

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

**ANNUAL FINANCIAL STATEMENTS
AND ACCOMPANYING
INDEPENDENT AUDITORS REPORTS**

**FOR THE YEAR ENDED
JUNE 30, 2021**

The City of Woodward, Oklahoma
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Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and 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, 2021, 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, 2021, 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, and schedules of the City's proportionate share of net pension and other post-employment benefit 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 the schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements Federal Awards*, as listed in the table of contents, 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, and the schedule of expenditure of federal awards (supplementary information) 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 by us. In our opinion, based on our audit, the procedures performed as described above, the supplementary information is 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 June 3, 2022 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
June 3, 2022

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, 2021, 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 Commissioners. 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 (the "City") was established in 1887. The City is the largest city in Woodward County and the County seat for the district. The population is 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 by 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 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 \$62,290,805 (net position) for the fiscal year ended June 30, 2021. This is an increase in net position from the previous year when assets exceeded liabilities by \$61,130,056.
- Total net assets are comprised of the following:
 - (1) Net investment in capital assets of \$46,888,218. 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 \$8,232,204 majority which is restricted by constraints imposed by debt covenants and other State laws or regulations.
 - (3) Unrestricted net assets of \$7,169,383 represent the portion available to maintain the City's continuing obligations to citizens and its creditors.
- The City has total current liabilities of \$5,560,955 which are expected to be paid within the current year. Total noncurrent liabilities of \$35,094,322 represent the notes payable, capital leases, and employee benefit liabilities. The City has total liabilities of \$40,655,277 at June 30, 2021, which is a decrease from prior year's total liabilities of \$41,837,158.
- The City's governmental funds reported total ending fund balance of \$14,790,961 this year. This compares to the prior year ending fund balance of \$12,785,355 showing an increase of \$2,005,606 or 16%.

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 Commissioners. 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 activities. 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 Activities 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. The City has one type of proprietary fund, enterprise funds. Enterprise funds represent the same activities as the business-type activities in the government-wide statements. Services are provided to customers.

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.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2021

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, 2021 was \$62,290,805. 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	
	2021	2020	2021	2020	2021	2020	\$	%
Current assets	\$ 15,835	\$ 13,435	\$ 5,363	\$ 4,940	\$ 21,198	\$ 18,375	\$ 2,823	15%
Capital assets, net	58,794	61,597	21,742	22,581	80,536	84,178	(3,642)	-4%
Total assets	74,629	75,032	27,105	27,521	101,734	102,553	(819)	-1%
Deferred outflow of resources	1,807	1,164	-	-	1,807	1,164	643	55%
Current liabilities	3,186	2,708	2,375	1,967	5,561	4,675	886	19%
Non-current liabilities	20,092	20,454	15,002	16,708	35,094	37,162	(2,068)	-6%
Total liabilities	23,278	23,162	17,377	18,675	40,655	41,837	(1,182)	-3%
Deferred inflow of resources	595	750	-	-	595	750	(155)	-21%
Net position								
Net investment in capital assets	41,625	42,397	5,264	4,503	46,889	46,900	(11)	0%
Restricted	6,684	5,926	1,549	1,225	8,233	7,151	1,082	15%
Unrestricted	4,254	3,961	2,915	3,118	7,169	7,079	90	1%
Total net position	\$ 52,563	\$ 52,284	\$ 9,728	\$ 8,846	\$ 62,291	\$ 61,130	\$ 1,161	2%

The City's overall financial position improved 2% between fiscal year 2021 and 2020. Assets noted a decrease of 1% or about \$818 thousand due to a decrease in restricted cash balances at the end of fiscal year 2021. Liabilities noted a decrease of 3% or about \$1.2 million due to the regularly scheduled payments made on outstanding obligations offset by the addition of over \$2.8 million in capital leases for the City and \$1.7 million in pension obligation. 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, 2021

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	
	2021	2020	2021	2020	2021	2020	\$	%
Revenues								
Program revenues	\$ 3,837,680	\$ 2,904,690	\$ 7,798,240	\$ 7,961,017	\$ 11,635,920	\$ 10,865,707	\$ 770,213	7%
Taxes and other general revenues	12,771,313	14,235,180	185,959	253,489	12,957,272	14,488,669	(1,531,397)	-11%
Total revenues	16,608,993	17,139,870	7,984,199	8,214,506	24,593,192	25,354,376	(761,184)	-3%
Expenses								
General government	3,794,418	3,899,830	1,270,344	1,331,199	5,064,762	5,231,029	(166,267)	-3%
Public safety/judiciary	7,171,344	6,798,037	-	-	7,171,344	6,798,037	373,307	5%
Transportation	1,711,222	2,031,085	-	-	1,711,222	2,031,085	(319,863)	-16%
Cultural	3,861,870	3,945,401	-	-	3,861,870	3,945,401	(83,531)	-2%
Public services	277,987	274,394	-	-	277,987	274,394	3,593	1%
Economic development	868,399	953,549	1,838,469	311,997	2,706,868	1,265,546	1,441,322	114%
Water	-	-	1,119,393	1,631,722	1,119,393	1,631,722	(512,329)	-31%
Sewer	-	-	999,295	1,047,415	999,295	1,047,415	(48,120)	-5%
Sanitation	-	-	274,640	1,084,833	274,640	1,084,833	(810,193)	-75%
Hospital	-	-	245,062	235,367	245,062	235,367	9,695	4%
Total expenses	17,685,240	17,902,296	5,747,203	5,642,533	23,432,443	23,544,829	(112,386)	0%
Excess (deficiency) before transfers	\$ (1,076,247)	\$ (762,426)	\$ 2,236,996	\$ 2,571,973	\$ 1,160,749	\$ 1,809,547	\$ (648,798)	-36%
Transfers	1,181,094	9,319,348	(1,181,094)	(9,319,348)	-	-	-	100%
Increase (decrease) in net position	\$ 104,847	\$ 8,556,922	\$ 1,055,902	\$ (6,747,375)	\$ 1,160,749	\$ 1,809,547	\$ (648,798)	-36%

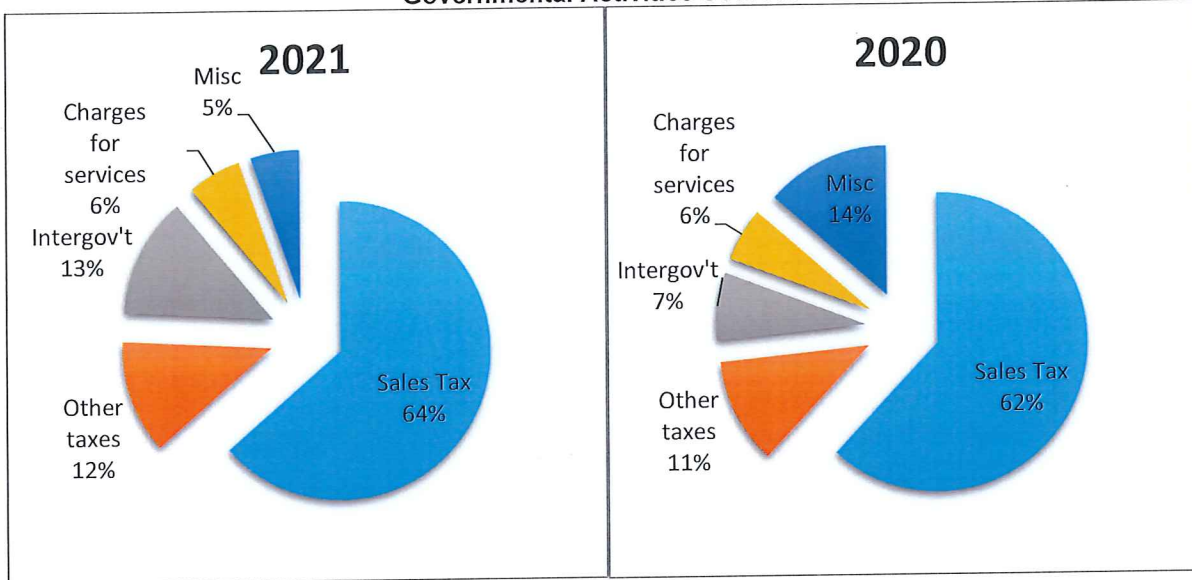
Revenues for the City decreased over prior year with a change of 3% or \$761 thousand. Program revenues, which include revenues received from other government agencies and utility billing, increased \$770 thousand or 7% over prior year due to COVID-19 relief funds provided by the federal government in response to the pandemic. Taxes and general revenues reported a decrease of 11% or \$1.5 million which is primarily attributable to the change in pension obligations by the City.

Operating expenses remained consistent over prior year with a change of less than 1% or \$112 thousand. Expenses shifted between departments, but overall the City maintained a level basis of spending when compared to prior year.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2021

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.

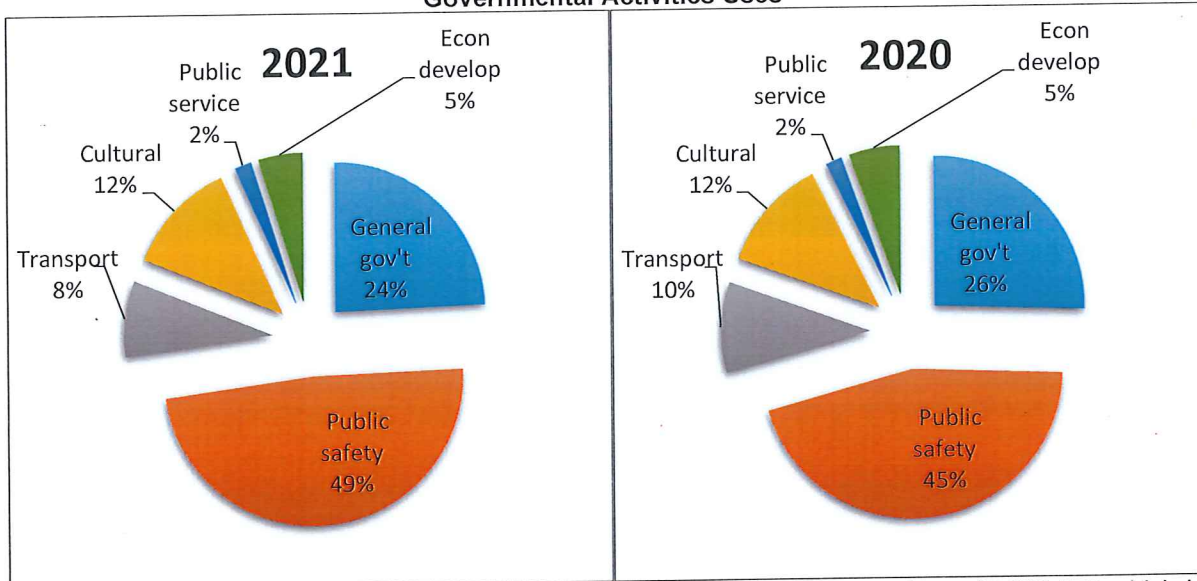
Governmental Activities Sources



Sales tax revenues account for 64% of the total operating revenues of the governmental activities which has decreased from 62% in prior fiscal year. The shift in revenues is attributable to an increase in over \$903 thousand in miscellaneous revenues during fiscal year 2021 related to the federal grant funding received under the CARES program related to the COVID-19 pandemic.

Expenditures of the governmental activities by department are reflected below.

Governmental Activities Uses



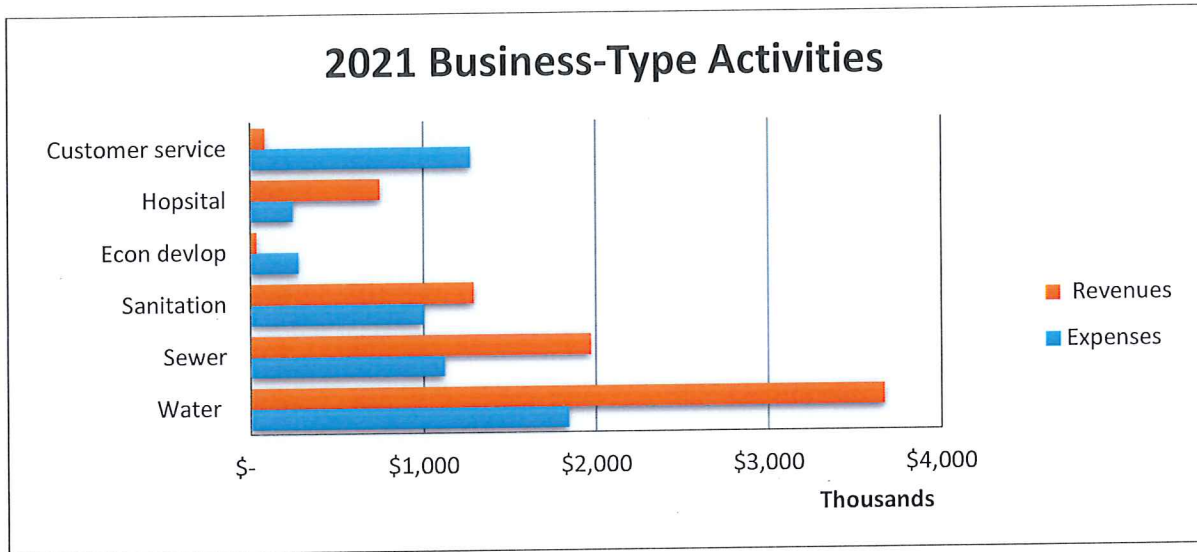
Public safety is the largest use of funds for the City in fiscal year 2021 at 49% or \$6,606,970 which is consistent with prior year at 45% or \$6,071,279. All activities remained consistent between years.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2021

Spending as represented in the above graphic totaled \$13,629,593 in fiscal year 2021 compared to \$13,444,622 in fiscal year 2020.

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, 2021, 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, 2021

Capital Assets

	Capital Assets, Net of Accumulated Depreciation				Total	
	Governmental Activities		Business-type Activities		2021	2020
	2021	2020	2021	2020		
Non-Depreciable Assets						
Land	\$ 1,033,669	\$ 1,008,639	\$ 469,258	\$ 469,258	\$ 1,502,927	\$ 1,477,897
Construction in Process	8,641,320	8,641,320	280,353	1,921,637	8,921,673	10,562,957
Depreciable Assets						
Buildings	51,115,248	51,097,653	581,303	17,956,443	51,696,551	69,054,096
Machinery & equipment	15,485,720	15,066,298	22,148,198	22,104,251	37,633,918	37,170,549
Infrastructure	23,844,594	23,769,432	24,173,747	4,857,396	48,018,341	28,626,828
Accumulated Depreciation	(41,326,159)	(38,004,832)	(25,911,208)	(24,727,613)	(67,237,367)	(62,732,445)
Net Capital Assets	\$ 58,794,392	\$ 61,578,510	\$ 21,741,651	\$ 22,581,372	\$ 80,536,043	\$ 84,159,882

Long-Term Debt

At year-end, the City had \$35,094,322 in noncurrent liabilities. The City's comparative noncurrent liabilities are as follows:

	Primary Government Long-Term Debt			
	Governmental Activities		Business-type Activities	
	2021	2020	2021	2020
Notes payable	\$ 14,131,061	\$ 15,656,610	\$ 12,512,995	\$ 13,967,360
Capital leases	3,038,666	3,543,558	3,965,103	4,111,389
Meter deposits	-	-	411,868	382,022
Compensated absences	-	-	46,165	48,754
Pension obligation	5,064,342	3,313,002	-	-
Less current portion	(2,141,725)	(2,059,067)	(1,934,153)	(1,801,548)
Total long-term debt	\$ 20,092,344	\$ 20,454,103	\$ 15,001,978	\$ 16,707,977

2022 AND BEYOND FOR THE CITY OF WOODWARD

Economic Environment

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2021 Summer Update "The state and national economies continue to recover from the damage wrought by the COVID-19 pandemic. Parts of the economy that had been most affected saw the greatest increases in activity. The surge in inflation and the current wave of COVID-19 cases...pose risks to the economy." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year.

The *Economic Outlook* stated "the economy is moving towards a new unknown equilibrium of demand, prices, wages, and output. During the adjustment, the economy can simultaneously experience inflation and high unemployment with the combination of strong demand and constraints on supply." The pandemic continues to loom as municipalities move forward providing daily, necessary services to citizens.

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. Considering the impact of COVID-19, the City has budgeted recurring revenues between 80-90% of current year collections. The utility rate ordinance has a built in CPI increase effective July 1. The City has adopted a budget that will meet the continuing needs of the City.

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, 2021

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 4,400,785	\$ 2,588,784	\$ 6,989,569
Investments	19,178	-	19,178
Due from other governments	2,311,633	-	2,311,633
Accounts receivable (net)	849,485	1,849,133	2,698,618
Inventory	730,932	-	730,932
Other assets	129,890	-	129,890
Due from other funds	623,184	(623,184)	-
Total current assets	<u>9,065,087</u>	<u>3,814,733</u>	<u>12,879,820</u>
Restricted assets:			
Cash and cash equivalents	6,769,909	1,548,695	8,318,604
Total restricted assets	<u>6,769,909</u>	<u>1,548,695</u>	<u>8,318,604</u>
Noncurrent Assets:			
Land and construction in progress	9,674,989	749,611	10,424,600
Other capital assets (net of accumulated depreciation)	49,119,403	20,992,040	70,111,443
Total noncurrent assets	<u>58,794,392</u>	<u>21,741,651</u>	<u>80,536,043</u>
Total assets	<u>\$ 74,629,388</u>	<u>\$ 27,105,079</u>	<u>\$ 101,734,467</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>1,806,782</u>	<u>-</u>	<u>1,806,782</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 44,252	\$ 198,333	\$ 242,585
Payroll liabilities	804,066	83,331	887,397
Accrued payables	-	96,878	96,878
Deferred revenue	195,717	62,500	258,217
Capital lease, current	660,101	349,429	1,009,530
Notes payable, current	1,481,624	1,584,724	3,066,348
Total current liabilities	<u>3,185,760</u>	<u>2,375,195</u>	<u>5,560,955</u>
Noncurrent liabilities:			
Compensated absences	-	46,165	46,165
Meter deposits	-	411,868	411,868
Pension obligation	5,064,342	-	5,064,342
Capital lease, non-current	2,378,565	3,615,674	5,994,239
Notes payable, non-current	12,649,437	10,928,271	23,577,708
Total noncurrent liabilities	<u>20,092,344</u>	<u>15,001,978</u>	<u>35,094,322</u>
Total liabilities	<u>23,278,104</u>	<u>17,377,173</u>	<u>40,655,277</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>595,167</u>	<u>-</u>	<u>595,167</u>
NET POSITION			
Net investment in capital assets	41,624,665	5,263,553	46,888,218
Reserved for restricted purposes	6,684,509	1,548,695	8,233,204
Unrestricted	4,253,725	2,915,658	7,169,383
Total net position	<u>\$ 52,562,899</u>	<u>\$ 9,727,906</u>	<u>\$ 62,290,805</u>

City of Woodward, Oklahoma
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants & Contributions
Governmental activities:					
General government	\$ 3,794,418	\$ 87,594	\$ 133,370	\$ 902,671	\$ (2,670,783)
Public safety and judiciary	7,171,344	764,511	815,352	-	(5,591,481)
Transportation	1,711,222	365,501	109,851	-	(1,235,870)
Cultural, parks and recreation	3,861,870	75,401	19,146	-	(3,767,323)
Public service	277,987	50,270	-	-	(227,717)
Economic development	868,399	514,013	-	-	(354,386)
Total governmental activities	<u>17,685,240</u>	<u>1,857,290</u>	<u>1,077,719</u>	<u>902,671</u>	<u>(13,847,560)</u>
Business-type activities:					
Water	1,838,469	3,629,837	40,161	-	1,831,529
Sewer	1,119,393	1,442,603	529,640	-	852,850
Sanitation	999,295	1,285,317	3,440	-	289,462
Economic development	274,640	33,710	-	-	(240,930)
Hospital	245,062	-	750,000	-	504,938
Customer service	1,270,344	83,532	-	-	(1,186,812)
Total business-type activities	<u>5,747,203</u>	<u>6,474,999</u>	<u>1,323,241</u>	<u>-</u>	<u>2,051,037</u>
Total primary government	<u>\$ 23,432,443</u>	<u>\$ 8,332,289</u>	<u>\$ 2,400,960</u>	<u>\$ 902,671</u>	<u>\$ (11,796,523)</u>

City of Woodward, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2021

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (13,847,560)	\$ 2,051,037	\$ (11,796,523)
General revenues:			
Taxes:			
Sales tax	11,182,511	-	11,182,511
Use tax	1,177,868	-	1,177,868
Franchise tax	549,475	-	549,475
Other taxes	344,442	-	344,442
Investment income	121,790	30,214	152,004
Other income	367,755	155,745	523,500
Change in pension obligations	(972,528)	-	(972,528)
Transfers	1,181,094	(1,181,094)	-
Total general revenues and transfers	<u>13,952,407</u>	<u>(995,135)</u>	<u>12,957,272</u>
Change in net assets	104,847	1,055,902	1,160,749
Net position-beginning	52,283,498	8,846,558	61,130,056
Prior period restatement	174,554	(174,554)	-
Net position-ending	<u>\$ 52,562,899</u>	<u>\$ 9,727,906</u>	<u>\$ 62,290,805</u>

City of Woodward, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2021

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 4,400,785	\$ 2,201,876	\$ 3,344,030	\$ 1,222,774	\$ 1,229	\$ 11,170,694
Investments	19,178	-	-	-	-	19,178
Due from other governments	1,290,438	765,896	255,299	-	-	2,311,633
Accounts receivable	680,945	-	-	46,605	121,935	849,485
Due from other funds	784,763	-	17,041	5,183	-	806,987
Inventory	730,932	-	-	-	-	730,932
Other assets	129,890	-	-	-	-	129,890
Total assets	<u>\$ 8,036,931</u>	<u>\$ 2,967,772</u>	<u>\$ 3,616,370</u>	<u>\$ 1,274,562</u>	<u>\$ 123,164</u>	<u>\$ 16,018,799</u>
LIABILITIES						
Accounts payable	\$ 44,143	\$ -	\$ -	\$ -	\$ 109	\$ 44,252
Payroll liabilities	804,066	-	-	-	-	804,066
Due to other funds	84,890	8,900	4,450	76,225	9,338	183,803
Deferred revenue	195,717	-	-	-	-	195,717
Total liabilities	<u>1,128,816</u>	<u>8,900</u>	<u>4,450</u>	<u>76,225</u>	<u>9,447</u>	<u>1,227,838</u>
FUND BALANCES						
Nonspendable	730,932	-	-	-	-	730,932
Committed	-	2,958,872	3,611,920	-	113,717	6,684,509
Assigned	-	-	-	1,198,337	-	1,198,337
Unassigned	6,177,183	-	-	-	-	6,177,183
Total fund balances	<u>6,908,115</u>	<u>2,958,872</u>	<u>3,611,920</u>	<u>1,198,337</u>	<u>113,717</u>	<u>14,790,961</u>
Total liabilities and fund balances	<u>\$ 8,036,931</u>	<u>\$ 2,967,772</u>	<u>\$ 3,616,370</u>	<u>\$ 1,274,562</u>	<u>\$ 123,164</u>	<u>\$ 16,018,799</u>
Total fund balance- total governmental funds						\$ 14,790,961
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						
Land and construction in process						9,674,989
Capital assets						90,445,562
Less: Accumulated depreciation						<u>(41,326,159)</u>
						58,794,392
Long-term portion of liabilities are not due and payable in the current period and are not reported						
Notes payable						(14,131,061)
Capital lease obligation						(3,038,666)
Deferred outflows(inflows) on pension obligation, net						1,211,615
Net pension (obligation)/asset						<u>(5,064,342)</u>
						(21,022,454)
Net position of governmental activities						<u>\$ 52,562,899</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2021

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 5,591,255	\$ 4,193,442	\$ 1,397,814	\$ -	\$ -	\$ 11,182,511
Use tax	1,177,868	-	-	-	-	1,177,868
Franchise tax	549,475	-	-	-	-	549,475
Hotel tax	-	-	-	-	422,714	422,714
Licenses and permits	79,634	-	-	-	-	79,634
Fines and forfeitures	332,643	-	-	-	-	332,643
Charges for services	917,062	-	-	-	105,239	1,022,301
Intergovernmental revenues	1,275,864	-	-	1,016,146	-	2,292,010
Donations	32,820	-	-	-	-	32,820
Other revenues	367,755	-	-	-	-	367,755
Proceeds of debt issuance	-	2,800,000	-	-	-	2,800,000
Interest	32,511	37,131	36,832	14,030	1,286	121,790
Total revenues	10,356,887	7,030,573	1,434,646	1,030,176	529,239	20,381,521
EXPENDITURES						
General government:						
General government	1,080,295	39,732	43,651	2,421	-	1,166,099
City clerk	151,298	-	-	-	-	151,298
Commission	29,610	-	-	-	-	29,610
Building maintenance	376,155	-	-	-	-	376,155
Finance	239,062	-	-	-	-	239,062
Treasurer	24,325	-	-	-	-	24,325
Managerial	599,814	-	-	-	-	599,814
Information technology	379,724	-	7,246	-	-	386,970
Fleet management	222,052	-	-	-	-	222,052
Construction	124,349	-	-	-	-	124,349
Total general government	3,226,684	39,732	50,897	2,421	-	3,319,734
Public safety and judiciary:						
Police	2,785,850	-	4,653	247,160	-	3,037,663
City attorney	52,360	-	-	-	-	52,360
Municipal court	135,336	-	-	-	-	135,336
Fire	2,918,823	-	15,450	-	-	2,934,273
Code enforcement	264,254	-	-	-	-	264,254
Civil defense	183,084	-	-	-	-	183,084
Total public safety and judiciary	6,339,707	-	20,103	247,160	-	6,606,970
Transportation:						
Street	570,592	781	6,371	-	-	577,744
Airport	545,439	-	-	-	-	545,439
Total transportation	1,116,031	781	6,371	-	-	1,123,183
Cultural, parks and recreation:						
Parks	922,766	-	2,875	3,860	-	929,501
Library	358,756	-	-	16,033	-	374,789
Event Complex	105,476	-	-	-	-	105,476
Sports and recreation	138,537	-	-	-	-	138,537
Museum	123,415	-	-	-	-	123,415
Total cultural, parks and recreation	1,648,950	-	2,875	19,893	-	1,671,718
Public service:						
Cemetery	144,437	-	-	-	-	144,437
Senior citizens center	106,701	-	-	-	-	106,701
Total public service	251,138	-	-	-	-	251,138
Economic development:						
Tourism	656,850	-	-	-	-	656,850
Total economic development	656,850	-	-	-	-	656,850
Capital outlay	537,209	-	-	-	-	537,209
Debt service:						
Principal	4,655,887	-	-	-	-	4,655,887
Interest expense	734,320	-	-	-	-	734,320
Total debt service	5,390,207	-	-	-	-	5,390,207
Total expenditures	19,166,776	40,513	80,246	269,474	-	19,557,009
Excess (deficiency) of revenues over expenditures	(8,809,889)	6,990,060	1,354,400	760,702	529,239	824,512
OTHER FINANCING SOURCES (USES)						
Transfers in	9,304,569	-	-	-	-	9,304,569
Transfers out	-	(6,209,293)	(1,190,739)	(7,875)	(715,568)	(8,123,475)
Total other financing sources and uses	9,304,569	(6,209,293)	(1,190,739)	(7,875)	(715,568)	1,181,094
Net change in fund balances	494,680	780,767	163,661	752,827	(186,329)	2,005,606
Fund balances - beginning	6,413,435	2,178,105	3,448,259	445,510	300,046	12,785,355
Fund balances - ending	\$ 6,908,115	\$ 2,958,872	\$ 3,611,920	\$ 1,198,337	\$ 113,717	\$ 14,790,961

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2021

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		\$ 2,005,606
Amounts reported for governmental activities in the Statement of Activities are different because:		
<p style="margin-left: 40px;">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.</p>		
Capital asset purchases capitalized	537,209	
Depreciation expense	<u>(3,321,327)</u>	(2,784,118)
<p style="margin-left: 40px;">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.</p>		
Principal debt payments		4,655,887
Proceeds from debt issuance		(2,800,000)
<p style="margin-left: 40px;">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.</p>		
		<u>(972,528)</u>
Change in Net Assets of Governmental Activities		<u>\$ 104,847</u>

City of Woodward, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2021

	Woodward Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,588,784
Accounts receivable, net	1,849,133
Total current assets	4,437,917
Current assets:	
Restricted assets:	
Cash, including time deposits	1,548,695
Total restricted assets	1,548,695
Noncurrent assets:	
Capital assets (net)	21,741,651
Total noncurrent assets	21,741,651
Total assets	\$ 27,728,263
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 198,333
Payroll liabilities	83,331
Due to other funds	623,184
Accrued interest payable	96,878
Capital lease, current	349,429
Notes payable, current	1,584,724
Total current liabilities	2,935,879
Noncurrent liabilities:	
Compensated absences	46,165
Deferred revenue	62,500
Meter deposits	411,868
Capital lease, non-current	3,615,674
Notes payable, non-current	10,928,271
Total noncurrent liabilities	15,064,478
Total liabilities	18,000,357
NET POSITION	
Net investment in capital assets	5,263,553
Restricted	1,548,695
Unrestricted	2,915,658
Total net position	\$ 9,727,906

City of Woodward, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2021

	<u>Woodward Municipal Authority</u>
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 3,629,837
Sewer charges	1,442,603
Sanitation charges	1,285,317
Golf course	33,710
Penalties	83,532
Total charges for services	<u>6,474,999</u>
Lease and rental income	793,601
Stormwater fee	529,640
Miscellaneous income	155,745
Total operating revenues	<u>7,953,985</u>
<u>Operating expenses:</u>	
Personal services	2,048,717
Materials and supplies	417,733
Other services and charges	1,690,045
Depreciation and amortization	1,183,595
Total operating expenses	<u>5,340,090</u>
Net operating income	2,613,895
<u>Nonoperating revenue (expense):</u>	
Investment income	30,214
Bad debt	5,971
Interest expense	<u>(413,084)</u>
Total nonoperating revenue (expense)	<u>(376,899)</u>
Net Income before contributions and transfers	2,236,996
Transfers from other funds	8,059,872
Transfers to other funds	<u>(9,240,966)</u>
Change in net position	1,055,902
Net position-beginning of year	8,846,558
Prior period adjustment	<u>(174,554)</u>
Net position-end of year	<u>\$ 9,727,906</u>

City of Woodward, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021

	<u>Woodward Municipal Authority</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 8,132,863
Payments to suppliers	(1,923,957)
Payments to employees	(2,051,025)
Net cash provided (used) by operating activities	<u>4,157,881</u>
<u>Cash flows from non-capital financing activities:</u>	
Transfers from other funds	8,059,872
Transfers to other funds	(9,240,966)
Net cash provided (used) by non-capital financing activities	<u>(1,181,094)</u>
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(343,875)
Proceeds from capital lease	65,489
Principal paid on capital debt	(1,840,694)
Interest paid on capital debt	(378,193)
Net cash provided (used) by capital and related financing activities	<u>(2,497,273)</u>
<u>Cash flows from investing activities:</u>	
Investment income	30,214
Net cash provided (used) by investing activities	<u>30,214</u>
Net increase (decrease) in cash and cash equivalents	509,728
Cash & cash equivalents, beginning of year	<u>3,627,751</u>
Cash & cash equivalents, end of the year	<u>\$ 4,137,479</u>
Cash, including time deposits	\$ 2,588,784
Restricted cash, including time deposits	1,548,695
Total cash and cash equivalents, end of year	<u>\$ 4,137,479</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 2,613,895
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,183,595
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	86,532
Increase (decrease) in accounts payable	183,821
Increase (decrease) in payroll liabilities	(2,308)
Increase (decrease) in deferred revenue	62,500
Increase (decrease) in meter deposits	29,846
Total adjustments	<u>1,543,986</u>
Net cash provided (used) by operating activities	<u>\$ 4,157,881</u>

City of Woodward, Oklahoma
Statement of Fiduciary Net Position - Agency Fund
June 30, 2021

	<u>Municipal Court</u>
ASSETS	
Cash and cash equivalents	\$ 78,639
Total assets	<u>\$ 78,639</u>
LIABILITIES	
Accounts payable	\$ 19,686
Due to other funds	10,907
Amounts held in escrow	48,046
Total liabilities	<u>\$ 78,639</u>

CITY OF WOODWARD, OKLAHOMA
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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 are 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 commissioner elected at large. The mayor is elected by the City Commissioners
- Executive — the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial — the Municipal Judge is a practicing attorney appointed by the City Commission

Component Units:

The City of Woodward Municipal Authority — public trust created under 60 O.S. §176 with the City as the beneficiary that operates the water, sewer and sanitation services of the City. The component unit (Authority) has the City Commission as their governing body (trustees) and the City can 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 (the "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 Foundation is not considered a component unit of the City and prepares separately audited financial

CITY OF WOODWARD, OKLAHOMA
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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 Foundation at a current rate of \$28,000 per month. During the year ended June 30, 2021, the Foundation 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 statements 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.

Certain reclassifications were made from prior year balances to confirm to the financial statements and notes in the current period presentation.

CITY OF WOODWARD, OKLAHOMA
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Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund — accounts for all activities not accounted for in other special-purpose funds
- Limited Purpose Sales Tax Fund — 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:

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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.

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.

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 fund is the following 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.

The City held certificates of deposits at June 30, 2021.

**CITY OF WOODWARD, OKLAHOMA
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<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				
INVESTMENTS:				
Certificates of deposit	\$ 19,178	\$ 19,178	N/A	1
Total investments	<u>19,178</u>	<u>19,178</u>		
Total primary government investme	<u>\$ 19,178</u>	<u>\$ 19,178</u>		

RECONCILIATION TO STATEMENT OF NET POSITION

	<u>Governmental Activities</u>	
Investments, unrestricted	\$ 19,178	
Total investments	<u>\$ 19,178</u>	

- (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.

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, 2021, 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, 2021, 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

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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, 2021, there were no investments with exposure to credit risk.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the City's total investment portfolio may be invested in a single financial institution. At June 30, 2021, 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, 2021, capital assets balances changed as follows:

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	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
<i>Governmental Activities</i>				
Land	\$ 1,008,639	\$ 25,030	\$ -	\$ 1,033,669
Construction in process	8,641,320	-	-	8,641,320
Total non-depreciable assets	9,649,959	25,030	-	9,674,989
Buildings	51,097,653	17,595	-	51,115,248
Improvements	10,935,016	1,986	-	10,937,002
Infrastructure	12,834,416	73,176	-	12,907,592
Machinery and equipment	15,066,298	419,422	-	15,485,720
Total assets at cost	99,583,342	537,209	-	100,120,551
Less accumulated depreciation	38,004,832	3,321,327	-	41,326,159
Governmental capital assets, net	\$ 61,578,510	\$ (2,784,118)	\$ -	\$ 58,794,392
<i>Business-type Activities</i>				
Land	\$ 469,258	\$ -	\$ -	\$ 469,258
Construction in process	1,921,637	180,725	(1,822,009)	280,353
Total non-depreciable assets	2,390,895	180,725	(1,822,009)	749,611
Buildings	581,303	-	-	581,303
Improvements	17,375,140	1,941,211	-	19,316,351
Infrastructure	4,857,396	-	-	4,857,396
Machinery and equipment	22,104,251	43,947	-	22,148,198
Total assets at cost	47,308,985	2,165,883	(1,822,009)	47,652,859
Less accumulated depreciation	24,727,613	1,183,595	-	25,911,208
Business-type capital assets, net	\$ 22,581,372	\$ 982,288	\$ (1,822,009)	\$ 21,741,651

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	\$ 378,652	Customer service	\$ 518,918
Public safety and judiciary	561,544	Water	358,814
Transportation	588,039	Sewer	260,747
Cultural, parks, and recreation	1,554,694	Hospital	-
Public service	26,849	Sanitation	45,116
Economic development	211,549		
Total depreciation expense	\$ 3,321,327	Total depreciation expense	\$ 1,183,595

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6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2021, the reporting entity's long-term debt changed as follows:

	Balance at July 1, 2020*	Additions	Deletions	Balance at June 30, 2021	Amounts Due Within One Year
<i>Governmental Activities</i>					
Notes payable	\$ 15,656,610	\$ -	\$ 1,525,549	\$ 14,131,061	\$ 1,481,624
Capital leases	3,369,004	2,800,000	3,130,338	3,038,666	660,101
Pension obligation	3,313,002	1,751,340	-	5,064,342	-
Total governmental activities	<u>\$ 22,338,616</u>	<u>\$ 4,551,340</u>	<u>\$ 4,655,887</u>	<u>\$ 22,234,069</u>	<u>\$ 2,141,725</u>
<i>Business-type Activities</i>					
Compensated absences	\$ 48,754	\$ -	\$ 2,589	\$ 46,165	\$ -
Meter deposits	382,022	29,846	-	411,868	-
Notes payable	13,967,360	-	1,454,365	12,512,995	1,584,724
Capital leases	4,285,943	65,489	386,329	3,965,103	349,429
Total business-type activities	<u>\$ 18,684,079</u>	<u>\$ 95,335</u>	<u>\$ 1,843,283</u>	<u>\$ 16,936,131</u>	<u>\$ 1,934,153</u>
Total long-term debt	<u>\$ 41,022,695</u>	<u>\$ 4,646,675</u>	<u>\$ 6,499,170</u>	<u>\$ 39,170,200</u>	<u>\$ 4,075,878</u>

* Capital leases reclassified from governmental activities to business-type activities

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.	\$3,740,000
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.	4,415,000
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.	2,765,000
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.	3,211,062

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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	35,414
\$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	203,251
\$2,800,000 capital lease with Truist Bank, formerly Branch Banking and Trust, for water and storm improvements, refinancing the 2015a Series. Lease is payable in bi-annual installments with an interest rate of 1.35% with final maturity May 2028.	2,800,000

Total Governmental Activities long-term debt \$ 17,169,727

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.	\$563,995
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.	4,540,000
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%.	7,409,000

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	3,745,000
\$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	19,273
\$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	121,931
\$32,460 lease with Axon for 22 tasers, holsters, cartridges, and battery packs, payable annually over five years maturing August 2024	19,206
\$61,500 capital lease with Yamaha Motor Company dated September 2020 for golf carts, payable in monthly installments of \$817.50 carrying an interest rate of 4.48% with final payment due September 2024. At the expiration of the lease, the golf carts can be purchased for \$30,497.	59,693

Total Business-type Activities long-term debt \$ 16,478,098

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Long-term debt service requirements to maturity:

Debt held by governmental activities is typically extinguished by the General Fund.

Pledge of Future Revenues

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
	2022	660,101	55,525	1,481,624	567,961	349,429	85,210	1,584,724
2023	482,932	37,431	1,539,159	502,735	359,785	77,226	1,615,157	295,730
2024	441,330	28,103	1,606,797	434,770	365,157	69,001	1,645,633	244,643
2025	405,237	21,167	1,674,536	363,863	394,528	59,809	1,677,256	195,581
2026	408,270	15,098	1,742,379	290,011	370,000	51,133	1,715,705	143,846
2027-2031	640,796	13,223	3,668,495	659,219	2,126,204	125,374	3,389,520	244,876
2032-2036	-	-	522,743	406,717	-	-	885,000	4,979
2037-2041	-	-	630,365	299,095	-	-	-	-
2042-2046	-	-	760,144	169,316	-	-	-	-
2047-2050	-	-	504,819	28,427	-	-	-	-
Totals	\$ 3,038,666	\$ 170,547	\$ 14,131,061	\$ 3,722,114	\$ 3,965,103	\$ 467,752	\$ 12,512,995	\$ 1,469,598

The City pledged the following revenues on outstanding debt.

Debt	Revenue Pledged	Total Pledged Revenue in Current Year	Current Year Debt Service Requirements	Percentage Portion of Pledged Revenue Stream	Remaining Principal	Period Revenue Will Not Be Available for Other Purposes
2006 Sales Tax Note	1.5% sales tax	\$ 4,193,441	\$ 707,899	17%	\$ 4,227,576	Until 2027
2007 Sales Tax Note	1.5% sales tax	4,193,441	726,374	17%	5,074,540	Until 2028
2008 Sales Tax Note	1.5% sales tax	4,193,441	424,479	10%	2,955,084	Until 2029
Series 2018 Utility Note	Water, sewer, and stormwater revenues	5,072,440	440,707	9%	5,231,193	Until 2033
Series 2020 Sales Tax Note	1% sales tax	2,795,627	1,187,511	42%	8,141,300	Until 2027

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.

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- 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 commission action or management decision when the city commission 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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	<u>Due From</u>	<u>Due To</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
LIMITED PURPOSE SALES TAX	\$ 8,900	-
RESTRICTED SALES TAX	-	11,409
GRANT FUND	76,225	380
OTHER GOVERNMENTAL 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>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	-	5,985
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	623,184
FIDUCIARY ACTIVITIES		
MUNICIPAL COURT	-	10,908
	<u>\$ 736,991</u>	<u>\$ 736,991</u>

	<u>Transfer In</u>	<u>Transfer Out</u>
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MUNICIPAL AUTHORITY	\$ 2,700,000	\$ -
GRANT FUND	-	-
OTHER GOVERNMENTAL FUNDS	715,568	-
<i>LIMITED PURPOSE SALES TAX</i>		
MUNICIPAL AUTHORITY	-	3,478,490
<i>RESTRICTED SALES TAX</i>		
MUNICIPAL AUTHORITY	-	773,503
<i>GRANT FUND</i>		
GENERAL FUND	-	-
<i>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	-	715,568
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	2,700,000
LIMITED PURPOSE SALES TAX	3,478,490	-
RESTRICTED SALES TAX	773,503	-
	<u>\$ 7,667,561</u>	<u>\$ 7,667,561</u>

9. Budget Policy and Practice

The City Clerk submits an annual budget to the City Commission in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Commission for review, and public hearings are held to address priorities and the allocation of resources. In June, the Commission 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 Commission. 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 Commission 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 Commission. Within these control levels, management may transfer appropriations without Commission 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 2021, 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 after they have reached the age of 50

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or 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 after they 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 \$164,139 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$4,686,976 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information the City's proportion was 0.380463%.

For the year ended June 30, 2021, the City recognized pension expense of \$904,947. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 597,357	\$ 62,888
Changes of assumptions	-	79,426
Net difference between projected and actual earnings on pension plan investments	331,537	262,644
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	-	-
	164,139	-
Total	\$ 1,093,033	\$ 404,958

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:		
2021	\$	99,564
2022		193,415
2023		143,786
2024		87,173
2025		-

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, 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	6,086,899	4,686,976	3,515,714

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 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.

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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 \$132,261.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$377,366 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. 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, 2020. Based upon this information, the City's proportion was 0.3286%.

For the year ended June 30, 2021, the City recognized pension expense of \$443,588. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,763	\$ 102,483
Changes of assumptions	38,766	-
Net difference between projected and actual earnings on pension plan investments	532,959	87,726
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	132,261	-
Total	\$ 713,749	\$ 190,209

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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:

2021	\$	54,662
2022		113,192
2023		145,725
2024		84,719
2025		(7,019)

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2020, 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, 2020, 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, 2020, 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%
Private Equity	10.2%
Other assets	3.5%

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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)	1,333,081	377,366	(430,968)

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 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 rests with the City Commission.

The City contributed \$334,711 to the Principle defined contribution plan for the year ended June 30, 2021.

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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.

The following table represents the history of contributions to the Plans.

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	-
2021	70,829	142,284	334,711	-

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 cents 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 cents is recorded in the Limited Purpose Sales Tax Fund to be used for capital improvements or debt service on certain indebtedness.
- 0.5 cents 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, 2021

	Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 4,661,363	\$ -	\$ 4,661,363	\$ 5,591,255	\$ 929,892
Use tax	937,967	-	937,967	1,177,868	239,901
Franchise tax	660,255	-	660,255	549,475	(110,780)
Other taxes	492,543	-	492,543	-	(492,543)
Licenses and permits	76,620	-	76,620	79,634	3,014
Fines and forfeitures	388,352	-	388,352	332,643	(55,709)
Charges for services	145,572	-	145,572	917,062	771,490
Intergovernmental revenues	401,675	-	401,675	1,275,864	874,189
Other revenues	359,767	-	359,767	400,575	40,808
Interest	88,133	-	88,133	32,511	(55,622)
Total revenues	8,212,247	-	8,212,247	10,356,887	2,144,640
EXPENDITURES					
General government:					
General government	1,770,010	(312,500)	1,457,510	1,080,295	377,215
City clerk	158,269	-	158,269	151,298	6,971
Commission	42,435	-	42,435	29,610	12,825
Building maintenance	384,938	-	384,938	376,155	8,783
Finance	315,262	-	315,262	239,062	76,200
Treasurer	25,325	-	25,325	24,325	1,000
Managerial	980,794	-	980,794	599,814	380,980
Information technology	380,998	-	380,998	379,724	1,274
Fleet management	271,773	-	271,773	222,052	49,721
Construction	122,042	2,500	124,542	124,349	193
Total general government	4,451,847	(310,000)	4,141,847	3,226,684	915,163
Public safety and judiciary:					
Police	2,856,218	-	2,856,218	2,785,850	70,368
City attorney	57,062	-	57,062	52,360	4,702
Municipal court	135,833	-	135,833	135,336	497
Fire	2,465,907	500,000	2,965,907	2,918,823	47,084
Code enforcement	278,149	-	278,149	264,254	13,895
Civil defense	373,856	(190,000)	183,856	183,084	772
Total public safety and judiciary	6,167,024	310,000	6,477,024	6,339,707	137,317
Transportation:					
Street	576,046	-	576,046	570,592	5,454
Total transportation	576,046	-	576,046	570,592	5,454
Cultural, parks and recreation:					
Parks	524,538	403,000	927,538	922,766	4,772
Library	396,297	(7,000)	389,297	358,756	30,541
Event Complex	98,874	7,000	105,874	105,476	398
Sports and recreation	546,029	(405,000)	141,029	138,537	2,492
Museum	121,879	2,000	123,879	123,415	464
Total cultural, parks and recreation	1,687,616	0	1,687,616	1,648,950	38,666
Public service:					
Cemetery	129,592	15,000	144,592	144,437	155
Senior citizens center	128,595	(15,000)	113,595	106,701	6,894
Total public service	258,186	(0)	258,186	251,138	7,048
Economic development:					
Tourism	821,230	-	821,230	656,850	164,380
Total economic development	821,230	-	821,230	656,850	164,380
Total expenditures	13,961,949	0	13,961,949	12,693,921	1,268,028
Revenue over (under) expenditures	(5,749,702)	(0)	(5,749,702)	(2,337,034)	876,612
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	3,511,230	-	3,511,230	3,914,362	403,132
Net other financing sources (uses)	3,511,230	-	3,511,230	3,914,362	403,132
Revenues and other financing sources over (under) expenditures and other uses	(2,238,472)	(0)	(2,238,472)	1,577,328	1,279,744
Fund balance at beginning of year (Non-GAAP budgetary basis)				7,270,207	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 8,847,535	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(1,939,420)	
Fund balance at end of year (GAAP basis)				\$ 6,908,115	

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, 2021

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
City's portion of the net pension liability (asset)	0.4449%	0.4507%	0.4351%	0.0036%	0.3143%	0.2956%	0.3286%
City's proportionate share of the net pension liability (asset)	\$ (149,809)	\$ 18,377	\$ 666,377	\$ 27,687	\$ (149,724)	\$ (18,868)	\$ 377,366
City's covered-employee payroll	\$ 1,244,785	\$ 1,414,340	\$ 1,261,656	\$ 994,858	\$ 1,044,284	\$ 1,218,612	\$ 1,071,274
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-12%	1%	53%	3%	-14%	-2%	35%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	99.99%	99.71%	99.99%	100.07%	100.01%	99.83%

* 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

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
Contractually required contribution	\$ 159,164	\$ 165,612	\$ 166,821	\$ 76,700	\$ 121,583	\$ 90,650	\$ 132,261
Contributions in relation to the contractually required contribution	(159,164)	(165,612)	(166,821)	(76,700)	(121,583)	(90,650)	(132,261)
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	\$ 1,071,274
Contributions as a percentage of covered-employee payroll	13.00%	11.71%	13.22%	7.71%	11.64%	7.44%	12.35%

** 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, 2021

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
City's portion of the net pension liability (asset)	0.4143%	0.4445%	0.4293%	0.4127%	0.3633%	0.3135%	0.3805%
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	\$ 4,686,976
City's covered-employee payroll	\$ 1,109,007	\$ 1,192,820	\$ 1,169,100	\$ 1,119,844	\$ 1,079,345	\$ 1,291,680	\$ 1,209,167
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	384%	396%	449%	463%	379%	256%	388%
Plan fiduciary net position as a percentage of the total pension liability	68.12%	100.00%	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

	2015*	2016*	2017*	2018*	2019*	2020*	2021*
Contractually required contribution	\$ 156,145	\$ 166,995	\$ 168,135	\$ 97,029	\$ 147,635	\$ 108,657	\$ 164,139
Contributions in relation to the contractually required contribution	(156,145)	(166,995)	(168,135)	(97,029)	(147,635)	(108,657)	(164,139)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,115,317	\$ 1,192,820	\$ 1,169,100	\$ 1,119,844	\$ 1,079,345	\$ 1,291,680	\$ 1,209,167
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.38%	8.66%	13.68%	8.41%	13.57%

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

City of Woodward, Oklahoma
Combining Balance Sheet
Other Governmental Funds
June 30, 2021

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Total Non-Major Funds
ASSETS					
Cash and cash equivalents	\$ (102,613)	\$ 30,499	\$ 58,856	\$ 14,487	\$ 1,229
Accounts receivable	121,935	-	-	-	121,935
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 19,322</u>	<u>\$ 30,499</u>	<u>\$ 58,856</u>	<u>\$ 14,487</u>	<u>\$ 123,164</u>
LIABILITIES					
Accounts payable	\$ -	\$ 109	\$ -	\$ -	\$ 109
Due to other funds	-	-	9,338	-	9,338
Total liabilities	<u>-</u>	<u>109</u>	<u>9,338</u>	<u>-</u>	<u>9,447</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	19,322	30,390	49,518	14,487	113,717
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>19,322</u>	<u>30,390</u>	<u>49,518</u>	<u>14,487</u>	<u>113,717</u>
Total liabilities and fund balances	<u>\$ 19,322</u>	<u>\$ 30,499</u>	<u>\$ 58,856</u>	<u>\$ 14,487</u>	<u>\$ 123,164</u>

City of Woodward, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
June 30, 2021

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Total Non-Major Funds
REVENUES					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	422,714	-	-	-	422,714
Charges for services	91,299	1,500	12,440	-	105,239
Rental income	-	-	-	-	-
Other income	-	-	-	-	-
Interest income	538	-	585	163	1,286
Total revenues	<u>514,551</u>	<u>1,500</u>	<u>13,025</u>	<u>163</u>	<u>529,239</u>
EXPENDITURES					
General government	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>514,551</u>	<u>1,500</u>	<u>13,025</u>	<u>163</u>	<u>529,239</u>
OTHER FINANCING SOURCES (USES)					
Transfers in/(out)	<u>(715,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(715,568)</u>
Total other financing sources and uses	<u>(715,568)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(715,568)</u>
Net change in fund balances	(201,017)	1,500	13,025	163	(186,329)
Fund balances - beginning	220,339	28,890	36,493	14,324	300,046
Fund balances - ending	<u>\$ 19,322</u>	<u>\$ 30,390</u>	<u>\$ 49,518</u>	<u>\$ 14,487</u>	<u>\$ 113,717</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 and Management
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, 2021, 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 June 3, 2022.

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 over financial reporting 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.

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Stillwater, Oklahoma

June 3, 2022

CITY OF WOODWARD, OKLAHOMA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title		Federal Assistance Listing	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Transportation:</u>				
Federal Aviation Administration - Airport Improvement Program				
Coronavirus State and Local Fiscal Recovery Funds	3-40-0108-016-2020	20.106	\$ 69,000	\$ 69,000
Sub-total U.S. Department of Transportation			69,000	69,000
<u>U.S. Department of Treasury:</u>				
<u>Passed through the Oklahoma Department of Treasury:</u>				
Coronavirus State and Local Fiscal Recovery Funds	SA-0170	21.027	902,671	902,671
Sub-total U.S. Department of Treasury			902,671	902,671
Total of Expenditures of Federal Awards			\$ 971,671	\$ 971,671

Note A - This schedule was prepared on an accrual (GAAP) basis of accounting consistent with the preparation of the basic financial statements.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Commissioners and Management
City of Woodward, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited the City of Woodward, Oklahoma's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Woodward, Oklahoma's major federal programs for the year ended June 30, 2021. The City of Woodward, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Woodward, Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Woodward, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Woodward, Oklahoma's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Woodward, Oklahoma, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City of Woodward, Oklahoma, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Woodward, Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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FSW&B CPAs-PLLC

Stillwater, Oklahoma
June 3, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ending June 30, 2021

SECTION I --- SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
<u>Internal control over financial reporting:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

<u>Internal control over major programs:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with §200.516 Audit findings paragraph (a)?	No

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	No

SECTION II --- FINANCIAL STATEMENT FINDINGS

There were no current year financial statement findings.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no current year federal award findings or questioned costs.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There were no prior year federal award findings or questioned costs.