>14,494,367</u>	<u>13,626,651</u>	<u>(867,716)</u>
Charges to Appropriations (Outflows)				
Current:				
City Commission	41,169	41,169	36,466	4,703
City Manager	345,104	345,104	274,811	70,293
City Attorney	75,000	75,000	62,659	12,341
City Treasurer	40,456	40,456	39,856	600
City Court	94,321	94,321	93,880	441
Code Enforcement	213,388	213,388	195,806	17,582
City Clerk	216,564	216,564	177,312	39,252
City Finance	296,316	296,316	285,840	10,476
City at Large	858,869	858,869	814,631	44,238
Library	351,052	351,052	349,485	1,567
Construction	117,262	117,262	142,360	(25,098)
Park	717,589	717,589	712,488	5,101
Cemetery	109,483	109,483	108,675	808
Street	854,118	854,118	905,590	(51,472)
Building Maintenance	366,921	366,921	373,463	(6,542)
Motive Maintenance	185,001	185,001	179,663	5,338
Police	2,526,406	2,526,406	2,327,982	198,424
Fire	1,995,664	1,997,448	1,881,393	116,055
Civil Defense	154,487	154,487	106,359	48,128
Senior Citizens Center	118,491	118,491	105,576	12,915
Kid's Inc.	145,037	145,037	171,139	(26,102)
Museum	107,707	107,707	40,169	67,538
Information Technology	108,273	108,273	89,720	18,553
Tourism	430,093	450,417	734,637	(284,220)
Transfers to Other Funds	95,639	95,639	321,436	(225,797)
Total Charges to Appropriations (Outflows)	<u>10,564,410</u>	<u>10,586,518</u>	<u>10,531,396</u>	<u>55,122</u>
Net change in budgetary fund balance	<u>(213,051)</u>	<u>(213,051)</u>	<u>(1,025,645)</u>	<u>(812,594)</u>
Ending Budgetary Fund Balance	<u>\$ 3,907,849</u>	<u>\$ 3,907,849</u>	<u>\$ 3,095,255</u>	<u>\$ (812,594)</u>

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	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Limited Purpose Sales Tax				
Beginning Budgetary Fund Balance	\$ 13,306,794	\$ 13,306,794	\$ 13,306,794	\$ -
Resources (Inflows)				
Taxes	2,672,196	2,672,196	2,517,716	(154,480)
Intergovernmental	1,000,000	1,000,000	-	(1,000,000)
Investment Income	71,617	71,617	57,623	(13,994)
Other Financing Sources - Transfers In	974,821	974,821	9,469,127	8,494,306
Total resources (Inflows)	<u>4,718,634</u>	<u>4,718,634</u>	<u>12,044,466</u>	<u>7,325,832</u>
Amounts available for appropriation	<u>18,025,428</u>	<u>18,025,428</u>	<u>25,351,260</u>	<u>7,325,832</u>
Charges to Appropriations (Outflows)				
Departmental:				
City at Large	7,087,995	7,087,995	5,210,936	1,877,059
Park	13,164,218	2,123,233	2,202,989	(79,756)
Water	3,632,918	3,632,918	204,354	3,428,564
Transfers to Other Funds	5,803,311	5,803,311	5,289,529	513,782
Total Charges to Appropriations (Outflows)	<u>29,688,442</u>	<u>18,647,457</u>	<u>12,907,808</u>	<u>5,739,649</u>
Net change in budgetary fund balance	<u>(24,969,808)</u>	<u>(13,928,823)</u>	<u>(863,342)</u>	<u>13,065,481</u>
Ending Budgetary Fund Balance	<u>\$ (11,663,014)</u>	<u>\$ (622,029)</u>	<u>\$ 12,443,452</u>	<u>\$ 13,065,481</u>

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
	\$	\$		
Restricted Sales Tax				
Beginning Budgetary Fund Balance	\$ 1,224,415	\$ 1,224,415	\$ 1,224,415	\$ -
Resources (Inflows)				
Taxes	1,336,097	1,336,097	1,258,771	(77,326)
Investment Income	-	-	45,164	45,164
Total resources (Inflows)	<u>1,336,097</u>	<u>1,336,097</u>	<u>1,303,935</u>	<u>(32,162)</u>
Amounts available for appropriation	<u>2,560,512</u>	<u>2,560,512</u>	<u>2,528,350</u>	<u>(32,162)</u>
Charges to Appropriations (Outflows)				
Departmental:				
Code Enforcement	12,400	12,400	25,709	(13,309)
City Finance	6,200	6,200	1,692	4,508
City at Large	-	-	61,923	(61,923)
Library	7,500	7,500	14,646	(7,146)
Park	48,383	48,383	220,856	(172,473)
Street	645,200	645,200	32,250	612,950
Building Maintenance	170,500	170,500	29,989	140,511
Motive Maintenance	-	-	7,746	(7,746)
Police	139,300	139,300	69,622	69,678
Fire	267,565	267,565	40,024	227,541
Senior Citizens Center	10,000	10,000	-	10,000
Kid's Inc.	10,600	10,600	60,086	(49,486)
Civil Defense	-	-	4,355	(4,355)
Information Technology	32,332	32,332	14,049	18,283
Sewer	37,205	37,205	-	37,205
Water	25,000	25,000	250,187	(225,187)
Airport	2,500	2,500	30,365	(27,865)
Hospital	100,000	100,000	-	100,000
Museum	10,803	10,803	52,781	(41,978)
Transfers to Other Funds	298,539	298,539	-	298,539
Total Charges to Appropriations (Outflows)	<u>1,824,027</u>	<u>1,824,027</u>	<u>916,280</u>	<u>907,747</u>
Net change in budgetary fund balance	<u>(487,930)</u>	<u>(487,930)</u>	<u>387,655</u>	<u>875,585</u>
Ending Budgetary Fund Balance	<u>\$ 736,485</u>	<u>\$ 736,485</u>	<u>\$ 1,612,070</u>	<u>\$ 875,585</u>

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	Grant Fund			variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts, Budgetary Basis	
	Original	Final		
Beginning Budgetary Fund Balance	\$ 237,910	\$ 237,910	\$ 237,910	\$ -
Resources (Inflows)				
Intergovernmental	1,731,827	1,731,827	316,960	(1,414,867)
Investment Income	-	-	108	108
Other Financing Sources - Transfers In	329,163	329,163	-	(329,163)
Total resources (Inflows)	<u>2,060,990</u>	<u>2,060,990</u>	<u>317,068</u>	<u>(1,743,922)</u>
Amounts available for appropriation	<u>2,298,900</u>	<u>2,298,900</u>	<u>554,978</u>	<u>(1,743,922)</u>
Charges to Appropriations (Outflows)				
Departmental:				
City at Large	1,502,929	1,502,929	56,045	1,446,884
Library	20,590	20,590	24,097	(3,507)
Civil Defense	25,000	25,000	23,716	1,284
Airport	59,071	512,471	91,533	420,938
Total Charges to Appropriations (Outflows)	<u>1,607,590</u>	<u>2,060,990</u>	<u>195,391</u>	<u>1,865,599</u>
Net change in budgetary fund balance	453,400	-	121,677	121,677
Ending Budgetary Fund Balance	<u>\$ 691,310</u>	<u>\$ 237,910</u>	<u>\$ 359,587</u>	<u>\$ 121,677</u>

Footnotes to Budgetary Comparison Schedules:

- 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.
- 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.
- 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 budetary basis:	\$ 9,505,751	\$ 12,044,466	\$ 1,303,935	\$ 317,068
Add (deduct) change in recievables	195,472	39,606	18,239	509
Add state on-behalf payments	288,028		-	-
Deduct transfer in	-	(9,271,273)	-	26,442
Revenue - modified accrual basis	<u>\$ 9,989,251</u>	<u>\$ 2,812,799</u>	<u>\$ 1,322,174</u>	<u>\$ 344,019</u>
Charges to appropriation budetary basis	\$ 10,531,396	\$ 12,907,808	\$ 916,280	\$ 195,391
Add (deduct) change in payables	(36,804)	471,205	(118,695)	126,232
Deduct state on-behalf payments	288,028	-	-	-
Deduct transfer out	-	(5,289,529)	-	-
Expenditures - modified accrual basis	<u>\$ 10,782,620</u>	<u>\$ 8,089,484</u>	<u>\$ 797,585</u>	<u>\$ 321,623</u>

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Schedule of Expenditures of Federal and State Awards – Year Ended June 30, 2010

SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA#	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
<u>FEDERAL AVIATION AUTHORITY</u>				
Update Master Plan, Improve Runway	20.106	AIP-3-40-0108-006-2009	138,510	102,497
Update Master Plan, Improve Runway	20.106	AIP-3-40-0108-007-2010	121,331	102,803
			<u>259,841</u>	<u>205,300</u>
<u>DEPARTMENT OF COMMERCE</u>				
Facilities Assitance	11.300	08-01-04281	1,000,000	-
<u>DEPARTMENT OF TRANSPORTATION</u>				
Downtown Streetscape Project	20.205	STP177E070EH	286,086	8,814
Downtown Enhancement Project	20.205	HPP-177E(079)HP	899,899	25,358
			<u>1,185,985</u>	<u>34,172</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
Grants to States - State Aid	45.310	FY 08-09	20,504	12,450
Grants to States - State Aid	45.310	FY 09-10	18,522	14,352
Upgrade Grant	45.310		750	750
			<u>39,776</u>	<u>27,552</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>				
Fire Management Assistance Grant	97.046		1,222	1,222
Disaster Assistance Grant	97.036	PA-3305	21,215	19,644
Passed Through Woodward County:				
Emergency Management Assistance	97.042	PL 85-606	10,000	10,000
			<u>32,437</u>	<u>30,866</u>
TOTAL FEDERAL AWARDS			<u>\$ 2,518,039</u>	<u>\$ 297,890</u>
STATE AWARDS:				
<u>OKLAHOMA AERONAUTICS COMMISSION:</u>				
OAC Grant			\$28,343	\$0
<u>OKLAHOMA ARTS COUNCIL:</u>				
Arts Council Grant - :Local Challenge Grant			5,000	5,000
TOTAL STATE AWARDS			<u>33,343</u>	<u>\$5,000</u>
COUNTY AWARDS:				
<u>WOODWARD COUNTY:</u>				
Civil Emergency Management			15,000	11,810
TOTAL COUNTY AWARDS			<u>15,000</u>	<u>11,810</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.

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SUPPLEMENTARY INFORMATION

**CITY OF WOODWARD OKLAHOMA
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As of and for the Year Ended June 30, 2010**

Combining Nonmajor Governmental Funds Balance Sheet – June 30, 2010

	<u>Hotel/Motel Tax</u>	<u>FAA Grant Fund</u>	<u>Miscellaneous Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 33,279	\$ -	\$ 5,973
Due from other governments	49,569	-	-
Other receivables	-	-	-
Total assets	82,848	-	5,973
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	-	-	-
Accrued payroll payables	-	-	-
Due to other funds	-	71,624	-
Amount held in escrow	-	-	5,973
Total liabilities	-	71,624	5,973
Fund balances:			
Unreserved	82,848	(71,624)	-
Total fund balances	82,848	(71,624)	-
Total liabilities and fund balances	\$ 82,848	\$ -	\$ 5,973

	<u>Airport Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,218	\$ 146,169	\$ 12,745	\$ 200,384
Due from other governments	-	-	-	49,569
Other receivables	1,440	-	-	1,440
Total assets	3,658	146,169	12,745	251,393
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	1,643	-	-	1,643
Accrued payroll payables	5,270	-	-	5,270
Due to other funds	-	-	-	71,624
Amount held in escrow	-	-	-	5,973
Total liabilities	6,913	-	-	84,510
Fund balances:				
Unreserved	(3,255)	146,169	12,745	166,883
Total fund balances	(3,255)	146,169	12,745	166,883
Total liabilities and fund balances	\$ 3,658	\$ 146,169	\$ 12,745	\$ 251,393

**CITY OF WOODWARD OKLAHOMA
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Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2010

	<u>Hotel/Motel Tax</u>	<u>FAA Grant Fund</u>	<u>Miscellaneous Trust Fund</u>
REVENUES			
Taxes	\$ 433,503	\$ -	\$ -
Intergovernmental	9,563	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Investment income	2,400	-	-
Miscellaneous	7,441	-	-
Total revenues	<u>452,907</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>
Excess (deficiency) of revenues over expenditures	452,907	-	-
OTHER FINANCING SOURCES (USES)			
Transfers in	275,994	-	-
Transfers out	(726,948)	-	-
Total other financing sources and uses	<u>(450,954)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,953	-	-
Fund balances - beginning	80,895	(71,624)	-
Fund balances - ending	<u>\$ 82,848</u>	<u>\$ (71,624)</u>	<u>\$ -</u>

**CITY OF WOODWARD OKLAHOMA
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As of and for the Year Ended June 30, 2010**

Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2010 , (Continued)

	<u>Airport Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total-Other Governmental Funds</u>
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 433,503
Intergovernmental	-	-	-	9,563
Charges for services	379,147	9,713	-	388,860
Fines and forfeitures	-	-	-	-
Licenses and permits	-	-	-	-
Investment income	703	3,414	276	6,793
Miscellaneous	277	-	-	7,718
Total revenues	<u>380,127</u>	<u>13,127</u>	<u>276</u>	<u>846,437</u>
EXPENDITURES				
Current:				
Library	-	-	-	-
Police	-	-	-	-
Airport	464,983	-	-	464,983
Cemetery	-	-	-	-
Economic development	-	-	-	-
Golf course	-	-	-	-
Park	-	-	-	-
Swimming pool	-	-	-	-
Tourism	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	445	-	445
Total Expenditures	<u>464,983</u>	<u>445</u>	<u>-</u>	<u>465,428</u>
Excess (deficiency) of revenues over expenditures	(84,856)	12,682	276	381,009
OTHER FINANCING SOURCES (USES)				
Transfers in	19,000	-	-	294,994
Transfers out	-	-	-	(726,948)
Total other financing sources and uses	<u>19,000</u>	<u>-</u>	<u>-</u>	<u>(431,954)</u>
Net change in fund balances	(65,856)	12,682	276	(50,945)
Fund balances - beginning, restated	62,601	133,487	12,469	217,828
Fund balances - ending	<u>\$ (3,255)</u>	<u>\$ 146,169</u>	<u>\$ 12,745</u>	<u>\$ 166,883</u>

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

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INTERNAL CONTROL AND COMPLIANCE

**CITY OF WOODWARD OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2010**

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Derrel S. White, CPA

P.O. Box 842
Woodward, OK 73802
(580) 256-6830

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

To the City Council
City of Woodward, OK

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Woodward, OK, as of and for the year ended June 30, 2010, which collectively comprise the City of Woodward, OK's basic financial statements and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Woodward, State OK'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 management, City Council, 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.



Derrel S. White, CPA

Woodward, OK
November 18, 2010