

**CITY OF WOODWARD, OKLAHOMA
WOODWARD, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2020**

The City of Woodward, Oklahoma
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Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the City Commissioners
City of Woodward, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Woodward, Oklahoma's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 43-45 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woodward, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Woodward, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC

Stillwater, Oklahoma
December 17, 2020

This discussion and analysis of the City of Woodward's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2020, and a brief overview of the future projects and economic outlook for the City. This section of the report is intended to inform the users of City's performance along with the accompanying financial statements. This discussion focuses on the City's primary government, consisting of the General Fund, the City of Woodward Municipal Authority, and various smaller funds established by the City Council. Not included in this report is the financial information for the Woodward Hospital & Health Center or the Woodward Industrial Foundation. This information should be read in conjunction with the City's financial statements and related notes which contain greater detail.

HISTORY OF THE CITY OF WOODWARD

The City of Woodward was established in 1887. Woodward is the largest city in Woodward County and the County seat for the district. The population approximately 12,000 people with 2,500 students enrolled in one of the three elementary schools, middle school, or high school. Woodward public schools are the largest employer followed Walmart and the Hospital. The Public School system employs 382 administrators, teachers and staff; Walmart employs 325, and the Hospital employs 300.

Agriculture and cattle production have always been vital to the City's steady growth and economic state. To the oil and natural gas boom of the last thirty years have also played a large part in the City's growth and economic status. With a boom in the 1970's and a reinvestment again in 1990's both gave the City huge economic profit.

The City of Woodward has experienced an above average economic status. The average price of a new home is 233,000 dollars. The unemployment percentage is below the state and national average. The City has had a large influx of Oklahoma residents moving into the town since 2000. The City is one of the safest cities in the state (with respect to crime) having 29 law enforcement officers employed and below average crime rate within the City. The only concern for the City is natural disasters; the City ranks at the top with 15 national disasters declared.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$61,130,056 (net position) for the fiscal year ended June 30, 2020. This is an increase in net position from the previous year when assets exceeded liabilities by \$59,320,509.
- Total net assets are comprised of the following:
 - (1) Net investment in capital assets of \$46,899,832. This includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net assets of \$7,151,682 majority which is restricted by constraints imposed by debt covenants and other State laws or regulations.
 - (3) Unrestricted net assets of \$7,078,542 represent the portion available to maintain the City's continuing obligations to citizens and its creditors.
- The City has total current liabilities of \$4,675,078 which are expected to be paid within the current year. Total noncurrent liabilities of \$37,162,080 represent the notes payable, capital leases, and employee benefit liabilities. The City has total liabilities of \$41,837,158 at June 30, 2020, which is a decrease from prior year's total liabilities of \$46,198,746.
- The City's governmental funds reported total ending fund balance of \$12,785,355 this year. This compares to the prior year ending fund balance of \$12,472,039 showing an increase of \$313,316 or 2.5%.

OVERVIEW OF THE FINANCIAL STATEMENTS

In an attempt to provide full transparency of the financial position of the City to the end user, the Governmental Accounting Standards Board has adopted a reporting model with certain financial reporting requirements. Included within the document you will find the following sections:

- (1) Independent Auditor's Report,
- (2) Basic financial statements for the City
 - (a) Government-Wide Financial Statements
 - (b) Governmental Funds Financial Statements
 - (c) Proprietary Funds Financial Statements
 - (d) Fiduciary Funds Financial Statements
 - (e) Footnotes to the Basic Financial Statements
- (3) Required Supplementary information for Budgets and Pensions

The City's financial reporting entity includes the funds of the City (primary government) and the Woodward Municipal Authority ("WMA"). The WMA is separate entity whose board of trustees is comprised of the City's Mayor and Council. WMA governs most of the business-type activities and serves as financing vehicles for the City's debt issues. These organizations are blended to represent the primary government for financial reporting purposes.

Government-wide Financial Statements

Included in the City's report are two government-wide financial statements, the statement of net position and the statement of revenues, expenses, and change in net position. These statements are prepared using the accrual basis of accounting; the accrual method of accounting recognizes revenues and expenses when they are incurred not when cash is received or expended.

The first of these government-wide statements is the Statement of Net Position. The statement of net position takes all City's assets and liabilities; the difference is reported as net position. Over time, increases or decreases can indicate the financial situation of the City as a whole. The statement can show if the City's financial position is improving or deteriorating.

The second government-wide financial statement is the Statement of Revenues Expenses and Changes in Net Position which reports how the City's net position changed during the current fiscal year. Included in this report are all current year revenues and expenses regardless of when the cash is received or paid. A principal purpose of the statement of activities is to identify the reliance of the City's operations on revenues provided by the City's taxpayers.

Governmental activities include the activities of the general government, public safety (police and fire) and judiciary (city court); transportation (streets); cultural and tourism, parks and recreation, airport, and public services. Business-type activities include the water, wastewater utilities, solid waste and customer service. Both government-wide financial statements are used to show that activities of the City are primarily supported by taxes and intergovernmental revenues. Business type activities recover most, if not all the costs through user fees and charges for services provided.

Governmental Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The City uses separate funds to comply with restrictions from the financing requirements laws and regulations. Within the basic financial statements, fund financial statements focus on the City's most significant funds. Major funds are separately reported based on significance to overall operating

entity. Individual fund data for non-major fund is provided in the form of combining statements in the supplemental section of this report.

The City has three fund types, governmental, proprietary, and fiduciary. All activities of the City are classified into one of these three types based on their intended purposes.

Governmental funds are presented in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. In contrast to the governmental activities in government-wide statements, these statements report short-term fiscal accountability by focusing on the use of disposable assets during the year and balances of disposable assets available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of current assets for near-term.

Comparisons between these two perspectives may provide insight into the long-term impact of the short-term uses of funding. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in the fund balances provide a reconciliation to the government-wide statements to assist in identifying the differences that arise from the change in accounting basis presented on each statement.

A budgetary comparison statement is included. This statement to demonstrate compliance with the City's adopted and final revised budget, a separate budgetary statement is included. This statement is presented on the cash basis of accounting.

Proprietary Funds Financial Statements

The proprietary fund is reported within the fund financial statements and report services for which the City charges customers a fee. There are two activities of proprietary funds. These are enterprise funds and internal service funds. Enterprise funds represent the same activities as the business-type activities in the government-wide statements. Services are provided to customers. Internal service funds provide services and charge fees to other departments of the city. Because the City's internal service fund primarily serves governmental functions, they are included within the governmental activities of the governmental-wide financial statements.

Proprietary fund statements provide information on the full accrual basis of accounting. Consistent with the government-wide financial statements but with more detail for expenditures by department.

Fiduciary Funds Financial Statements

Fiduciary funds such as the meter deposit fund are reported in the fiduciary fund financial statements but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund City programs. Fiduciary fund financial statements report similarly to proprietary funds.

Footnotes to the Basic Financial Statements

The accompanying notes to the financial statements provide information necessary to a full understand the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

Required Supplementary information for Budgets and Pensions

Major funds and component units are reported in the basic financial statements; combining and individual statements and schedules for non-major funds are presented in this section of the report. In addition, information related to the pension obligations of the City are included.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The long-term investment by the City in municipal assets is reflected in the following tables. This information along with the long-term debt table shows the overall investment by the City in its future. Some of the assets have been financed as long term projects. The City reports over \$80 million in capital assets with \$40 million remaining on debt used to finance their acquisition or construction.

Net position

The City's combined net position at June 30, 2020 was \$61,130,056. The City reported positive unrestricted net position for both governmental and business-type activities.

	Summary of Net Position							
	(in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2020	2019	2020	2019	2020	2019	\$	%
Current assets	\$ 13,435	\$ 12,998	\$ 4,940	\$ 7,611	\$ 18,375	\$ 20,609	\$(2,234)	-11%
Capital assets, net	61,597	65,462	22,581	18,661	84,178	84,123	55	0%
Total assets	75,032	78,460	27,521	26,272	102,553	104,732	(2,179)	-2%
Deferred outflow of resources	1,164	1,745	-	-	1,164	1,745	(581)	-33%
Current liabilities	2,708	3,918	1,967	699	4,675	4,617	58	1%
Non-current liabilities	20,454	31,603	16,708	9,979	37,162	41,582	(4,420)	-11%
Total liabilities	23,162	35,521	18,675	10,678	41,837	46,199	(4,362)	-9%
Deferred inflow of resources	750	958	-	-	750	958	(208)	-22%
Net position								
Net investment in capital assets	42,397	34,692	4,503	8,540	46,900	43,232	3,668	8%
Restricted	5,926	6,258	1,225	4,163	7,151	10,421	(3,270)	-31%
Unrestricted	3,960	2,776	3,119	2,891	7,079	5,667	1,412	25%
Total net position	\$ 52,283	\$ 43,726	\$ 8,847	\$ 15,594	\$ 61,130	\$ 59,320	\$ 1,810	3%

The City's overall financial position improved 3% between fiscal year 2020 and 2019. Assets noted a decrease of 2% or about \$2.1 million due to a decrease in restricted cash balances at the end of fiscal year 2020. Liabilities noted a decrease of 9% or about \$4.3 million due to the regularly scheduled payments made on outstanding obligations and the payoff of the Series 2013 and 2015 Revenue notes; this was offset by the addition of the 2020 Sales Tax Revenue note. A decrease in pension obligations also accounted for the decrease in liabilities. Pension obligations are related to the police and fire departments and are calculated by the actuary of the respective state retirement system.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2020

Changes in net position

The following table represents the annual activity in changes to the net position of the City for governmental and business type activities. These changes should be considered by activity type and at the total entity level.

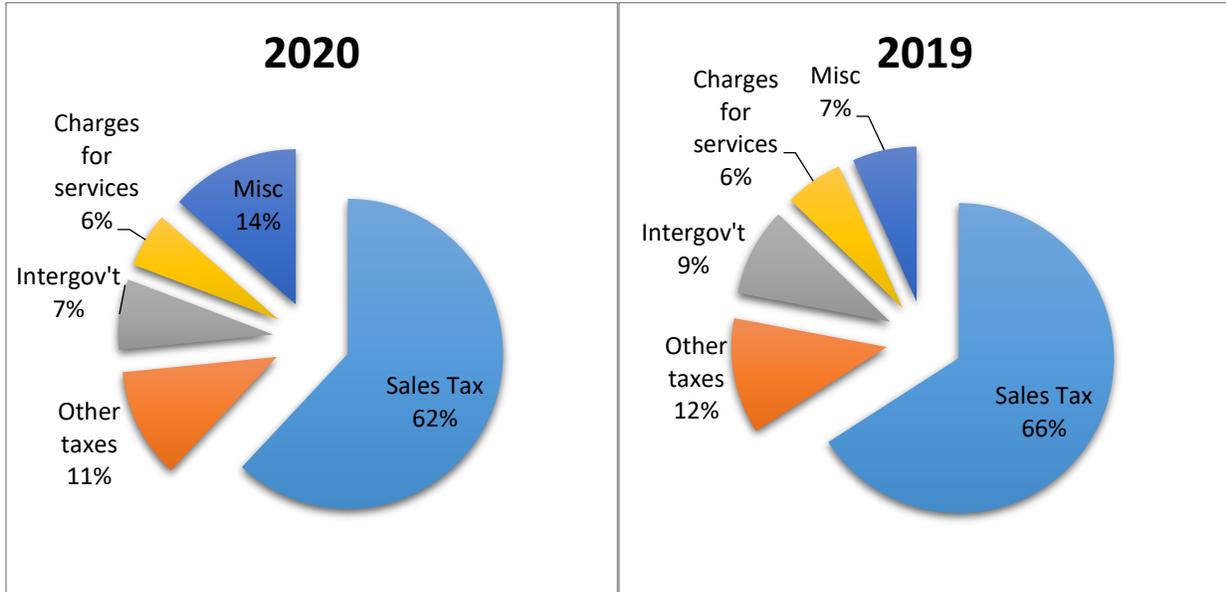
	Summary of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Change	
	2020	2019	2020	2019	2020	2019	\$	%
Revenues								
Program revenues	\$ 2,904,690	\$ 4,033,466	\$ 7,961,017	\$ 7,645,876	\$ 10,865,707	\$ 11,679,342	\$ (813,635)	-7%
Taxes and other general revenues	14,235,180	15,196,961	253,489	240,898	14,488,669	15,437,859	(949,190)	-6%
Total revenues	17,139,870	19,230,427	8,214,506	7,886,774	25,354,376	27,117,201	(1,762,825)	-7%
Expenses								
General government	3,899,830	3,828,741	1,331,199	1,403,949	5,231,029	5,232,690	(1,661)	0%
Public safety/judiciary	6,798,037	6,612,805	-	-	6,798,037	6,612,805	185,232	3%
Transportation	2,031,085	1,754,320	-	-	2,031,085	1,754,320	276,765	16%
Cultural	3,945,401	4,033,404	-	-	3,945,401	4,033,404	(88,003)	-2%
Public services	274,394	280,931	-	-	274,394	280,931	(6,537)	-2%
Economic development	953,549	1,051,629	311,997	358,228	1,265,546	1,409,857	(144,311)	-10%
Water	-	-	1,631,722	1,652,348	1,631,722	1,652,348	(20,626)	-1%
Sewer	-	-	1,047,415	901,592	1,047,415	901,592	145,823	16%
Sanitation	-	-	1,084,833	1,116,576	1,084,833	1,116,576	(31,743)	-3%
Hospital	-	-	235,367	214,415	235,367	214,415	20,952	10%
Total expenses	17,902,296	17,561,830	5,642,533	5,647,108	23,544,829	23,208,938	335,891	1%
Excess (deficiency) before transfers	\$ (762,426)	\$ 1,668,597	\$ 2,571,973	\$ 2,239,666	\$ 1,809,547	\$ 3,908,263	\$ (2,098,716)	-54%
Transfers	9,319,348	2,201,570	(9,319,348)	(2,201,570)	-	-	-	100%
Increase (decrease) in net position	\$ 8,556,922	\$ 3,870,167	\$ (6,747,375)	\$ 38,096	\$ 1,809,547	\$ 3,908,263	\$ (2,098,716)	-54%

Revenues for the City decreased over prior year with a change of 7% or \$1.7 million. Program revenues, which include revenues received from other government agencies and utility billing, decreased \$813,635 or 7% over prior year due to the decrease in charges for services in governmental departments, as well as grant proceeds received in the prior fiscal year. Taxes and general revenues reported a decrease of 6% or \$949,190 which is primarily attributable to the change in pension obligations (\$1 million) by the City.

Operating expenses remained consistent over prior year with a change of 1% or \$335,891. Expenses shifted between departments, but overall the City maintained a level basis of spending when compared to prior year.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the City's activities. Revenues of the governmental activities by department are reflected below.

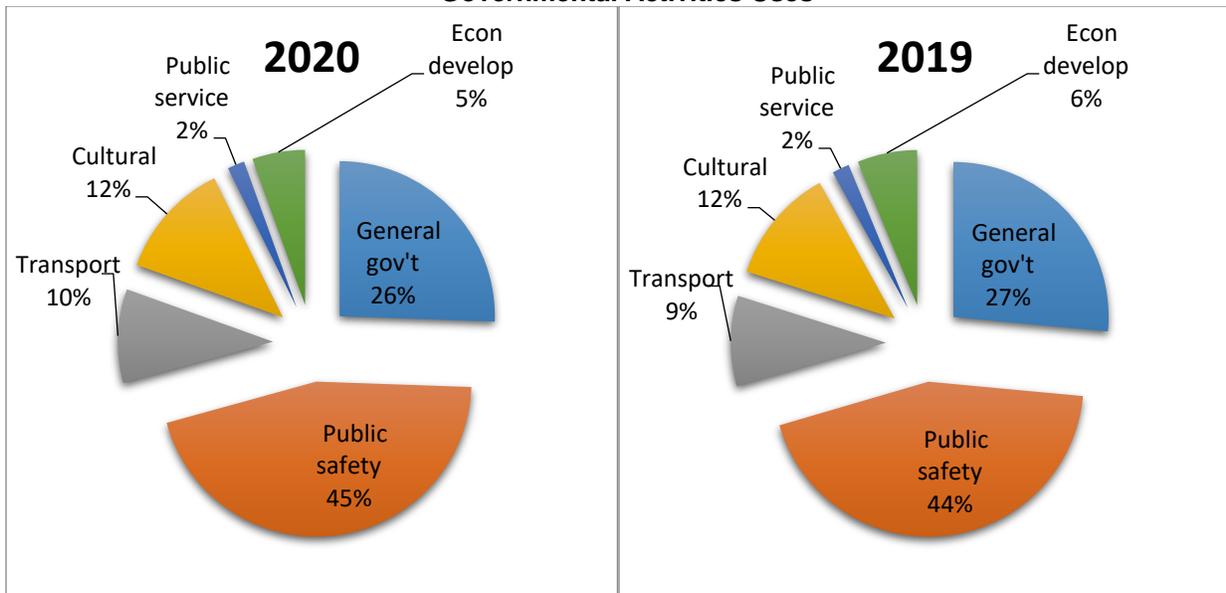
Governmental Activities Sources



Sales tax revenues account for 62% of the total operating revenues of the governmental activities which has decreased from 66% in prior fiscal year. The shift in revenues is attributable to an increase in miscellaneous revenues during fiscal year 2020 related to the disposal of certain assets (\$1.3 million).

Expenditures of the governmental activities by department are reflected below.

Governmental Activities Uses

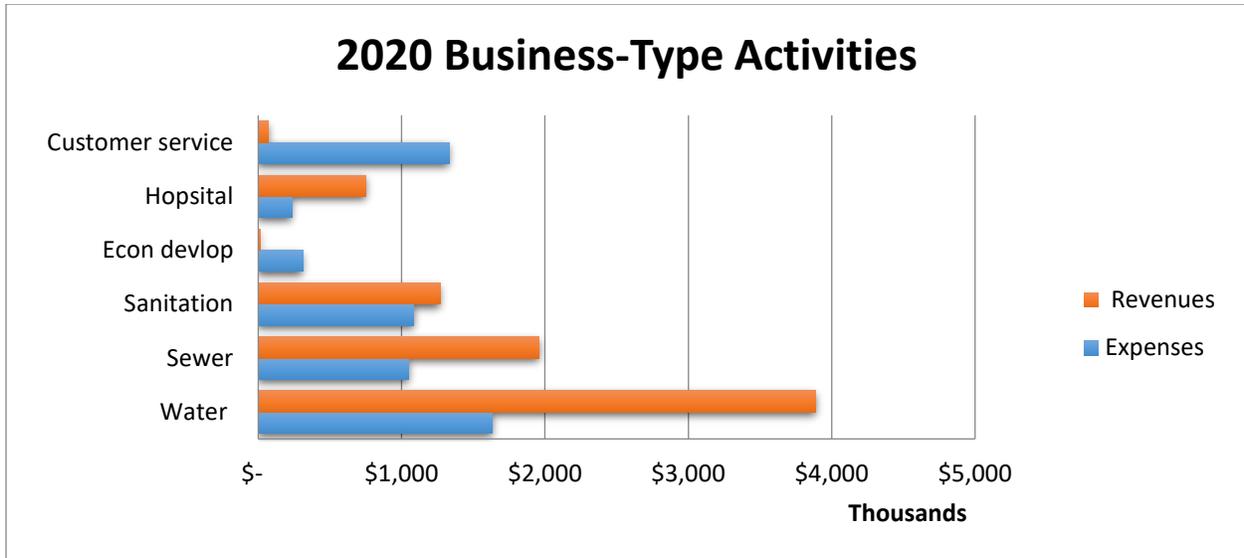


Public safety is the largest use of funds for the City in fiscal year 2020 at 45% or \$6,071,279 which is consistent with prior year at 44% or \$5,745,222. All activities remained consistent between years.

Spending as represented in the above graphic totaled \$13,444,622 in fiscal year 2020 compared to \$13,062,421 in fiscal year 2019.

It should be noted that governmental expenses are adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. Government-wide statement is full accrual; capital outlay expenses are eliminated and capital assets are reported.

Business-type Activities



Business-type activities are shown comparing costs to revenues generated by the related services. Water, Sewer, and Sanitation activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

For the fiscal year ended June 30, 2020, revenues from water, sewer, and sanitation services covered the cost of operating their respective departments.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2020

Capital Assets

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Non-Depreciable Assets						
Land	\$ 1,008,639	\$ 1,008,639	\$ 469,258	\$ 428,358	\$ 1,477,897	\$ 1,436,997
Construction in Process	8,641,320	12,879,751	1,921,637	986,209	10,562,957	13,865,960
Depreciable Assets						
Buildings	51,097,653	50,824,742	17,956,443	14,562,487	69,054,096	65,387,229
Machinery & equipment	15,066,298	15,684,989	22,104,251	22,087,402	37,170,549	37,772,391
Infrastructure	23,769,432	21,634,741	4,857,396	4,425,500	28,626,828	26,060,241
Accumulated Depreciation	(38,004,832)	(35,623,268)	(24,727,613)	(23,828,664)	(62,732,445)	(59,451,932)
Net Capital Assets	\$ 61,578,510	\$ 66,409,594	\$ 22,581,372	\$ 18,661,292	\$ 84,159,882	\$ 85,070,886

Long-Term Debt

At year-end, the City had \$37,162,080 in noncurrent liabilities. The City's comparative noncurrent liabilities are as follows:

	Primary Government Long-Term Debt			
	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Notes payable	\$ 15,656,610	\$ 26,909,187	\$ 13,967,360	\$ 5,703,381
Capital leases	3,543,558	3,860,357	4,111,389	4,418,242
Meter deposits	-	-	382,022	359,261
Compensated absences	-	-	48,754	46,217
Pension obligation	3,313,002	4,089,963	-	-
Less current portion	(2,059,067)	(3,256,203)	(1,801,548)	(548,481)
Total long-ter	\$ 20,454,103	\$ 31,603,304	\$ 16,707,977	\$ 9,978,620

2020 AND BEYOND FOR THE CITY OF WOODWARD

Economic Environment

According to the Oklahoma State University, Spears School of Business, *Economic Outlook 2020 Summer Update: The Virus Rules* “Oklahoma has experienced dramatic economic fallout from both the business shutdowns associated with the COVID-19 pandemic and the collapse of the energy sector.” The City was aware of the economic forecast when we prepared the fiscal year 2021 budget and made proactive changes to expected revenue collections and, correspondingly, expenses for the upcoming year.

The *Economic Outlook* stated “the Oklahoma economy has fared better than the national economy during the second quarter of the year” of calendar year 2020. And “despite dramatic losses in wages and salaries in both the state and nation during the second quarter, personal income exploded because of the massive fiscal stimulus by the federal government”. It is further forecasted that “personal income growth is projected to completely reverse course in the third quarter, with further losses projected in the fourth quarter” as a result of the declining stimulus funding.

Future Plans

The proposed budget is consistent with our approach for this past fiscal year to find a way to operate within our reduced resources. We are expecting a decrease in revenues of approximately \$2.1 million for this coming year, primarily seen in tax collections. Our sales tax for the last 11 months is down 4.2% as compared to the same period in the prior year which had experienced a 1.2% decrease. The proposed budget has a \$5.7 million decrease in all fund operational spending as compared to the 2019-2020 budget.

The City will continue to fund capital projects solely from the use of Restricted Sales Tax, dedicated by the citizens for capital improvements, grants and donations. Total capital requests funded out of Restricted Sales Tax will be \$634,098; additional capital projects of \$430,000 will be funded from Grant Revenues and Bond Funds. Major capital projects already underway are not jeopardized due to dedicated funding sources in place.

The goal of the City is to maintain a consistent level of service for our citizens. Departments will adjust to adhere to the new budget levels.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the City Manager at the City of Woodward, 722 Main Street, Woodward, OK 73801.

City of Woodward, Oklahoma
Statement of Net Position
June 30, 2020

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 2,868,410	\$ 2,402,479	\$ 5,270,889
Investments	784,419	-	784,419
Due from other governments	2,305,828	-	2,305,828
Accounts receivable (net)	708,569	1,935,665	2,644,234
Inventory	678,409	-	678,409
Other assets	110,915	-	110,915
Due from other funds	634,091	(623,183)	10,908
Total current assets	<u>8,090,641</u>	<u>3,714,961</u>	<u>11,805,602</u>
Restricted assets:			
Cash and cash equivalents	5,343,656	1,225,272	6,568,928
Total restricted assets	<u>5,343,656</u>	<u>1,225,272</u>	<u>6,568,928</u>
Noncurrent Assets:			
Land and construction in progress	9,649,959	2,380,895	12,030,854
Other capital assets (net of accumulated depreciation)	51,928,551	20,200,476	72,129,027
Pension asset	18,868	-	18,868
Total noncurrent assets	<u>61,597,378</u>	<u>22,581,371</u>	<u>84,178,749</u>
Total assets	<u>\$ 75,031,675</u>	<u>\$ 27,521,604</u>	<u>\$ 102,553,279</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>1,164,337</u>	<u>-</u>	<u>1,164,337</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 87,617	\$ 14,512	\$ 102,129
Payroll liabilities	404,454	78,434	482,888
Accrued payables	-	72,575	72,575
Deferred revenue	156,871	-	156,871
Capital lease, current	533,512	1,454,365	1,987,877
Notes payable, current	1,525,555	347,183	1,872,738
Total current liabilities	<u>2,708,009</u>	<u>1,967,069</u>	<u>4,675,078</u>
Noncurrent liabilities:			
Compensated absences	-	48,754	48,754
Meter deposits	-	382,022	382,022
Pension obligation	3,313,002	-	3,313,002
Capital lease, non-current	3,010,046	2,657,024	5,667,070
Notes payable, non-current	14,131,055	13,620,177	27,751,232
Total noncurrent liabilities	<u>20,454,103</u>	<u>16,707,977</u>	<u>37,162,080</u>
Total liabilities	<u>23,162,112</u>	<u>18,675,046</u>	<u>41,837,158</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>750,402</u>	<u>-</u>	<u>750,402</u>
NET POSITION			
Net investment in capital assets	42,397,210	4,502,622	46,899,832
Reserved for restricted purposes	5,926,410	1,225,272	7,151,682
Unrestricted	3,959,878	3,118,664	7,078,542
Total net position	<u>\$ 52,283,498</u>	<u>\$ 8,846,558</u>	<u>\$ 61,130,056</u>

City of Woodward, Oklahoma
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 3,899,830	\$ 74,270	\$ 81,779	\$ -	\$ (3,743,781)
Public safety and judiciary	6,798,037	813,259	793,711	-	(5,191,067)
Transportation	2,031,085	427,124	106,872	-	(1,497,089)
Cultural, parks and recreation	3,945,401	75,361	14,936	-	(3,855,104)
Public service	274,394	48,650	-	-	(225,744)
Economic development	953,549	92,595	376,133	-	(484,821)
Total governmental activities	<u>17,902,296</u>	<u>1,531,259</u>	<u>1,373,431</u>	<u>-</u>	<u>(14,997,606)</u>
Business-type activities:					
Water	1,631,722	3,838,065	52,518	-	2,258,861
Sewer	1,047,415	1,428,532	532,309	-	913,426
Sanitation	1,084,833	1,270,240	708	-	186,115
Economic development	311,997	16,000	-	-	(295,997)
Hospital	235,367	-	750,000	-	514,633
Customer service	1,331,199	72,645	-	-	(1,258,554)
Total business-type activities	<u>5,642,533</u>	<u>6,625,482</u>	<u>1,335,535</u>	<u>-</u>	<u>2,318,484</u>
Total primary government	<u>\$ 23,544,829</u>	<u>\$ 8,156,741</u>	<u>\$ 2,708,966</u>	<u>\$ -</u>	<u>\$ (12,679,122)</u>

City of Woodward, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2020

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (14,997,606)	\$ 2,318,484	\$ (12,679,122)
General revenues:			
Taxes:			
Sales tax	11,082,649	-	11,082,649
Use tax	1,122,380	-	1,122,380
Franchise tax	551,046	-	551,046
Other taxes	318,233	-	318,233
Investment income	189,865	103,338	293,203
Other income	698,570	150,151	848,721
Change in pension obligations	272,437	-	272,437
Transfers internal activity	9,319,348	(9,319,348)	-
Total general revenues and transfers	23,554,528	(9,065,859)	14,488,669
Change in net assets	8,556,922	(6,747,375)	1,809,547
Net position-beginning	43,726,576	15,593,933	59,320,509
Net position-ending	\$ 52,283,498	\$ 8,846,558	\$ 61,130,056

City of Woodward, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2020

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,870,284	\$ 1,431,878	\$ 3,183,959	\$ 486,079	\$ 239,866	\$ 8,212,066
Investments	784,419	-	-	-	-	784,419
Due from other governments	1,298,992	755,127	251,709	-	-	2,305,828
Accounts receivable	608,495	-	-	30,473	69,601	708,569
Due from other funds	795,670	-	17,041	5,183	-	817,894
Inventory	678,409	-	-	-	-	678,409
Other assets	110,915	-	-	-	-	110,915
Total assets	<u>\$ 7,147,184</u>	<u>\$ 2,187,005</u>	<u>\$ 3,452,709</u>	<u>\$ 521,735</u>	<u>\$ 309,467</u>	<u>\$ 13,618,100</u>
LIABILITIES						
Accounts payable	\$ 87,534	\$ -	\$ -	\$ -	\$ 83	\$ 87,617
Payroll liabilities	404,454	-	-	-	-	404,454
Due to other funds	84,890	8,900	4,450	76,225	9,338	183,803
Deferred revenue	156,871	-	-	-	-	156,871
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	<u>733,749</u>	<u>8,900</u>	<u>4,450</u>	<u>76,225</u>	<u>9,421</u>	<u>832,745</u>
FUND BALANCES						
Nonspendable	678,409	-	-	-	-	678,409
Restricted	-	-	-	-	-	-
Committed	-	2,178,105	3,448,259	-	300,046	5,926,410
Assigned	-	-	-	445,510	-	445,510
Unassigned	5,735,026	-	-	-	-	5,735,026
Total fund balances	<u>6,413,435</u>	<u>2,178,105</u>	<u>3,448,259</u>	<u>445,510</u>	<u>300,046</u>	<u>12,785,355</u>
Total liabilities and fund balances	<u>\$ 7,147,184</u>	<u>\$ 2,187,005</u>	<u>\$ 3,452,709</u>	<u>\$ 521,735</u>	<u>\$ 309,467</u>	<u>\$ 13,618,100</u>
Total fund balance- total governmental funds						\$ 12,785,355
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported						
					9,649,959	
					89,933,383	
					<u>(38,004,832)</u>	61,578,510
Long-term portion of liabilities are not due and payable in the current period and are not reported						
					(15,656,610)	
					(3,543,558)	
					-	
					413,935	
					<u>(3,294,134)</u>	<u>(22,080,367)</u>
Net position of governmental activities						<u>\$ 52,283,498</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2020

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 5,541,325	\$ 4,155,993	\$ 1,385,331	\$ -	\$ -	\$ 11,082,649
Use tax	1,122,380	-	-	-	-	1,122,380
Franchise tax	551,046	-	-	-	-	551,046
Hotel tax	-	-	-	-	376,133	376,133
Licenses and permits	68,262	-	-	-	-	68,262
Rents & royalties	-	-	-	-	92,595	92,595
Fines and forfeitures	349,791	-	-	-	-	349,791
Charges for services	979,659	-	-	-	40,952	1,020,611
Intergovernmental revenues	1,159,078	-	-	156,453	-	1,315,531
Donations	-	-	-	-	-	-
Disposal of assets	1,367,711	-	-	-	-	1,367,711
Other revenues	336,103	-	-	15,694	-	351,797
Interest	66,340	53,942	54,150	8,635	6,798	189,865
Total revenues	<u>11,541,695</u>	<u>4,209,935</u>	<u>1,439,481</u>	<u>180,782</u>	<u>516,478</u>	<u>17,888,371</u>
EXPENDITURES						
General government:						
General government	1,373,563	-	42,638	12,609	26,730	1,455,540
City clerk	153,596	-	-	-	-	153,596
Commission	42,255	-	-	-	-	42,255
Building maintenance	334,617	-	-	-	-	334,617
Finance	270,514	-	-	-	-	270,514
Treasurer	23,325	-	-	-	-	23,325
Managerial	453,597	-	-	-	-	453,597
Utility billing	-	-	-	-	-	-
Information technology	340,069	-	-	-	-	340,069
Fleet management	250,655	-	-	-	-	250,655
Construction	111,526	-	-	-	-	111,526
Total general government	<u>3,353,717</u>	<u>-</u>	<u>42,638</u>	<u>12,609</u>	<u>26,730</u>	<u>3,435,694</u>
Public safety and judiciary:						
Police	2,710,576	-	-	-	-	2,710,576
City attorney	53,417	-	-	-	-	53,417
Municipal court	141,587	-	-	-	-	141,587
Fire	2,715,962	-	-	-	-	2,715,962
Code enforcement	257,972	-	-	-	-	257,972
Civil defense	191,765	-	-	-	-	191,765
Total public safety and judiciary	<u>6,071,279</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,071,279</u>
Transportation:						
Street	506,375	6,371	259,682	-	-	772,428
Airport	541,469	-	-	-	-	541,469
Total transportation	<u>1,047,844</u>	<u>6,371</u>	<u>259,682</u>	<u>-</u>	<u>-</u>	<u>1,313,897</u>
Cultural, parks and recreation:						
Parks	907,219	-	-	-	-	907,219
Library	373,092	-	-	11,288	-	384,380
Event Complex	100,828	-	-	-	-	100,828
Sports and recreation	133,137	-	-	-	-	133,137
Museum	119,379	-	-	-	-	119,379
Total cultural, parks and recreation	<u>1,633,655</u>	<u>-</u>	<u>-</u>	<u>11,288</u>	<u>-</u>	<u>1,644,943</u>
Public service:						
Cemetery	121,322	-	-	-	-	121,322
Senior citizens center	117,622	-	-	-	-	117,622
Total public service	<u>238,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,944</u>
Economic development:						
Tourism	739,865	-	-	-	-	739,865
Total economic development	<u>739,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>739,865</u>
Capital outlay	177,004	-	447,932	-	-	624,936
Debt service:						
Principal	11,755,574	-	-	-	-	11,755,574
Interest expense	1,069,271	-	-	-	-	1,069,271
Total debt service	<u>12,824,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,824,845</u>
Total expenditures	<u>26,087,153</u>	<u>6,371</u>	<u>750,252</u>	<u>23,897</u>	<u>26,730</u>	<u>26,894,403</u>
Excess (deficiency) of revenues over expenditures	(14,545,458)	4,203,564	689,229	156,885	489,748	(9,006,032)
OTHER FINANCING SOURCES (USES)						
Transfers in	16,262,912	3,015,319	-	-	-	19,278,231
Transfers out	(1,367,711)	(7,392,259)	(410,846)	(50,000)	(738,067)	(9,958,883)
Total other financing sources and uses	<u>14,895,201</u>	<u>(4,376,940)</u>	<u>(410,846)</u>	<u>(50,000)</u>	<u>(738,067)</u>	<u>9,319,348</u>
Net change in fund balances	349,743	(173,376)	278,383	106,885	(248,319)	313,316
Fund balances - beginning	6,063,692	2,351,481	3,169,876	338,625	548,365	12,472,039
Fund balances - ending	<u>\$ 6,413,435</u>	<u>\$ 2,178,105</u>	<u>\$ 3,448,259</u>	<u>\$ 445,510</u>	<u>\$ 300,046</u>	<u>\$ 12,785,355</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2020

Reconciliation of the change in fund balances - total governmental funds
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds \$ 313,316

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

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	624,936	
Depreciation expense	(3,388,403)	
Transfer and disposal of assets	<u>(1,020,938)</u>	(3,784,405)

Governmental funds report debt principle 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.

Principal debt payments	11,755,574	
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In the statement of activities, the cost of pension benefits earned net of
employee contributions are reported as an component of pension expense.
The fund financial statements report pension contributions as expenditures.

<u>272,437</u>	
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Change in Net Assets of Governmental Activities	<u><u>\$ 8,556,922</u></u>
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City of Woodward, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2020

	Woodward Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,402,479
Accounts receivable, net	1,935,665
Total current assets	4,338,144
Current assets:	
Restricted assets:	
Cash, including time deposits	1,225,272
Total restricted assets	1,225,272
Noncurrent assets:	
Capital assets (net)	22,581,371
Total noncurrent assets	22,581,371
Total assets	\$ 28,144,787
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 14,512
Payroll liabilities	78,434
Due to other funds	623,183
Accrued interest payable	72,575
Capital lease, current	1,454,365
Notes payable, current	347,183
Total current liabilities	2,590,252
Noncurrent liabilities:	
Compensated absences	48,754
Meter deposits	382,022
Capital lease, non-current	2,657,024
Notes payable, non-current	13,620,177
Total noncurrent liabilities	16,707,977
Total liabilities	19,298,229
NET POSITION	
Net investment in capital assets	4,502,622
Restricted	1,225,272
Unrestricted	3,118,664
Total net position	\$ 8,846,558

City of Woodward, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2020

	Woodward Municipal Authority
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 3,838,065
Sewer charges	1,428,532
Sanitation charges	1,270,240
Golf course	16,000
Penalties	72,645
Total charges for services	<u>6,625,482</u>
Lease and rental income	803,226
Stormwater fee	532,309
Miscellaneous income	150,151
Total operating revenues	<u><u>8,111,168</u></u>
<u>Operating expenses:</u>	
Personal services	2,162,521
Materials and supplies	360,685
Other services and charges	1,676,468
Depreciation and amortization	1,019,769
Total operating expenses	<u>5,219,443</u>
 Net operating income	 2,891,725
<u>Nonoperating revenue (expense):</u>	
Investment income	103,338
Bad debt	21,256
Interest expense	(444,346)
Total nonoperating revenue (expense)	<u>(319,752)</u>
 Net income before contributions and transfers	 2,571,973
 Transfers from other funds	 10,135,856
Transfers to other funds	<u>(19,455,204)</u>
 Change in net position	 (6,747,375)
 Net position-beginning of year	 <u>15,593,933</u>
 Net position-end of year	 <u><u>\$ 8,846,558</u></u>

City of Woodward, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2020

	Woodward Municipal Authority
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 7,818,090
Payments to suppliers	(2,054,714)
Payments to employees	(2,171,016)
Net cash provided (used) by operating activities	<u>3,592,360</u>
<u>Cash flows from non-capital financing activities:</u>	
Transfers from other funds	10,135,856
Transfers to other funds	(19,455,204)
Net cash provided (used) by non-capital financing activities	<u>(9,319,348)</u>
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(5,004,331)
Retirement/sell of capital assets	184,302
Proceeds from notes payable	8,480,000
Proceeds from capital lease	32,460
Principal paid on capital debt	(555,333)
Interest paid on capital debt	(499,695)
Net cash provided (used) by capital and related financing activities	<u>2,637,403</u>
<u>Cash flows from investing activities:</u>	
Investment income	103,338
Net cash provided (used) by investing activities	<u>103,338</u>
Net increase (decrease) in cash and cash equivalents	(2,986,247)
Cash & cash equivalents, beginning of year	<u>6,613,998</u>
Cash & cash equivalents, end of the year	<u>\$ 3,627,751</u>
Cash, including time deposits	\$ 2,402,479
Restricted cash, including time deposits	1,225,272
Total cash and cash equivalents, end of year	<u>\$ 3,627,751</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 2,891,725
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,019,769
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(315,839)
Increase (decrease) in accounts payable	(17,561)
Increase (decrease) in payroll liabilities	(8,495)
Increase (decrease) in meter deposits	22,761
Total adjustments	<u>700,635</u>
Net cash provided (used) by operating activities	<u>\$ 3,592,360</u>

City of Woodward, Oklahoma
Statement of Fiduciary Net Position - Agency Fund
June 30, 2020

	<u>Municipal Court</u>	
ASSETS		
Cash and cash equivalents	\$	72,512
Total assets	\$	<u>72,512</u>
LIABILITIES		
Accounts payable	\$	6,420
Due to other funds		10,908
Amounts held in escrow		<u>55,184</u>
Total liabilities	\$	<u>72,512</u>

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, Woodward Municipal Authority, 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 over 12,000 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 four commissioners elected by each ward and one commission elected at large. They mayor is elected by the City Commissioners.
- 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

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. These debts are typically 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 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 \$28,000 per month. During the year ended June 30, 2020, the WIF approved 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 position 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, along with deferred outflows and inflows, 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
- Tourism: convention center rental and activities
- Water: water service charges
- Sewer: sewer service charges
- Economic Development: rental fees
- 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.

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 — capital project fund that accounts for revenues of a one and a half-cent sales tax legally restricted by voter election for capital improvements or debt service on certain debt, such as the debt related to 34th Street, Central Fire Station, New City Hall, parks and convention center
- Restricted Sales Tax Fund — capital project fund that accounts for revenues of a one-half cent sales tax legally restricted by voter election for capital improvement purposes
- Grant Fund — capital project fund that 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):

- Hotel/Motel Tax Fund — a special revenue fund that accounts for hotel/motel tax revenues to be used in economic development and promotion of tourism
- Miscellaneous Trust Fund — a special revenue fund that accounts for miscellaneous fees received and restricted for related expenditures
- Perpetual Care Fund — a special revenue fund that accounts for revenues administratively restricted for cemetery maintenance
- Cemetery Care Fund — a capital project fund that accounts for 12.5 percent of cemetery revenue restricted by State law 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 Fund:

The City's proprietary fund is reported as a major enterprise fund:

- Woodward Municipal Authority — accounts for the operation of the water, sewer, sanitation and rental revenues of the hospital complex.

CITY OF WOODWARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2020

The proprietary funds are reported on the accrual basis of accounting and economic resources measurement focus.

For purposes of the statement of revenues, expenses and changes in fund net position, 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.

<u>Types of Investments</u>	<u>Primary Government</u>			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
Primary government				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 784,419	\$ 784,419	N/A	28
Total investments	784,419	784,419		
Total primary government invest	\$ 784,419	\$ 784,419		

RECONCILIATION TO STATEMENT OF NET POSITION

	<u>Governmental Activities</u>
Investments, unrestricted	\$ 784,419
Total investments	\$ 784,419

(1) Ratings are provided where applicable to indicate associated **Credit Risk**. N/A indicates not applicable.

(2) **Interest rate risk** is estimated using either duration or weighted average days to maturity depending on the respective policy.

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. This net position, if any, is 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 Fund:

- 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 position, 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.

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, 2020, the City was not exposed to custodial credit risk 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, 2020, the investments held by the City mature in three years or less.

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., d. and e.

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. At June 30, 2020, all 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

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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, 2020, the City had no concentration of investment credit risk as defined above.

4. Inventory

Inventory recorded in governmental funds and governmental activities is valued at average cost and consists of materials and supplies used for maintenance, office and janitorial activities and airport fuel. The cost is allocated to the various user departments based on their consumption. The consumption method of accounting treatment is utilized by the City's governmental funds.

5. 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, 2020, capital assets balances changed as follows:

	Balance at July 1, 2019	Additions	Deletions	Balance at June 30, 2020
<i>Governmental Activities</i>				
Land	\$ 1,008,639	\$ -	\$ -	\$ 1,008,639
Construction in process	11,782,411	-	(3,141,091)	8,641,320
Buildings	50,824,742	272,911	-	51,097,653
Improvements	8,814,938	2,125,983	(5,905)	10,935,016
Infrastructure	12,819,803	14,613	-	12,834,416
Machinery and equipment	15,684,989	454,309	(1,073,000)	15,066,298
Total assets at cost	<u>100,935,522</u>	<u>2,867,816</u>	<u>(4,219,996)</u>	<u>99,583,342</u>
Less accumulated depreciation	<u>35,623,268</u>	<u>3,388,403</u>	<u>(1,006,839)</u>	<u>38,004,832</u>
Governmental capital assets, net	<u>\$ 65,312,254</u>	<u>\$ (520,587)</u>	<u>\$ (3,213,157)</u>	<u>\$ 61,578,510</u>
<i>Business-type Activities</i>				
Land	\$ 428,358	\$ 40,900	\$ -	\$ 469,258
Construction in process	986,209	5,101,343	(4,165,915)	1,921,637
Buildings	581,303	-	-	581,303
Improvements	13,981,184	3,401,721	(7,765)	17,375,140
Infrastructure	4,425,500	431,896	-	4,857,396
Machinery and equipment	22,087,402	193,386	(176,537)	22,104,251
Total assets at cost	<u>42,489,956</u>	<u>9,169,246</u>	<u>(4,350,217)</u>	<u>47,308,985</u>
Less accumulated depreciation	<u>23,828,664</u>	<u>1,019,769</u>	<u>(120,820)</u>	<u>24,727,613</u>
Business-type capital assets, net	<u>\$ 18,661,292</u>	<u>\$ 8,149,477</u>	<u>\$ (4,229,397)</u>	<u>\$ 22,581,372</u>

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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 3-24 years, Utility property and improvements and infrastructure 15-50 years.

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:

<i>Governmental Activities</i>		<i>Business-type Activities</i>	
General government	\$ 376,010	Customer service	\$ 342,819
Public safety and judiciary	572,629	Water	350,740
Transportation	614,040	Sewer	271,297
Cultural, parks, and recreation	1,576,590	Hospital	-
Public service	35,450	Sanitation	54,913
Economic development	213,684		
Total depreciation expense	<u>\$ 3,388,403</u>	Total depreciation expense	<u>\$ 1,019,769</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2020, the reporting entity's long-term debt changed as follows:

	Balance at			Balance at	Amounts
	July 1, 2019 *	Additions	Deletions	June 30, 2020	Due Within
					One Year
<i>Governmental Activities</i>					
Notes payable	\$ 26,909,187	\$ -	\$ 11,252,577	\$ 15,656,610	\$ 1,525,555
Capital leases	4,066,860	-	523,302	3,543,558	533,512
Total governmental activities	<u>\$ 30,976,047</u>	<u>\$ -</u>	<u>\$ 11,775,879</u>	<u>\$ 19,200,168</u>	<u>\$ 2,059,067</u>
<i>Business-type Activities</i>					
Notes payable	\$ 5,703,380	\$ 8,480,000	\$ 216,020	\$ 13,967,360	\$ 1,454,365
Capital leases	4,418,242	32,460	339,313	4,111,389	347,183
Total business-type activities	<u>\$ 10,121,622</u>	<u>\$ 8,512,460</u>	<u>\$ 555,333</u>	<u>\$ 18,078,749</u>	<u>\$ 1,801,548</u>
Total long-term debt	<u>\$ 41,097,669</u>	<u>\$ 8,512,460</u>	<u>\$ 12,331,212</u>	<u>\$ 37,278,917</u>	<u>\$ 3,860,615</u>

* Restated from prior year

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Governmental Activities long-term debt:

Notes Payable:

2006 Woodward Municipal Authority Sales tax Revenue Note for the construction of Crystal Beach assets, 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.	\$4,280,000
2007 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Crystal Beach assets, 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.	4,950,000
2008 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Crystal Beach assets, 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.	3,040,000
Rural Housing Service Promissory Note for the construction of the Convention Center, original note amount \$3,843,705, dated December 20, 2010, secured by sales tax, interest rate of 3.75% with the final payment on December 20, 2050. The amount drawn on loan as of June 30, 2012 was \$3,843,705.	3,275,223
Convention Center Promissory Note with Stock Exchange Bank, dated December 20, 2010, secured by sales tax, original amount of \$2,244,290, interest rate 3.75% with a final maturity on December 20, 2020.	111,388

Capital Lease Payable:

\$734,953 capital lease with First National Bank and Trust Co. for a fire truck, payable in monthly installments of \$7,252, interest rate of 3.45% with final payment due November 2021	119,579
\$709,305 capital lease with Capital One-First Security for a lighting lease, payable in bi-annual installments of \$42,959, interest rate of 3.74% with final payment due August 2023	279,424
\$4,500,000 capital lease with Branch Banking and Trust for new City Hall improvements, payable in bi-annual installments, interest rate of 2.35% with final payment due May 2028	2,970,000
\$50,965 capital lease with JDF Equipment for golf equipment lease, payable in monthly installments of \$671.56, interest rate of 4.75% with final payment due June 2023	30,285
\$186,305 capital lease with Yamaha Motor Finance Corporation, USA for 40 golf carts, payable in monthly installments, interest rate of 4.2% with final payment due June 2022	144,269
Total Governmental Activities long-term debt	<u>\$ 19,200,168</u>

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Business-type activities long-term debt:

Notes Payable:

Sewer line Promissory Note with OWRB 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. \$642,360

Utility System Revenue Note, Series 2018 dated March 2018, original amount of \$5,120,000 due in semi-annual installments September 1 and September 1, final installment due March 1, 2033 with a 2.845% interest rate. The proceeds of the notes are used to finance a portion of the 34th Street Enhancement project and automated water meter reading system. 4,845,000

Woodward Municipal Authority Sales Tax Revenue Note, Series 2020 dated April 2020, original amount of \$8,480,000 issued to refinance the Authority's Sales Tax Revenue Note, Series 2013 that was issued in the original principal amount of \$9,000,000 and the Authority's Sales Tax Revenue Note, Series 2015 that was issued in the original amount of \$5,500,000 due in semi-annual installments October 1 and April 1, final installment due April 2027 carrying an interest rate of 1.5%. 8,480,000

Capital Lease Payable:

\$5,200,000 capital lease with Branch Banking and Trust for stormwater improvements, payable in bi-annual installments, interest rate of 2.26% with final payment due June 2031 4,075,000

\$48,720 capital lease with TCF Equipment Finance for Toro turf equipment, payable in monthly installments, interest rate of 4.10% with final payment due May 2021 10,781

\$32,460 lease with Axon for 22 tasers, holsters, cartridges, and battery packs, payable annually over five years maturing August 2024 25,608

Total Business-type Activities long-term debt \$ 18,078,749

Long-term debt service requirements to maturity:

Year Ending 30-Jun	Governmental Activities				Business-type Activities			
	Capital Lease Payable		Notes Payable		Capital Lease Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 533,512	\$ 87,191	\$ 1,525,555	\$ 631,966	\$ 347,183	\$ 90,434	\$ 1,454,365	\$ 393,436
2022	499,081	72,273	1,481,617	567,968	341,402	82,773	1,584,724	348,621
2023	473,974	59,236	1,539,159	502,735	351,402	75,145	1,615,157	304,407
2024	432,330	46,443	1,606,797	434,770	356,402	67,292	1,645,633	253,320
2025	401,237	35,941	1,674,536	363,863	360,000	59,325	1,677,256	204,258
2026-2030	1,203,424	49,578	5,317,565	856,649	1,940,000	169,444	4,685,225	411,481
2031-2035	-	-	503,533	425,927	415,000	7,063	1,305,000	51,637
2036-2040	-	-	607,199	322,261	-	-	-	-
2041-2045	-	-	732,209	197,251	-	-	-	-
2046-2050	-	-	668,440	50,698	-	-	-	-
Totals	\$ 3,543,558	\$ 350,662	\$ 15,656,610	\$ 4,354,087	\$ 4,111,389	\$ 551,474	\$ 13,967,360	\$ 1,967,161

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one and a half cents (or 38%) of collected and appropriated sales tax revenues to repay the outstanding balance of Series 2006, 2007, 2008, 2013, 2015 Sales Tax Revenue Notes, Rural Housing Service Promissory Note and 2010 Stock Exchange Bank Note. As of June 30, 2020, the total outstanding balance of the loans was \$15,656,611. Proceeds from the notes provided financing for governmental capital assets.

Pledged sales taxes for debt service and capital improvements received in the current year were \$4,174,284. Debt service payments of \$2,772,577 for the current fiscal year were 66% of the pledged sales taxes. During the fiscal year, the City's Series 2013 and 2015 notes were refinanced.

Utility Net Revenues Pledge - The WMA has also pledged future net water revenues, sewer revenues, and the stormwater fee to repay \$1,400,000 of the 2007 Series OWRB Notes Payable, \$5,200,000 of the capital lease with Branch Banking and Trust for stormwater improvements, and the Series 2020 Revenue Note. Proceeds from the notes provided financing for utility system capital assets. The total principal and interest payable for the remainder of the life of these bonds and notes is \$15,934,521

7. Fund Balances and Net Position

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is 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.
- e. 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 position is displayed in three components:

- a. *Net investment in capital assets* — 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 position* - Consists of net position 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 position* - All other net position that does not meet the definition of "restricted."

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

8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position 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.

The following is a detail of the City's interfund activity for the fiscal year:

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	Due From	Due To
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
LIMITED PURPOSE SALES TAX	\$ 8,900	-
RESTRICTED SALES TAX	-	11,409
GRANT FUND	71,042	1,182
NON-MAJOR FUNDS	-	-
PUBLIC WORKS AUTHORITY	623,184	-
MUNICIPAL COURT	10,908	-
<i>LIMITED PURPOSE SALES TAX</i>		
GENERAL FUND	-	8,900
<i>RESTRICTED SALES TAX</i>		
GENERAL FUND	11,409	-
GRANT FUND	1,182	-
<i>GRANT FUND</i>		
GENERAL FUND	5,183	76,225
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	-	-
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	623,184
FIDUCIARY ACTIVITIES		
MUNICIPAL COURT	-	10,908
	\$ 731,808	\$ 731,808
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MUNICIPAL AUTHORITY	\$ 15,474,845	\$ 1,367,711
GRANT FUND	50,000	-
NONMAJOR FUNDS	738,067	-
<i>LIMITED PURPOSE SALES TAX</i>		
MUNICIPAL AUTHORITY	3,015,319	7,392,259
<i>RESTRICTED SALES TAX</i>		
MUNICIPAL AUTHORITY	-	410,846
<i>GRANT FUND</i>		
GENERAL FUND	-	50,000
<i>NONMAJOR FUNDS</i>		
GENERAL FUND	-	738,067
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	2,332,751	16,439,885
LIMITED PURPOSE SALES TAX	7,392,259	3,015,319
RESTRICTED SALES TAX	410,846	-
	\$ 29,414,087	\$ 29,414,087

9. Budget Policy and Practice

The City Clerk submits an annual budget to the City Council in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Council adopts the annual fiscal year budgets for City operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the City Clerk and must be approved by the Council. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Council review and approval process.

Budgetary Control

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the City Council. Within these control levels, management may transfer appropriations without Council approval. Revisions to the budget were made throughout the year.

Budget Basis of Accounting

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the next fiscal year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

10. 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.

11. 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.

Federal and State Award Programs:

The City of Woodward participates in various federal or state grant/loan programs from year to year. In 2020, 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.

12. 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 (OkMRF) — an agent multiple-employer defined contribution plan

Oklahoma Firefighter's Pension and Retirement System

Plan Description – The City of Woodward, as the employer, participates in the Firefighters Pension & Retirement – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Firefighters Pension & Retirement System (FPRS). Title 11 of the Oklahoma State Statutes grants the authority to establish and amend the benefit terms to the FPRS. FPRS issues a publicly available financial report that can be obtained at www.ok.gov/fprs.

Benefits provided – FPRS provides retirement, disability and death benefits to members of the plan.

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or

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have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 22 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$165.66 per month. Benefits vest with 11 years or more service.

All firefighters are eligible for immediate disability benefits. For paid firefighters, the disability in-the-line-of-duty benefit for firefighters with less than 20 years of service is equal to 50% of final average monthly compensation, based on the most recent 30 months of service. For firefighters with over 20 years of service, a disability in-the-line-of-duty is calculated based on 2.5% of final average monthly compensation, based on the most recent 30 months, per years of service, with a maximum of 30 years of service. For disabilities not-in-the-line-of-duty, the benefit is limited to only those with less than 20 years of service and is 50% of final average monthly compensation, based on the most recent 60-month salary as opposed to 30 months. For volunteer firefighters, the not-in-the-line-of-duty disability is also limited to only those with less than 20 years of service and is \$7.53 per year of service. For volunteer firefighters, the in-the-line-of-duty pension is \$150.60 with less than 20 years of service, or \$7.53 per year of service, with a maximum of 30 years.

A \$5,000 lump sum death benefit is payable to the qualified spouse or designated recipient upon the participant's death. The \$5,000 death benefit does not apply to members electing the vested benefit.

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$108,657 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$3,313,002 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information the City's proportion was 0.313533%.

For the year ended June 30, 2020, the City recognized pension expense of \$520,066. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 554,761	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	127,250	519,570
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>108,657</u>	<u>-</u>
Total	<u>\$ 790,668</u>	<u>\$ 519,570</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	\$	201,121
2021		(10,728)
2022		66,613
2023		25,715
2024		(11,622)
Total	\$	271,098

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	3.5% to 9.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates were based on the RP2000 combined healthy with blue collar adjustment as appropriate, with adjustments for generational mortality improvement using scale AA for healthy lives and no mortality improvement for disabled lives.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	4.9%
Domestic equity	37%	7.07%
International equity	20%	9.19%
Real Estate	10%	7.99%
Other assets	13%	5.57%

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 36% of the insurance premium, as established by statute. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan’s net pension liability would be if it were calculated using a discount rate that is 1-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City’s proportionate share of the net pension liability	4,278,012	3,313,002	2,253,318

Pension plan fiduciary net position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued financial report of the FPRS; which can be located at www.ok.gov/fprs.

Oklahoma Police Pension and Retirement System

Plan description – The City of Woodward, as the employer, participates in the Oklahoma Police Pension and Retirement Plan – a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Police Pension and Retirement System (OPPRS). Title 11 of the Oklahoma State Statutes, through the Oklahoma Legislature, grants the authority to establish and amend the benefit terms to the OPPRS. OPPRS issues a publicly available financial report that can be obtained at www.ok.gov/OPPRS.

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants’ contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on

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the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

Monthly retirement benefits are calculated at 2.5% of the final average salary (defined as the average paid base salary of the officer over the highest 30 consecutive months of the last 60 months of credited service) multiplied by the years of credited service, with a maximum of 30 years of credited service considered. Monthly benefits for participants due to permanent disability incurred in the line of duty are 2.5% of the participants' final average salary multiplied by 20 years. This disability benefit is reduced by stated percentages for partial disability based on the percentage of impairment. After 10 years of credited service, participants who retire due to disability incurred from any cause are eligible for a monthly benefit based on 2.5% of their final average salary multiplied by the years of service. This disability benefit is also reduced by stated percentages for partial disability based on the percentage of impairment. Effective July 1, 1998, once a disability benefit is granted to a participant, that participant is no longer allowed to apply for an increase in the dollar amount of the benefit at a subsequent date.

Survivor's benefits are payable in full to the participant's beneficiary upon the death of a retired participant. The beneficiary of any active participant killed in the line of duty is entitled to a pension benefit.

Contributions – The contributions requirements of the Plan are at an established rate determine by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 8% percent of their annual pay. Participating cities are required to contribute 13% of the employees' annual pay. Contributions to the pension plan from the City were \$90,650.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported an asset of \$18,868 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2019, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2019. The City's proportion of the net pension liability was based on the City's contributions received by the pension plan relative to the total contributions received by pension plan for all participating employers as of June 30, 2019. Based upon this information, the City's proportion was 0.2956%.

For the year ended June 30, 2020, the City recognized pension expense of \$224,307. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 11,323	\$ 89,086
Changes of assumptions	48,179	-
Net difference between projected and actual earnings on pension plan investments	314,167	141,746
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	90,650	-
Total	\$ 464,319	\$ 230,832

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$	172,536
2021		(25,148)
2022		27,489
2023		56,755
2024		1,855

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17.0% average, including inflation
Investment rate of return:	7.5% net of pension plan investment expense

Mortality rates: Active employees (pre-retirement) RP-2000 Blue Collar
Healthy Combined table with age set back 4 years with fully
generational improvement using Scale AA.

Active employees (post-retirement) and nondisabled pensioners:
RP-2000 Blue Collar Healthy Combined table with fully
generational
Improvement using scale AA.

Disabled pensioners: RP-2000 Blue Collar Healthy Combined
table with age set forward 4 years with fully generational
improvement using Scale AA.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019, are summarized in the following table:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	4.79%
Domestic equity	5.74%
International equity	9.19%
Real Estate	7.99%

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Private Equity	10.2%
Other assets	3.5%

The current allocation policy is that approximately 60% of assets in equity instruments, including public equity, long-short hedge, venture capital, and private equity strategies; approximately 25% of assets in fixed income to include investment grade bonds, high yield and non-dollar denominated bonds, convertible bonds, and low volatility hedge fund strategies; and 15% of assets in real assets to include real estate, commodities, and other strategies.

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, determined by State statutes. Projected cash flows also assume the State of Oklahoma will continue contributing 14% of the insurance premium, as established by statute. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	803,788	(18,868)	(714,435)

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of the OPPRS; which can be located at www.ok.gov/OPPRS.

Principal Mutual Retirement

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 contributed \$369,311 to the Principle defined contribution plan for the year ended June 30, 2020.

Oklahoma Municipal Retirement Fund

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 1.5% 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.

Fiscal Year	OkMRF		Principal Mutual	
	Employer	Employee	Employer	Employee
2013	\$ 47,518	\$ 149,906	\$ 332,578	\$ -
2014	50,988	159,311	303,549	-
2015	74,650	160,032	358,595	-
2016	78,129	115,066	380,560	-
2017	68,742	99,190	326,633	-
2018	68,491	98,598	324,433	-
2019	71,726	147,651	341,061	-
2020	80,809	162,257	369,911	-

12. 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.

13. Sales Tax Revenue

Sales tax revenue represents a 4 cent tax on each dollar of taxable sales of which is recorded as follows:

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

City of Woodward, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2020

	<u>Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales tax	\$ 5,479,895	\$ -	\$ 5,479,895	\$ 5,541,325	\$ 61,430
Use tax	789,731	-	789,731	1,122,380	332,649
Franchise tax	726,579	-	726,579	551,046	(175,533)
Other taxes	473,387	-	473,387	-	(473,387)
Licenses and permits	63,300	-	63,300	68,262	4,962
Fines and forfeitures	448,434	-	448,434	349,791	(98,643)
Charges for services	118,847	4,000	122,847	979,659	856,812
Intergovernmental revenues	355,503	-	355,503	1,159,078	803,575
Other revenues	366,879	102,000	468,879	336,103	(132,776)
Interest	62,685	2,000	64,685	66,340	1,655
Total revenues	<u>8,885,240</u>	<u>108,000</u>	<u>8,993,240</u>	<u>10,173,984</u>	<u>1,180,744</u>
EXPENDITURES					
General government:					
General government	1,950,324	58,500	2,008,824	1,373,563	635,261
City clerk	162,228	-	162,228	153,596	8,632
Commission	42,600	-	42,600	42,255	345
Building maintenance	393,722	-	393,722	334,617	59,105
Finance	338,543	1,500	340,043	270,514	69,529
Treasurer	25,325	-	25,325	23,325	2,000
Managerial	799,151	-	799,151	453,597	345,554
Information technology	389,198	11,000	400,198	340,069	60,129
Fleet management	270,296	-	270,296	250,655	19,641
Construction	128,917	-	128,917	111,526	17,391
Total general government	<u>4,500,305</u>	<u>71,000</u>	<u>4,571,305</u>	<u>3,353,717</u>	<u>1,217,588</u>
Public safety and judiciary:					
Police	2,741,118	30,000	2,771,118	2,710,576	60,542
City attorney	62,062	-	62,062	53,417	8,645
Municipal court	164,661	-	164,661	141,587	23,074
Fire	2,227,275	-	2,227,275	2,715,962	(488,687)
Code enforcement	280,543	-	280,543	257,972	22,571
Civil defense	407,170	-	407,170	191,765	215,405
Total public safety and judiciary	<u>5,882,828</u>	<u>30,000</u>	<u>5,912,828</u>	<u>6,071,279</u>	<u>(158,451)</u>
Transportation:					
Street	627,133	-	627,133	506,375	120,758
Total transportation	<u>627,133</u>	<u>-</u>	<u>627,133</u>	<u>506,375</u>	<u>120,758</u>
Cultural, parks and recreation:					
Parks	577,707	-	577,707	907,219	(329,512)
Library	422,181	-	422,181	373,092	49,089
Event Complex	103,339	-	103,339	100,828	2,511
Sports and recreation	589,894	7,000	596,894	133,137	463,757
Museum	122,120	-	122,120	119,379	2,741
Total cultural, parks and recreation	<u>1,815,241</u>	<u>7,000</u>	<u>1,822,241</u>	<u>1,633,655</u>	<u>188,586</u>
Public service:					
Cemetery	127,183	-	127,183	121,322	5,861
Senior citizens center	131,159	-	131,159	117,622	13,537
Total public service	<u>258,342</u>	<u>-</u>	<u>258,342</u>	<u>238,944</u>	<u>19,398</u>
Economic development:					
Tourism	951,809	-	951,809	739,865	211,944
Total economic development	<u>951,809</u>	<u>-</u>	<u>951,809</u>	<u>739,865</u>	<u>211,944</u>
Total expenditures	<u>14,035,657</u>	<u>108,000</u>	<u>14,143,657</u>	<u>12,543,835</u>	<u>1,599,822</u>
Revenue over (under) expenditures	(5,150,417)	-	(5,150,417)	(2,369,851)	(419,078)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	4,206,809	-	4,206,809	2,351,367	(1,855,442)
Net other financing sources (uses)	<u>4,206,809</u>	<u>-</u>	<u>4,206,809</u>	<u>2,351,367</u>	<u>(1,855,442)</u>
Revenues and other financing sources over (under) expenditures and other uses	(943,608)	-	(943,608)	(18,484)	(2,274,520)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>7,288,691</u>	
Fund balance at end of year (Non-GAAP budgetary basis)				<u>\$ 7,270,207</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(856,772)	
Fund balance at end of year (GAAP basis)				<u>\$ 6,413,435</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
 Year Ended June 30, 2020

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
City's portion of the net pension liability (asset)	0.4449%	0.4507%	0.4351%	0.0036%	0.3143%	0.2956%
City's proportionate share of the net pension liability (asset)	\$ (149,809)	\$ 18,377	\$ 666,377	\$ 27,687	\$ (149,724)	\$ (18,868)
City's covered-employee payroll	\$ 1,244,785	\$ 1,414,340	\$ 1,261,656	\$ 994,858	\$ 1,044,284	\$ 1,218,612
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12%	1%	53%	3%	-14%	-2%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.99%	99.71%	99.99%	100.07%	100.01%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
Contractually required contribution	\$ 159,164	\$ 165,612	\$ 166,821	\$ 76,700	\$ 121,583	\$ 90,650
Contributions in relation to the contractually required contribution	(159,164)	(165,612)	(166,821)	(76,700)	(121,583)	(90,650)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,224,338	\$ 1,414,340	\$ 1,261,656	\$ 994,858	\$ 1,044,284	\$ 1,218,612
Contributions as a percentage of covered-employee payroll	13.00%	11.71%	13.22%	7.71%	11.64%	7.44%

** Only the current fiscal year is presented because 10-year data is not yet available

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
 Year Ended June 30, 2020

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
City's portion of the net pension liability (asset)	0.4143%	0.4445%	0.4293%	0.4127%	0.3633%	0.3135%
City's proportionate share of the net pension liability (asset)	\$ 4,260,218	\$ 4,718,064	\$ 5,245,352	\$ 5,190,281	\$ 4,089,963	\$ 3,313,002
City's covered-employee payroll	\$ 1,109,007	\$ 1,192,820	\$ 1,169,100	\$ 1,119,844	\$ 1,079,345	\$ 1,291,680
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	384%	396%	449%	463%	379%	256%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	100.00%	100.00%	100.00%	100.00%	100.00%

* The amount presented for each fiscal year were determined as of the fiscal year-end that occurred previous

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

	<u>2015*</u>	<u>2016*</u>	<u>2017*</u>	<u>2018*</u>	<u>2019*</u>	<u>2020*</u>
Contractually required contribution	\$ 156,145	\$ 166,995	\$ 168,135	\$ 97,029	\$ 147,635	\$ 108,657
Contributions in relation to the contractually required contribution	<u>(156,145)</u>	<u>(166,995)</u>	<u>(168,135)</u>	<u>(97,029)</u>	<u>(147,635)</u>	<u>(108,657)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,115,317	\$ 1,192,820	\$ 1,169,100	\$ 1,119,844	\$ 1,079,345	\$ 1,291,680
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.38%	8.66%	13.68%	8.41%

** Only the current fiscal year is presented because 10-year data is not yet available

**City of Woodward, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020**

	<u>Hotel Tax Fund</u>	<u>Miscellaneous Trust Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Non-Major Funds</u>
ASSETS					
Cash and cash equivalents	\$ 150,738	\$ 28,973	\$ 45,831	\$ 14,324	\$ 239,866
Accounts receivable	69,601	-	-	-	69,601
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 220,339</u>	<u>\$ 28,973</u>	<u>\$ 45,831</u>	<u>\$ 14,324</u>	<u>\$ 309,467</u>
LIABILITIES					
Accounts payable	\$ -	\$ 83	\$ -	\$ -	\$ 83
Due to other funds	-	-	9,338	-	9,338
Total liabilities	<u>-</u>	<u>83</u>	<u>9,338</u>	<u>-</u>	<u>9,421</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	220,339	28,890	36,493	14,324	300,046
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>220,339</u>	<u>28,890</u>	<u>36,493</u>	<u>14,324</u>	<u>300,046</u>
Total liabilities and fund balances	<u>\$ 220,339</u>	<u>\$ 28,973</u>	<u>\$ 45,831</u>	<u>\$ 14,324</u>	<u>\$ 309,467</u>

City of Woodward, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2020

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Total Non-Major Funds
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	376,133	-	-	-	376,133
Charges for services	-	28,890	12,062	-	40,952
Rental income	92,595	-	-	-	92,595
Other income	-	-	-	-	-
Interest income	5,807	-	725	266	6,798
Total revenues	<u>474,535</u>	<u>28,890</u>	<u>12,787</u>	<u>266</u>	<u>516,478</u>
EXPENDITURES					
General government	-	26,730	-	-	26,730
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>26,730</u>	<u>-</u>	<u>-</u>	<u>26,730</u>
Excess (deficiency) of revenues over expenditures	<u>474,535</u>	<u>2,160</u>	<u>12,787</u>	<u>266</u>	<u>489,748</u>
OTHER FINANCING SOURCES (USES)					
Transfers in/(out)	(738,067)	-	-	-	(738,067)
Total other financing sources and uses	<u>(738,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(738,067)</u>
Net change in fund balances	(263,532)	2,160	12,787	266	(248,319)
Fund balances - beginning	483,871	26,730	23,706	14,058	548,365
Fund balances - ending	<u>\$ 220,339</u>	<u>\$ 28,890</u>	<u>\$ 36,493</u>	<u>\$ 14,324</u>	<u>\$ 300,046</u>



INDEPENDENT AUDITOR'S 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 Commissioners
City of Woodward, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Woodward, Oklahoma's basic financial statements, and have issued our report thereon dated December 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Woodward, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Woodward, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FSW+B CPAs-PLLC

FSW&B CPAs-PLLC

Stillwater, Oklahoma

December 17, 2020