

# City of Woodward



WOODWARD  
OKLAHOMA

## Annual Financial Statements And Independent Auditor's Reports

As of And for  
The Fiscal Year  
Ending  
June 30, 2011

**THE CITY OF WOODWARD, OKLAHOMA**

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

**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**CITY OF WOODWARD OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2011**

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**CITY OF WOODWARD OKLAHOMA  
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As of and for the Year Ended June 30, 2011**

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# Derrel S. White, CPA

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P.O. Box 842  
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## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Woodward, State of Oklahoma

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, State of Oklahoma as of and for the year ended June 30, 2011, 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, Oklahoma'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, Oklahoma, as of June 30, 2011, 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 December 15, 2011, on our consideration of the City of Woodward, Oklahoma'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.

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

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodward, Oklahoma's financial statements as a whole. The combining nonmajor fund financial statements, and the combining general fund accounts 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 awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal 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

December 15, 2011

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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, 2011

**Statement of Net Assets– June 30, 2011**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Equivalents	\$ 3,407,238	\$ 1,352,198	\$ 4,759,436
Restricted cash and cash equivalents	2,919,953	250,771	3,170,724
Investments	4,745,728	2,256,040	7,001,768
Internal balances	147,282	(147,282)	-
Deposits with insurance pool	155,927	-	155,927
Receivables:			
Accounts receivables, net	-	851,170	851,170
Accrued interest receivable	21,742	-	21,742
Due from other governments	2,349,763	-	2,349,763
Other receivables	1,734,449	35	1,734,484
Inventory	1,109,195	-	1,109,195
Total current assets	<u>16,591,277</u>	<u>4,562,932</u>	<u>21,154,209</u>
Noncurrent Assets:			
Deposits with industrial foundation	-	399,887	399,887
Capital Assets:			
Land and other nondepreciable assets	15,415,604	4,364,750	19,780,354
Other Capital Assets, net of depreciation	35,529,621	12,589,067	48,118,688
Unamortized note issuance costs	390,114	13,200	403,314
Total noncurrent assets	<u>51,335,339</u>	<u>17,366,904</u>	<u>68,702,243</u>
Total Assets	<u>67,926,616</u>	<u>21,929,836</u>	<u>89,856,452</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	2,014,830	236,463	2,251,293
Due to depositors	41,258	230,864	272,122
Deferred revenue	23,047	-	23,047
Interest payable	99,123	22,889	122,012
Current portion of:			
Accrued compensated absences	52,018	7,684	59,702
Notes payable	2,013,281	336,391	2,349,672
Capital lease obligation	80,196	-	80,196
Limited obligation notes payable	-	137,764	137,764
Total current liabilities	<u>4,323,753</u>	<u>972,055</u>	<u>5,295,808</u>
Noncurrent liabilities:			
Accrued compensated absences	206,213	30,735	236,948
Notes payable, net	25,106,428	4,712,004	29,818,432
Capital lease obligation	556,449	-	556,449
Limited obligation notes payable	-	537,597	537,597
Total noncurrent liabilities	<u>25,869,090</u>	<u>5,280,336</u>	<u>31,149,426</u>
Total liabilities	<u>30,192,843</u>	<u>6,252,391</u>	<u>36,445,234</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	23,578,985	11,905,422	35,484,407
Nonspendable	1,109,195	-	1,109,195
Restricted for:			
Enabling legislation	6,416,890	-	6,416,890
State statutes	145,077	-	145,077
Other purposes	-	399,887	399,887
Unrestricted	6,483,626	3,372,136	9,855,762
Total net assets	<u>\$ 37,733,773</u>	<u>\$ 15,677,445</u>	<u>\$ 53,411,218</u>

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**Statement of Activities – For the Year Ended June 30, 2011**

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
<b>Primary government</b>							
<b>Governmental Activities</b>							
City Commission	\$ 38,499	\$ -	\$ -	\$ -	\$ (38,499)	\$ -	\$ (38,499)
City Attorney	42,052	-	-	-	(42,052)	-	(42,052)
Library	377,915	16,369	-	-	(361,546)	-	(361,546)
City Finance	304,761	-	-	-	(304,761)	-	(304,761)
Cemeterly	114,588	38,864	-	-	(75,724)	-	(75,724)
Construction	121,771	-	-	-	(121,771)	-	(121,771)
Managerial	268,853	-	-	-	(268,853)	-	(268,853)
City Clerk/Treasurer	273,060	-	-	-	(273,060)	-	(273,060)
Police	2,677,605	865,628	69,067	-	(1,742,910)	-	(1,742,910)
General Government	1,225,211	13,152	4,092	-	(1,207,967)	-	(1,207,967)
Parks and Recreation	1,095,669	150,990	25,685	-	(918,994)	-	(918,994)
Fire	2,209,356	-	319,527	-	(1,889,829)	-	(1,889,829)
Code Enforcement	238,721	40,178	-	-	(198,543)	-	(198,543)
Kid's Inc	165,159	-	-	-	(165,159)	-	(165,159)
Senior Citizens Center	109,477	-	-	-	(109,477)	-	(109,477)
Civil Defense	173,306	-	23,936	36,934	(112,436)	-	(112,436)
Building Maintenance	413,426	-	-	-	(413,426)	-	(413,426)
Motive Maintenance	196,578	-	-	-	(196,578)	-	(196,578)
Street Department	1,068,628	-	125,774	-	(942,854)	-	(942,854)
Airport	608,954	419,161	-	449,585	259,792	-	259,792
Hospital	283,896	-	-	-	(283,896)	-	(283,896)
Museum	39,555	-	-	-	(39,555)	-	(39,555)
Information Services	118,287	-	-	-	(118,287)	-	(118,287)
Tounsm	489,314	-	-	-	(489,314)	-	(489,314)
Interest on Long-term debt	1,185,993	-	-	-	(1,185,993)	-	(1,185,993)
<b>Total governmental activities</b>	<b>13,840,634</b>	<b>1,544,342</b>	<b>568,081</b>	<b>486,519</b>	<b>(11,241,692)</b>	<b>-</b>	<b>(11,241,692)</b>
<b>Business-type activities:</b>							
Water	2,504,469	2,736,656	-	1,895,000	-	2,127,187	2,127,187
Sewer	937,489	934,543	-	-	-	(2,946)	(2,946)
Sanitation	870,035	912,381	-	-	-	42,346	42,346
Economic Development	128,040	342,030	-	-	-	213,890	213,890
<b>Total business-type activities</b>	<b>4,440,033</b>	<b>4,925,610</b>	<b>-</b>	<b>1,895,000</b>	<b>-</b>	<b>2,380,577</b>	<b>2,380,577</b>
<b>Total primary government</b>	<b>18,280,667</b>	<b>6,469,952</b>	<b>568,081</b>	<b>2,381,519</b>	<b>(11,241,692)</b>	<b>2,380,577</b>	<b>(8,861,115)</b>
<b>General revenues:</b>							
<b>Taxes:</b>							
Sales and use taxes					\$ 10,911,077	\$ -	\$ 10,911,077
Franchise and public service taxes					613,341	-	613,341
Hotel/motel tax					573,197	-	573,197
Weed abatement					13,047	-	13,047
Intergovernmental revenue not restricted to specific programs					460,092	-	460,092
Investment Income					192,772	56,523	249,295
Miscellaneous					273,736	555,655	829,391
Transfers - Internal activity					711,816	(711,816)	-
<b>Total general revenues and transfers</b>					<b>13,749,078</b>	<b>(99,638)</b>	<b>13,649,440</b>
<b>Change in net assets</b>					<b>2,507,386</b>	<b>2,280,939</b>	<b>4,788,325</b>
<b>Net assets - beginning</b>					<b>35,228,387</b>	<b>13,396,506</b>	<b>48,624,893</b>
<b>Net assets - ending</b>					<b>\$ 37,735,773</b>	<b>\$ 15,677,445</b>	<b>\$ 53,413,218</b>

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**BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS**

**CITY OF WOODWARD OKLAHOMA  
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**Governmental Funds Balance Sheet – June 30, 2011**

	<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>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 873,905	\$ 2,914,603	\$ 2,175,314	\$ 30,778	\$ 332,591	\$ 6,327,191
Investments	2,745,728	2,000,000	-	-	-	4,745,728
Deposit with insurance pool	155,927	-	-	-	-	155,927
Receivables:						
Accrued interest receivable	21,742	-	-	-	-	21,742
Due from other funds	438,542	-	11,624	10,599	-	460,765
Due from other governments	1,270,404	749,852	274,615	-	54,892	2,349,763
Court receivables, net	39,312	-	-	-	-	39,312
Other receivables	437,964	461,581	-	-	-	899,545
Prepaid expenses	-	-	759,953	-	-	759,953
Inventory	1,109,195	-	-	35,639	-	1,144,834
Total assets	<u>7,092,719</u>	<u>6,126,036</u>	<u>3,221,506</u>	<u>77,016</u>	<u>387,483</u>	<u>16,904,760</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	630,021	1,263,977	81,880	38,952	-	2,014,830
Due to other funds	224,068	8,900	4,450	76,065	-	313,483
Due to depositors	33,868	-	-	-	7,418	41,286
Deferred revenue	22,945	13,650	-	23,047	-	59,642
Total liabilities	<u>910,902</u>	<u>1,286,527</u>	<u>86,330</u>	<u>138,064</u>	<u>7,418</u>	<u>2,429,241</u>
<b>Fund balances:</b>						
Nonspendable	1,109,195	-	-	-	-	1,109,195
Restricted for:						
Tourism	-	-	-	-	201,419	201,419
Cemetery	-	-	-	-	145,077	145,077
Capital projects	-	3,129,723	3,085,748	-	-	6,215,471
Committed for:						
Cemetery	-	-	-	-	223	223
Assigned for:						
Capital projects	-	1,709,786	49,428	-	-	1,759,214
Grant purposes	-	-	-	-	-	-
Insurance premiums	155,927	-	-	-	-	155,927
Airport	2,391	-	-	-	-	2,391
Unassigned	4,914,304	-	-	(61,048)	33,346	4,886,602
Total fund balances	<u>6,181,817</u>	<u>4,839,509</u>	<u>3,135,176</u>	<u>(61,048)</u>	<u>380,065</u>	<u>14,475,519</u>
Total liabilities and fund balances	<u>\$ 7,092,719</u>	<u>\$ 6,126,036</u>	<u>\$ 3,221,506</u>	<u>\$ 77,016</u>	<u>\$ 387,483</u>	<u>\$ 16,904,760</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	\$ 14,475,519
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 \$10,289,156	42,238,679
Hospital capital assets transferred from business-type activities, net of accumulated depreciation of \$1,412,840	8,706,546
Certain assets are not available to pay for current fund liabilities and, therefore are deferred in the funds:	
Other receivables	36,623
Unamortized bond issue costs	390,114
Certain long-term liabilities are not accrued in governmental funds, but rather are recognized as an expenditure when due:	
Accrued interest payable	(99,123)
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	(27,119,709)
Capital lease obligation	(636,645)
Accrued compensated absences	(258,231)
Net Assets of Governmental Activities in the Statement of Net Assets	<u>\$ 37,733,773</u>

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**Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2011**

	<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>
<b>REVENUES</b>						
Taxes	\$ 7,119,610	\$ 2,946,060	\$ 1,473,030	\$ -	\$ 573,197	\$ 12,111,897
Intergovernmental	776,138	186,973	-	513,210	20,685	1,497,006
Charges for services	989,111	-	-	-	9,652	998,763
Fines and forfeitures	507,701	-	-	-	-	507,701
Licenses and permits	40,178	-	-	-	-	40,178
Investment earnings	89,480	48,584	49,428	167	5,113	192,772
Miscellaneous	252,519	1,895,000	-	4,037	7,842	2,159,398
Total revenues	<u>9,774,737</u>	<u>5,076,617</u>	<u>1,522,458</u>	<u>517,414</u>	<u>616,489</u>	<u>17,507,715</u>
<b>EXPENDITURES</b>						
Current:						
City commission	38,499	-	-	-	-	38,499
City treasurer	40,103	-	-	-	-	40,103
City attorney	42,052	-	-	-	-	42,052
City court	90,058	-	-	-	-	90,058
Library	319,264	-	-	-	-	319,264
City finance	290,651	-	-	-	-	290,651
Cemetery	109,249	-	-	-	70	109,319
Construction	111,321	-	-	-	-	111,321
Managenal	266,194	-	-	-	-	266,194
City Clerk	200,906	-	-	-	-	200,906
Police	2,447,263	-	-	-	-	2,447,263
General Government	976,223	-	-	-	-	976,223
Parks and recreation	702,090	-	-	-	-	702,090
Fire	2,100,559	-	-	-	-	2,100,559
Code enforcement	217,830	-	-	-	-	217,830
Civil defense	124,582	-	-	-	-	124,582
Kids inc.	132,582	-	-	-	-	132,582
Senior citizen center	97,432	-	-	-	-	97,432
Building maintenance	359,245	-	-	-	-	359,245
Motive maintenance	185,860	-	-	-	-	185,860
Streets	833,341	-	-	-	-	833,341
Museum	105,989	-	-	-	-	105,989
Information Technology	94,782	-	-	-	-	94,782
Tourism	471,930	-	-	-	-	471,930
Airport	485,087	-	-	-	-	485,087
Hospital	-	1,000	-	-	-	1,000
Capital Outlay	982	8,463,235	628,096	550,743	23,489	9,666,545
Debt Service:	-	-	-	-	-	-
Principal	-	2,031,332	-	-	-	2,031,332
Interest	-	1,213,517	-	-	-	1,213,517
Total Expenditures	<u>10,844,074</u>	<u>11,709,084</u>	<u>628,096</u>	<u>550,743</u>	<u>23,559</u>	<u>23,755,556</u>
Excess (deficiency) of revenues over expenditures	<u>(1,069,337)</u>	<u>(6,632,467)</u>	<u>894,362</u>	<u>(33,329)</u>	<u>592,930</u>	<u>(6,247,841)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of debt	-	2,877,949	-	-	-	2,877,949
Transfers in	1,235,703	1,662,202	-	36,115	-	2,934,020
Transfers out	(107,192)	(145,706)	-	-	(454,626)	(707,524)
Total other financing sources and uses	<u>1,128,511</u>	<u>4,394,445</u>	<u>-</u>	<u>36,115</u>	<u>(454,626)</u>	<u>5,104,445</u>
Net change in fund balances	59,174	(2,238,022)	894,362	2,786	138,304	(1,143,396)
Fund balances - beginning	6,122,643	7,077,531	2,240,814	(63,834)	241,761	15,618,915
Fund balances (deficit) - ending	<u>\$ 6,181,817</u>	<u>\$ 4,839,509</u>	<u>\$ 3,135,176</u>	<u>\$ (61,048)</u>	<u>\$ 380,065</u>	<u>\$ 14,475,519</u>

**CITY OF WOODWARD OKLAHOMA  
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**Changes in Fund Balances – Changes in Net Assets Reconciliation:**

Net change in fund balances - total governmental funds: \$ (1,143,396)

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	6,038,463
Depreciation expense	(1,212,538)
Hospital depreciation expense	(281,427)
	4,544,498

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	(36,679)
	(58,097)

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	10,115
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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	(2,877,949)
Note principal payments	2,031,332
Accrued interest on note payable	11,725
Accrued compensated absences	(10,842)
	(845,734)

Change in net assets of governmental activities	\$ 2,507,386
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**BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND**

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**Proprietary Fund Statement of Net Assets – June 30, 2011**

	<u>Woodward Municipal Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,352,198
Restricted cash and cash equivalents	2,506,811
Accounts Receivable, net	851,205
Due from other funds	130,436
Total current assets	4,840,650
Non-current assets:	
Deposits with industrial foundation	399,887
Capital Assets:	
Land and other non-depreciable assets	4,381,707
Other capital assets, net of depreciation	21,278,656
Unamortized debt issue costs	13,200
Total non-current assets	26,073,450
Total assets	30,914,100
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable and accrued payroll	236,463
Accrued interest payable	22,889
Due to other funds	277,718
Due to depositories	230,864
Current portion of:	
Accrued compensated absences	7,684
Notes payable	336,391
Limited obligation notes payable	137,764
Total current liabilities	1,249,773
Non-current liabilities:	
Accrued compensated absences	30,735
Notes payable	4,712,004
Limited obligation notes payable	537,597
Total non-current liabilities	5,280,336
Total liabilities	6,530,109
 <b>NET ASSETS</b>	
Invested in capital assets, net of related debt	20,611,968
Restricted for industrial development	399,887
Unrestricted	3,372,136
Total net assets	\$ 24,383,991

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:	(8,706,546)
Net Asset of Business-Type Activities	\$ 15,677,445

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**Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Assets – Year Ended June 30, 2011**

	<b><u>Woodward Municipal Authority</u></b>
<b>REVENUES</b>	
Charges for services:	
Water	\$ 2,677,907
Sewer	934,543
Sanitation	910,543
Penalties	58,522
Rental income	989,534
Total Operating Revenues	5,571,049
<b>OPERATING EXPENSES</b>	
Public works	80,598
Utility billing	394,197
Water	1,488,904
Sewer	619,878
Sanitation	824,174
Economic development	128,040
Electricity	171,233
Amortization expense	800
Depreciation expense	1,069,382
Total Operating Expenses	4,777,206
Operating income	793,843
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment income	56,523
Miscellaneous income	81,449
Interest expense and fiscal charges	(115,481)
Total non-operating revenue (expenses)	22,491
Income before contributions and transfers	816,334
Capital contributions	3,418,671
Transfers in	145,079
Transfers out	(2,380,566)
Change in net assets	1,999,518
Total net assets - beginning	22,384,473
Total net assets - ending	\$ 24,383,991
<b>Change in Net Assets Reconciliation:</b>	
Change in net assets of the proprietary fund	\$ 1,999,518
Certain proprietary fund transactions were related to governmental activities:	
Hospital depreciation expense	281,421
Change in net assets of business-type activities	\$ 2,280,939

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**Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2011**

	<u>Woodward Municipal Authority Enterprise Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 5,449,055
Payment to suppliers and employees	(3,632,200)
Refund of customer meter deposits	(39,755)
Receipts of customer meter deposits	73,513
Interfund receipts/payments	(52,796)
Net Cash Provided by Operating Activities	<u>1,797,817</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers from other funds	173,828
Transfers to other funds	(2,409,315)
Net Cash Provided by noncapital financing activities	<u>(2,235,487)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Principal paid on capital debt and notes	(278,199)
Proceeds from capital debt and notes	3,904,519
Interest and fiscal charges paid on capital debt and notes	(103,062)
Acquisition of capital assets	(154,257)
Net Cash Provided by Capital and Related Financing Activities	<u>3,369,001</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest and dividends	56,523
Net Cash Provided by (Used in) Investing Activities	<u>56,523</u>
Net Increase in Cash and Cash Equivalents	2,987,854
Balances - beginning of the year	871,155
Balances - end of the year	<u>\$ 3,859,009</u>
Reconciliation to Statement of Net assets:	
Cash	\$ 1,352,198
Restricted cash	2,506,811
	<u>\$ 3,859,009</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income	793,843
Adjustments to reconcile operating income:	
Depreciation expense	1,069,382
Amortization expense	800
Miscellaneous revenue	81,449
Change in assets and liabilities:	
Due from other funds	(52,796)
Accounts receivable	(203,443)
Accounts and other payables	26,161
Customer meter deposits payable	33,758
Deposit with industrial foundation	45,735
Accrued compensated absences	2,928
Net Cash Provided by Operating Activities	<u>\$ 1,797,817</u>

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**BASIC FINANCIAL STATEMENTS – FIDUCIARY FUND**

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**Fiduciary Fund – Statement of Assets and Liabilities-Agency Fund – June 30, 2011**

	<u>Municipal Court</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 31,970
Total assets	<u>31,970</u>
<b>LIABILITIES</b>	
Accounts payable	19,140
Amounts held in escrow	<u>12,830</u>
Total liabilities	<u>\$ 31,970</u>

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**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

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Current portion	\$ 2,013,281
Non-current portion	<u>25,220,288</u>
Total Notes Payable	<u>\$27,233,569</u>

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

\$636,645

Current portion	\$ 80,196
Non-current portion	<u>556,449</u>
Total Capital Leases Payable	<u>\$636,645</u>

*Business-type activities long-term debt:*

Accrued Compensated Absences:

	Current portion	\$7,684
	Non-current portion	<u>30,735</u>
		<u>\$ 38,419</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.

\$1,240,784

OWRB Promissory Note dated July 1, 2010, original amount of \$1,770,000, due in monthly, final installment due March 15, 2031, with 3.08% interest rate.

1,660,225

Convention Center Promissory Note dated December 20, 2010, original amount of \$2,244,290, interest rate 3.75% with a final maturity on December 20, 2020.

2,147,386

Total Notes Payable

\$5,048,395

Current portion	\$ 336,391
Non-current portion	<u>4,712,004</u>
	<u>\$5,048,395</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, 2011, the Woodward Industrial Foundation collected the rental income and made the debt service payments on behalf of the WMA.

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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.

**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. \$675,361

Current portion	\$ 137,764
Non-current portion	<u>537,597</u>
<b>Total Notes Payable</b>	<b><u>\$675,361</u></b>

*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
2012	\$ 2,013,281	\$ 1,032,874	\$ 80,196	\$ 27,200	\$ 336,390	\$ 164,410	\$ 137,764	\$ 52,124
2013	2,094,932	936,684	83,905	23,491	345,774	152,585	149,941	39,947
2014	1,061,646	865,646	87,788	19,608	355,294	140,631	163,194	26,694
2015	1,108,426	820,698	91,851	15,545	365,168	128,332	177,619	12,269
2016	1,150,274	773,888	96,103	11,293	375,288	115,800	46,843	666
2017-2021	6,516,644	3,743,626	196,802	9,040	1,904,994	376,108	-	-
2022-2026	8,024,628	2,179,206	-	-	850,957	167,139	-	-
2027-2031	3,644,549	683,166	-	-	624,304	43,433	-	-
2032-2036	493,866	435,558	-	-	-	-	-	-
2037-2041	595,543	333,917	-	-	-	-	-	-
2042-2046	718,151	211,309	-	-	-	-	-	-
2047-2051	692,081	64,587	-	-	-	-	-	-
<b>Total</b>	<b>\$ 28,114,021</b>	<b>\$ 12,081,159</b>	<b>\$ 636,645</b>	<b>\$ 106,177</b>	<b>\$ 5,158,169</b>	<b>\$ 1,288,438</b>	<b>\$ 675,361</b>	<b>\$ 131,700</b>
Amount remaining to be drawn	(851,895)				(109,774)			
	<b>\$ 27,262,126</b>				<b>\$ 5,048,395</b>			

**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 \$33,628,229. Pledged sales taxes received in the current year were \$4,433,820. Debt service payments of \$2,999,838 for the current fiscal year were 68% 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 \$1,546,829. The note is payable from the above-mentioned utility net revenues. The debt service payments on the note this year were \$92,417 which was 4.3% of pledged net utility revenues of \$2,135,335.

## 6. Fund Balances and Net Assets

### *Fund Statements:*

Governmental fund equity is classified as fund balance. Due to the implementation of GASB Statement 54, fund balance is now further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted – consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

It is the City's policy to first use restricted fund balance prior to the use of the unrestricted fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Net assets are displayed in three components:

- a. *Invested in capital assets, net of related debt* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by 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."

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

**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, 2011 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Nature of Transfer</u>
WMA	General Fund	710,000	Operational
General Fund	Grant Fund	36,115	Grant match
Hotel/Motel Tax Fund	General Fund	454,626	Administration fees
Limited Purpose	WMA	145,706	Reimburse expenses
General Fund	Special Airport	71,077	Operational
WMA	Limited Purpose	1,662,202	Reimburse expenses
WMA	one-sided	8,364	Capital assets
		<u>\$ 3,088,090</u>	
 <b>Reconciliation to fund financial statements:</b>			
	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
Governmental Funds	\$ 2,934,020	\$ 707,524	\$ 2,226,496
Proprietary Funds	145,079	2,380,566	(2,235,487)
Total	<u>3,079,099</u>	<u>3,088,090</u>	<u>(8,991)</u>
One-sided transfer of capital assets from proprietary fund to governmental activity	39,091	30,100	8,991
	<u>\$ 3,118,190</u>	<u>\$ 3,118,190</u>	<u>\$ -</u>

*Balances:*

Interfund receivable and payables at June 30, 2011 were comprised of the following:

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<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	130,436	Grant expenses
Total		<u>\$ 591,201</u>	
Reconciliation to Statement of Net Assets:			
	<u>Due From</u>	<u>Due To</u>	<u>Internal Balances</u>
Governmental Funds	\$ 460,765	\$ 313,483	\$ 147,282
Proprietary Funds	130,436	277,718	(147,282)
Total Interfund Balances	<u>\$ 591,201</u>	<u>\$ 591,201</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.

### *Construction Commitments:*

At June 30, 2011, the City had awarded construction contracts with outstanding balances payable from various funds as listed below:

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Contractor	Project	Original Contract Amt	Remaining Balance @ 6-30-11
Kline Mechanical Contracting	Crystal Beach Park	26,184,977	52,500
Barrett Williamson	Streetscape	1,371,982	1,241,639
Lane Christlan, Cline Consolidated, Hydro Resources	Water Field Enhancement	3,665,000	89,166
Timberlake Construction	Convention Center	7,337,995	4,400,809
Cornell Construction	Airport AIP	415,722	24,607

*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. 63<sup>rd</sup> Street, Oklahoma City, OK, 73116-7335.

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*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:*

<b>Oklahoma Police <u>Pension &amp; Retirement System</u></b>			<b>Oklahoma Firefighter's <u>Pension &amp; Retirement System</u></b>	
<i>Fiscal Year</i>	<i>Required Contribution</i>	<i>Percent Contributed</i>	<i>Required Contribution</i>	<i>Percent Contributed</i>
2009	126,961	100%	114,762	100%
2010	130,111	100%	119,304	100%
2011	129,879	100%	117,428	100%

  

<b>Oklahoma Municipal <u>Retirement Fund</u></b>			<b><u>Principal Mutual</u></b>	
<i>Fiscal Year</i>	<i>Employer</i>	<i>Employee</i>	<i>Employer</i>	<i>Employee</i>
2009	38,522	77,045	269,381	-
2010	29,575	59,149	206,970	-
2011	26,655	53,308	185,865	-

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**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, 2011**

	General Fund			Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Budgeted Amounts				
	Original	Final			
Beginning Budgetary Fund Balance	\$ 3,095,255	\$ 3,095,255		\$ 3,095,255	\$ -
<b>Resources (Inflows)</b>					
Taxes	6,764,463	6,764,463		6,987,980	223,517
Intergovernmental	424,537	424,537		451,998	27,461
Charges for services	586,457	586,457		733,481	147,024
Fines and Forfeitures	422,129	422,129		502,544	80,415
Licenses and permits	42,942	42,942		40,178	(2,764)
Investment Income	136,292	136,292		90,401	(45,891)
Miscellaneous	144,445	147,780		167,151	19,371
Other Financing Sources - Transfers In	1,830,094	1,855,676		1,164,626	(691,050)
Total resources (Inflows)	<u>10,351,359</u>	<u>10,380,276</u>		<u>10,138,359</u>	<u>(241,917)</u>
Amounts available for appropriation	<u>13,446,614</u>	<u>13,475,531</u>		<u>13,233,614</u>	<u>(241,917)</u>
<b>Charges to Appropriations (Outflows)</b>					
Current:					
City Commission	41,169	40,819		38,406	2,413
City Manager	345,104	280,104		265,093	15,011
City Attorney	75,000	47,500		45,997	1,503
City Treasurer	40,456	40,806		40,797	9
City Court	94,321	94,321		90,364	3,957
Code Enforcement	213,388	217,888		216,804	1,084
City Clerk	216,564	216,564		200,659	15,905
City Finance	296,316	296,316		289,811	6,505
City at Large	858,050	962,050		927,944	34,106
Library	351,052	339,052		315,688	23,364
Construction	117,262	117,262		109,465	7,797
Park	718,408	704,408		679,507	24,901
Cemetery	109,483	109,483		108,493	990
Street	854,118	855,669		829,730	25,939
Building Maintenance	366,921	365,971		362,428	3,543
Motive Maintenance	185,001	185,951		184,960	991
Police	2,526,406	2,513,406		2,344,722	168,684
Fire	1,995,664	1,997,448		1,857,924	139,524
Civil Defense	154,487	154,487		106,115	48,372
Senior Citizens Center	118,491	118,491		94,728	23,763
Kid's Inc.	145,037	145,037		131,518	13,519
Museum	107,707	107,707		105,778	1,929
Information Technology	108,273	108,273		94,875	13,398
Tourism	430,093	478,675		484,626	(5,951)
Transfers to Other Funds	95,639	95,639		107,192	(11,553)
Total Charges to Appropriations (Outflows)	<u>10,564,410</u>	<u>10,593,327</u>		<u>10,033,624</u>	<u>559,703</u>
Net change in budgetary fund balance	<u>(213,051)</u>	<u>(213,051)</u>		<u>104,735</u>	<u>317,786</u>
Ending Budgetary Fund Balance	<u>\$ 2,882,204</u>	<u>\$ 2,882,204</u>		<u>\$ 3,199,990</u>	<u>\$ 317,786</u>

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**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
Resources budetary basis:	\$ 10,158,970
Add (deduct) change in recievables	68,730
Add state on-behalf payments	312,555
Deduct transfer in	(1,185,237)
Revenue - modified accrual basis	\$ 9,355,018
Charges to appropriation budetary basis	\$ 9,980,047
Add (deduct) change in payables	798,687
Deduct state on-behalf payments	(312,555)
Deduct transfer out	(107,192)
Expenditures - modified accrual basis	\$ 10,358,987

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**Schedule of Expenditures of State and County Awards – Year Ended June 30, 2011**

TOTAL FEDERAL AWARDS	<u>\$ 7,077,203</u>	<u>\$ 3,682,814</u>
STATE AWARDS:		
<u>DEPARTMENT OF EMERGENCY MANAGEMENT:</u>		
State Aid - Fire	\$4,092	\$4,092
<u>OKLAHOMA ARTS COUNCIL:</u>		
Arts Council Grant - Local Challenge Grant	5,000	5,000
TOTAL STATE AWARDS	<u>9,092</u>	<u>\$9,092</u>
COUNTY AWARDS:		
<u>WOODWARD COUNTY:</u>		

**Footnotes to Schedule of Expenditures of State and County Awards:**

1. The Schedule of Expenditures of State and County 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**

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**Combining Nonmajor Governmental Funds Balance Sheet – June 30, 2011**

	<u>Hotel/Motel Tax</u>	<u>Miscellaneous Trust Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 176,656	\$ 7,418	\$ 135,549	\$ 12,968	\$ 332,591
Due from other governments	54,892	-	-	-	54,892
Total assets	<u>231,548</u>	<u>7,418</u>	<u>135,549</u>	<u>12,968</u>	<u>387,483</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Amount held in escrow	-	7,418	-	-	7,418
Total liabilities	<u>-</u>	<u>7,418</u>	<u>-</u>	<u>-</u>	<u>7,418</u>
<b>Fund balances:</b>					
<b>Restricted for:</b>					
Tourism	201,419	-	-	-	201,419
Cemetery	-	-	132,332	12,745	145,077
Total Restricted	<u>201,419</u>	<u>-</u>	<u>132,332</u>	<u>12,745</u>	<u>346,496</u>
<b>Committed for:</b>					
Cemetery	-	-	-	223	223
Assigned	30,129	-	3,217	-	33,346
Total fund balances	<u>231,548</u>	<u>-</u>	<u>135,549</u>	<u>12,968</u>	<u>380,065</u>
Total liabilities and fund balances	<u>\$ 231,548</u>	<u>\$ 7,418</u>	<u>\$ 135,549</u>	<u>\$ 12,968</u>	<u>\$ 387,483</u>

**Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2011**

	<u>Hotel/Motel Tax</u>	<u>Miscellaneous Trust Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>					
Taxes	\$ 573,197	\$ -	\$ -	\$ -	\$ 573,197
Intergovernmental	20,685	-	-	-	20,685
Charges for services	-	-	9,652	-	9,652
Investment income	1,603	-	3,217	293	5,113
Miscellaneous	7,842	-	-	-	7,842
Total revenues	<u>603,327</u>	<u>-</u>	<u>12,869</u>	<u>293</u>	<u>616,489</u>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Cemetery	-	-	-	70	70
Capital Outlay	-	-	23,489	-	23,489
Total Expenditures	<u>-</u>	<u>-</u>	<u>23,489</u>	<u>70</u>	<u>23,559</u>
Excess (deficiency) of revenues over expenditures	603,327	-	(10,620)	223	592,930
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	(454,626)	-	-	-	(454,626)
Total other financing sources and uses	<u>(454,626)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(454,626)</u>
Net change in fund balances	148,701	-	(10,620)	223	138,304
Fund balances - beginning	82,847	-	146,169	12,745	241,761
Fund balances - ending	<u>\$ 231,548</u>	<u>\$ -</u>	<u>\$ 135,549</u>	<u>\$ 12,968</u>	<u>\$ 380,065</u>

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**Combining General Fund Accounts Balance Sheet – June 30, 2011**

	<u>General Fund</u>	<u>FAA Grant Fund</u>	<u>Airport Fund</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 831,622	\$ -	\$ 42,283	\$ 873,905
Investments	2,745,728	-	-	2,745,728
Deposit with insurance pool	155,927	-	-	155,927
Receivables:				
Interest receivable	21,742	-	-	21,742
Due from other funds	438,542	-	-	438,542
Due from other governments	1,270,404	-	-	1,270,404
Court receivables, net	39,312	-	-	39,312
Other receivables	433,903	-	4,061	437,964
Prepaid expenses	-	-	-	-
Inventory	1,109,195	-	-	1,109,195
Total assets	<u>7,046,375</u>	<u>-</u>	<u>46,344</u>	<u>7,092,719</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	586,068	-	43,953	630,021
Due to other funds	152,444	71,624	-	224,068
Due to depositors	33,868	-	-	33,868
Deferred revenue	22,945	-	-	22,945
Total liabilities	<u>795,325</u>	<u>71,624</u>	<u>43,953</u>	<u>910,902</u>
Fund balances:				
Nonspendable	1,109,195	-	-	1,109,195
Assigned for:				
Insurance premiums	155,927	-	-	155,927
Airport	-	-	2,391	2,391
Unassigned	4,985,928	(71,624)	-	4,914,304
Total fund balances	<u>6,251,050</u>	<u>(71,624)</u>	<u>2,391</u>	<u>6,181,817</u>
Total liabilities and fund balances	<u>\$ 7,046,375</u>	<u>\$ -</u>	<u>\$ 46,344</u>	<u>\$ 7,092,719</u>

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**Combining General Fund Accounts Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2011**

	<u>General Fund</u>	<u>FAA Grant Fund</u>	<u>Airport Fund</u>	<u>Total-Other Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 7,119,610	\$ -	\$ -	\$ 7,119,610
Intergovernmental	776,138	-	-	776,138
Charges for services	569,950	-	419,161	989,111
Fines and forfeitures	507,701	-	-	507,701
Licenses and permits	40,178	-	-	40,178
Investment income	89,429	-	51	89,480
Miscellaneous	252,075	-	444	252,519
Total revenues	<u>9,355,081</u>	<u>-</u>	<u>419,656</u>	<u>9,774,737</u>
<b>EXPENDITURES</b>				
Current:				
City commission	38,499	-	-	38,499
City treasurer	40,103	-	-	40,103
City attorney	42,052	-	-	42,052
City court	90,058	-	-	90,058
Library	319,264	-	-	319,264
City finance	290,651	-	-	290,651
Cemetery	109,249	-	-	109,249
Construction	111,321	-	-	111,321
Managerial	266,194	-	-	266,194
City Clerk	200,906	-	-	200,906
Police	2,447,263	-	-	2,447,263
General Government	976,223	-	-	976,223
Park	702,090	-	-	702,090
Fire	2,100,559	-	-	2,100,559
Code enforcement	217,830	-	-	217,830
Civil defense	124,582	-	-	124,582
Kids Inc.	132,582	-	-	132,582
Senior citizen center	97,432	-	-	97,432
Building maintenance	359,245	-	-	359,245
Motive maintenance	185,860	-	-	185,860
Streets	833,341	-	-	833,341
Museum	105,989	-	-	105,989
Information Technology	94,782	-	-	94,782
Tourism	471,930	-	-	471,930
Airport	-	-	485,087	485,087
Capital Outlay	982	-	-	982
Total Expenditures	<u>10,358,987</u>	<u>-</u>	<u>485,087</u>	<u>10,844,074</u>
Excess (deficiency) of revenues over expenditures	(1,003,906)	-	(65,431)	(1,069,337)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,164,626	-	71,077	1,235,703
Transfers out	(107,192)	-	-	(107,192)
Total other financing sources and uses	<u>1,057,434</u>	<u>-</u>	<u>71,077</u>	<u>1,128,511</u>
Net change in fund balances	53,528	-	5,646	59,174
Fund balances (deficit) - beginning	6,197,522	(71,624)	(3,255)	6,122,643
Fund balances (deficit) - ending	<u>\$ 6,251,050</u>	<u>\$ (71,624)</u>	<u>\$ 2,391</u>	<u>\$ 6,181,817</u>

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**SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE**

**CITY OF WOODWARD OKLAHOMA  
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# Derrel S. White, CPA

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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, 2011, which collectively comprise the City of Woodward, OK's basic financial statements and have issued our report thereon dated December 15, 2011. The report on the governmental wide financial statements was qualified because the City omitted the Management Discussion and Analysis which is required supplementary information. Except as discussed in the preceding sentence, 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, OK's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Woodward, 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, 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 except to the extent that we performed procedures related to compliance with requirements that could have a direct and material effect on each major program in accordance with OMB Circular A-133. Our opinion on those matters is expressed in the separate report titled Independent Auditors Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of City of Woodward, State OK, in a separate letter dated December 15, 2011.

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  
December 15, 2011

# Derrel S. White, CPA

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

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the City Council  
City of Woodward, OK

### Compliance

We have audited City of Woodward, OK's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Woodward, OK's major federal programs for the year ended June 30, 2011. City of Woodward, OK's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Woodward, OK's management. Our responsibility is to express an opinion on City of Woodward, OK's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Woodward, OK's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Woodward, OK's compliance with those requirements.

In our opinion, City of Woodward, OK, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

### Internal Control over Compliance

Management of City of Woodward, OK, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Woodward, OK's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose

of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Woodward, OK's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, 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  
December 15, 2011

**CITY OF WOODWARD OKLAHOMA  
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Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA#	Grant #	Award Amount	Awards Expended
<b>FEDERAL AWARDS:</b>				
<b><u>FEDERAL AVIATION AUTHORITY</u></b>				
Update Master Plan, Improve Runway	20.106	AIP-3-40-0108-006-2009	138,510	29,392
Update Master Plan, Improve Runway	20.106	AIP-3-40-0108-007-2010	121,331	16,926
Improve Runway	20.106	AIP-3-40-0108-008-2010	430,730	403,267
			<u>690,571</u>	<u>449,585</u>
<b><u>DEPARTMENT OF COMMERCE</u></b>				
Facilities Assistance	11.300	08-01-04281	1,000,000	13,650
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>				
Downtown Streetscape Project	20.205	STP177E070EH	286,086	4,848
Downtown Enhancement Project	20.205	HPP-177E(079)HP	899,899	13,908
			<u>1,185,985</u>	<u>18,756</u>
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
Grants to States - State Aid	45.310	FY 08-09	20,504	-
Grants to States - State Aid	45.310	FY 09-10	20,580	4,626
Grants to States - State Aid	45.310	FY 10-11	18,456	2,095
			<u>59,540</u>	<u>6,721</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u></b>				
Fire Management Assistance Grant	97.046		1,187	65
Disaster Assistance Grant	97.036	PA-3305	21,215	255
Passed Through Woodward County:				
Emergency Management Assistance	97.042	EMPG 10	15,000	15,000
Emergency Management Assistance	97.042	EMPG 11	10,000	-
			<u>47,402</u>	<u>15,320</u>
<b><u>DEPARTMENT OF ENERGY</u></b>				
Energy Efficiency Grant	81.128	14588 SEECBG 09	235,040	172,013
Energy Efficiency Grant	81.128	13985 SEECBG 09	14,960	14,960
			<u>250,000</u>	<u>186,973</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>				
Rural Housing Services Housing	10.446	Loan No. 97-01	3,843,705	2,991,809
<b>TOTAL FEDERAL AWARDS</b>			<b><u>\$ 7,077,203</u></b>	<b><u>\$ 3,682,814</u></b>

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