

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

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

**FOR THE YEAR ENDED  
JUNE 30, 2022**

The City of Woodward, Oklahoma  
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 Year Ended June 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Commissioners  
City of Woodward, Oklahoma

### Opinions

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, 2022, 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.

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, 2022, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Woodward, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Woodward, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forger, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City of Woodward, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Woodward, Oklahoma's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### ***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, 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*, and the as listed in the table of contents, 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 March 6, 2023, on our consideration of the City of Woodward, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Woodward, Oklahoma's internal control over financial reporting and compliance.

*Foresight Advisory & Consulting, PLLC*

Foresight Advisory & Consulting, PLLC

Oklahoma City, Oklahoma  
May 8, 2023

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, 2022, 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 \$61,113,549 (net position) for the fiscal year ended June 30, 2022. This is an increase in net position from the previous year when assets exceeded liabilities by \$62,290,805.
- Total net assets are comprised of the following:
  - (1) Net investment in capital assets of \$44,126,756. 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 \$9,409,882 majority which is restricted by constraints imposed by debt covenants and other State laws or regulations.
  - (3) Unrestricted net assets of \$7,576,911 represent the portion available to maintain the City's continuing obligations to citizens and its creditors.
- The City has total current liabilities of \$5,207,142 which are expected to be paid within the current year. Total noncurrent liabilities of \$28,427,252 represent the notes payable, capital leases, and employee benefit liabilities. The City has total liabilities of \$33,634,394 at June 30, 2022, which is a decrease from prior year's total liabilities of \$40,655,277.
- The City's governmental funds reported total ending fund balance of \$17,123,227 this year. This compares to the prior year ending fund balance of \$14,790,961 showing an increase of \$2,332,266 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, 2022**

**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, 2022 was \$61,113,549. The City reported positive unrestricted net position for both governmental and business-type activities.

<b>Summary of Net Position</b>								
(in thousands)								
	Governmental Activities		Business-Type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
Current assets	\$ 19,552	\$ 15,835	\$ 4,772	\$ 5,363	\$ 24,324	\$ 21,198	\$ 3,126	15%
Capital assets, net	55,720	58,794	16,568	21,742	72,288	80,536	(8,248)	-10%
<b>Total assets</b>	<b>75,272</b>	<b>74,629</b>	<b>21,340</b>	<b>27,105</b>	<b>96,612</b>	<b>101,734</b>	<b>(5,122)</b>	<b>-5%</b>
Deferred outflow of resources	1,807	1,807	-	-	1,807	1,807	-	0%
Current liabilities	3,009	3,186	2,198	2,375	5,207	5,561	(354)	-6%
Non-current liabilities	15,476	20,092	12,951	15,002	28,427	35,094	(6,667)	-19%
<b>Total liabilities</b>	<b>18,485</b>	<b>23,278</b>	<b>15,149</b>	<b>17,377</b>	<b>33,634</b>	<b>40,655</b>	<b>(7,021)</b>	<b>-17%</b>
Deferred inflow of resources	3,672	595	-	-	3,672	595	3,077	517%
<b>Net position</b>								
Net investment in capital assets	42,067	41,625	2,059	5,264	44,126	46,889	(2,763)	-6%
Restricted	7,860	6,684	1,550	1,549	9,410	8,233	1,177	14%
Unrestricted	4,995	4,254	2,582	2,915	7,577	7,169	408	6%
<b>Total net position</b>	<b>\$ 54,922</b>	<b>\$ 52,563</b>	<b>\$ 6,191</b>	<b>\$ 9,728</b>	<b>\$ 61,113</b>	<b>\$ 62,291</b>	<b>\$ (1,178)</b>	<b>-2%</b>

The City's overall financial position remained consistent between fiscal year 2022 and 2021, noting a 2% decline. Assets noted a decrease of 5% or \$5.1 million due to a decline in the valuation of capital assets held by the City. Liabilities noted a decrease of 17% or \$7 million. Notes payable and capital leases decreased over \$4 million due to regularly scheduled payments made on outstanding debt obligations. Additionally, pension obligations decreased over \$2.6 million based upon the annual actuarial valuation. 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, 2022**

**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.

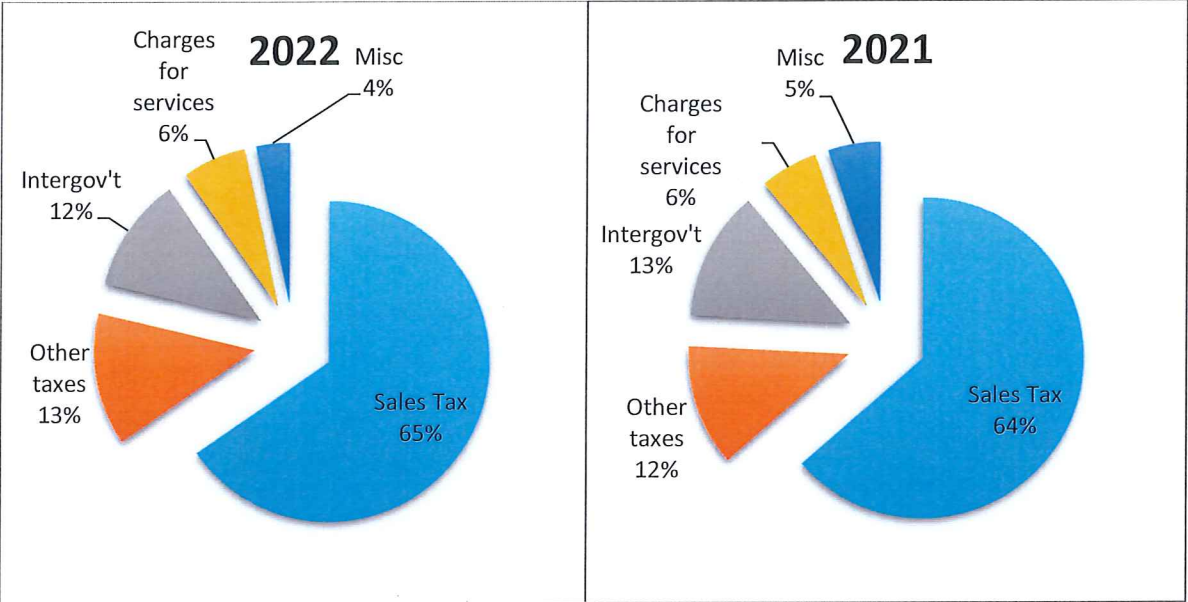
	Summary of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Change	
	2022	2021	2022	2021	2022	2021	\$	%
<b>Revenues</b>								
Program revenues	\$ 4,139,081	\$ 3,837,680	\$ 8,093,997	\$ 7,798,240	\$ 12,233,078	\$ 11,635,920	\$ 597,158	5%
Taxes and other general revenues	15,878,107	12,771,313	84,839	185,959	15,962,946	12,957,272	3,005,674	23%
<b>Total revenues</b>	<b>20,017,188</b>	<b>16,608,993</b>	<b>8,178,836</b>	<b>7,984,199</b>	<b>28,196,024</b>	<b>24,593,192</b>	<b>3,602,832</b>	<b>15%</b>
<b>Expenses</b>								
General government	4,013,612	3,794,418	1,351,088	1,270,344	5,364,700	5,064,762	299,938	6%
Public safety/judiciary	7,245,790	7,171,344	-	-	7,245,790	7,171,344	74,446	1%
Transportation	2,752,196	1,711,222	-	-	2,752,196	1,711,222	1,040,974	61%
Cultural	3,726,896	3,861,870	-	-	3,726,896	3,861,870	(134,974)	-3%
Public services	304,556	277,987	-	-	304,556	277,987	26,569	10%
Economic development	1,005,835	868,399	350,676	1,838,469	1,356,511	2,706,868	(1,350,357)	-50%
Water	-	-	2,095,365	1,119,393	2,095,365	1,119,393	975,972	87%
Sewer	-	-	953,118	999,295	953,118	999,295	(46,177)	-5%
Sanitation	-	-	1,231,771	274,640	1,231,771	274,640	957,131	349%
Hospital	-	-	364,914	245,062	364,914	245,062	119,852	49%
<b>Total expenses</b>	<b>19,048,885</b>	<b>17,685,240</b>	<b>6,346,932</b>	<b>5,747,203</b>	<b>25,395,817</b>	<b>23,432,443</b>	<b>1,963,374</b>	<b>8%</b>
Excess (deficiency) before transfers	\$ 968,303	\$ (1,076,247)	\$ 1,831,904	\$ 2,236,996	\$ 2,800,207	\$ 1,160,749	\$ 1,639,458	141%
Transfers	1,390,719	1,181,094	(1,390,719)	(1,181,094)	-	-	-	100%
<b>Increase (decrease) in net position</b>	<b>\$ 2,359,022</b>	<b>\$ 104,847</b>	<b>\$ 441,185</b>	<b>\$ 1,055,902</b>	<b>\$ 2,800,207</b>	<b>\$ 1,160,749</b>	<b>\$ 1,639,458</b>	<b>141%</b>

Revenues for the City increased over prior year with a change of 15% or \$3.6 million. Program revenues, which include revenues received from other government agencies and utility billing, increased \$597 thousand or 5% over prior year due to COVID-19 relief funds provided by the federal government in response to the pandemic. Taxes and general revenues reported an increase of 23% or \$3 million which is primarily attributable to the change in pension obligations by the City coupled with an increase in sales tax.

Operating expenses increased 8% or \$1.96 million. Street, Water, and sanitation expenses increased notable over prior year due to depreciation expense and cost of improvements.

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.

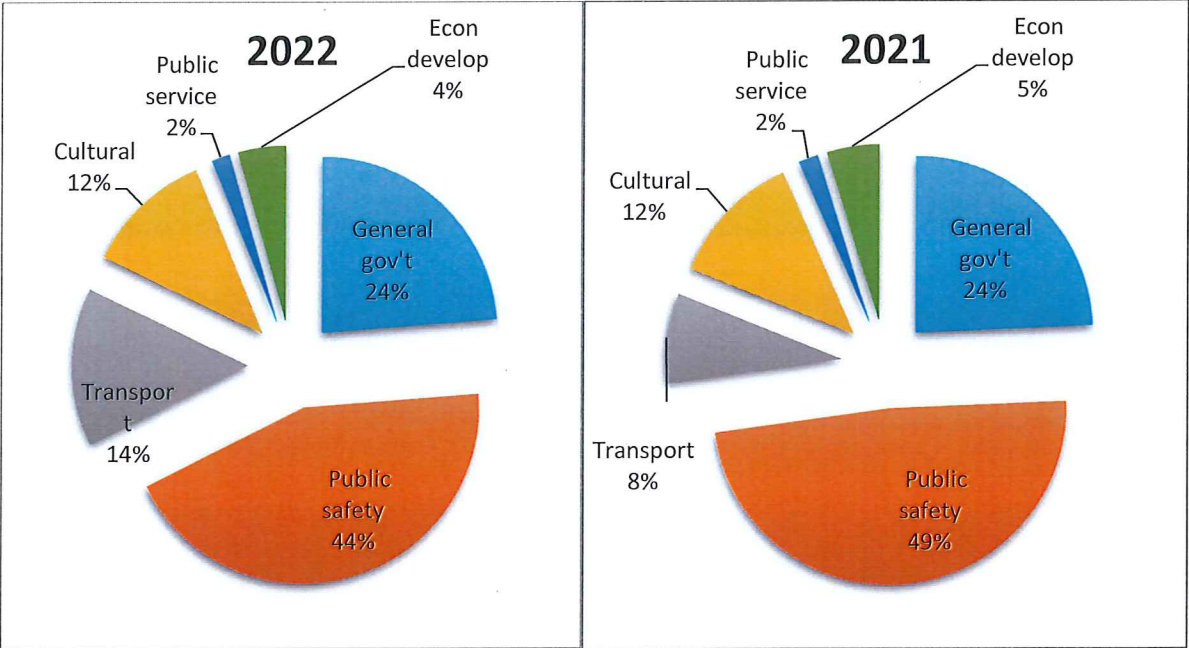
**Governmental Activities Sources**



Sales tax revenues account for 65% of the total operating revenues of the governmental activities which has increased from 64% in prior fiscal year. All revenue sources remained consistent with prior year.

Expenditures of the governmental activities by department are reflected below.

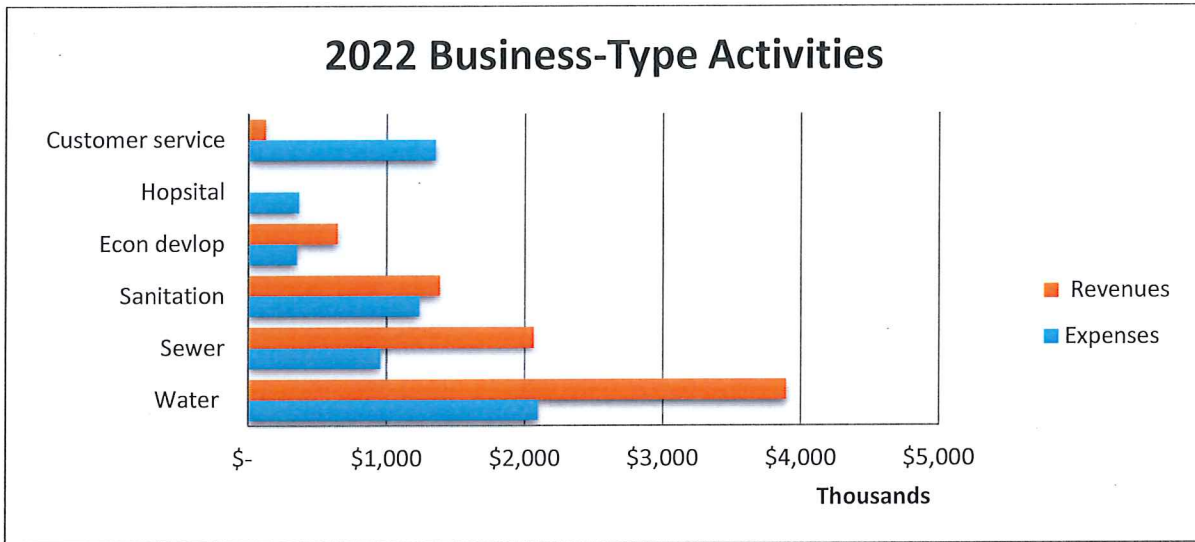
**Governmental Activities Uses**



Public safety is the largest use of funds for the City in fiscal year 2022 at 44% or \$6,642,463 which is consistent with prior year at 45% or \$6,606,970. All activities remained consistent between years. Spending as represented in the above graphic totaled \$15,153,696 in fiscal year 2022 compared to \$13,629,593 in fiscal year 2021.

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, 2022, 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, 2022**

**Capital Assets**

	<b>Capital Assets, Net of Accumulated Depreciation</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
<b>Non-Depreciable Assets</b>						
Land	\$ 1,008,644	\$ 1,033,669	\$ 579,373	\$ 469,258	\$ 1,588,017	\$ 1,502,927
Construction in Process	8,641,320	8,641,320	280,353	280,353	8,921,673	8,921,673
<b>Depreciable Assets</b>						
Buildings	51,120,556	51,115,248	678,647	581,303	51,799,203	51,696,551
Machinery & equipment	15,915,039	15,485,720	21,975,455	22,148,198	37,890,494	37,633,918
Infrastructure	23,340,813	23,844,594	25,013,746	24,173,747	48,354,559	48,018,341
Accumulated Depreciation	(44,306,618)	(41,326,159)	(31,959,126)	(25,911,208)	(76,265,744)	(67,237,367)
<b>Net Capital Assets</b>	<b>\$ 55,719,754</b>	<b>\$ 58,794,392</b>	<b>\$ 16,568,448</b>	<b>\$ 21,741,651</b>	<b>\$ 72,288,202</b>	<b>\$ 80,536,043</b>

**Long-Term Debt**

At year-end, the City had \$32,458,520 in noncurrent liabilities. The City's comparative noncurrent liabilities are as follows:

	<b>Primary Government Long-Term Debt</b>			
	<b>Governmental Activities</b>		<b>Business-type Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2020</b>
Notes payable	\$ 12,649,444	\$ 14,131,061	\$ 10,928,271	\$ 12,512,995
Capital leases	2,413,203	3,038,666	3,580,902	3,965,103
Meter deposits	-	-	439,203	411,868
Compensated absences	-	-	43,767	46,165
Pension obligation	2,403,730	5,064,342	-	-
Less current portion	(1,990,191)	(2,141,725)	(2,006,841)	(1,934,153)
<b>Total long-term debt</b>	<b>\$ 15,476,186</b>	<b>\$ 20,092,344</b>	<b>\$ 12,985,302</b>	<b>\$ 15,001,978</b>

**2022 AND BEYOND FOR THE CITY OF WOODWARD**

**Economic Environment**

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2022 Summer Update "The state and national economies have recovered from the damage wrought by the COVID-19 pandemic. While income and output have long since risen above their pre-pandemic levels, in large part spurred by massive fiscal and monetary stimulus, state and national employment are just now returning to pre-pandemic levels. Yet, although the major economic aggregates have recovered, the economy has not fully returned to pre-pandemic form." The City has continued to be proactive in unknown changes resulting from the pandemic in the upcoming year as well as providing a strong foot forward in the future of this community.

**Next Year Budget**

Management is committed to providing a consistent level of service to citizens while improving the infrastructure and recreation opportunities of the community within the current constraints.

**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, 2022**

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 4,466,488	\$ 1,921,293	\$ 6,387,781
Investments	18,888	-	18,888
Due from other governments	2,476,497	-	2,476,497
Accounts receivable (net)	770,942	1,924,352	2,695,294
Inventory	733,961	-	733,961
Other assets	137,575	-	137,575
Due from other funds	694,808	(623,184)	71,624
Total current assets	<u>9,299,159</u>	<u>3,222,461</u>	<u>12,521,620</u>
Restricted assets:			
Cash and cash equivalents	8,842,897	1,549,907	10,392,804
Total restricted assets	<u>8,842,897</u>	<u>1,549,907</u>	<u>10,392,804</u>
Noncurrent Assets:			
Land and construction in progress	9,649,964	859,726	10,509,690
Other capital assets (net of accumulated depreciation)	46,069,790	15,708,722	61,778,512
Pension asset	1,410,374	-	1,410,374
Total noncurrent assets	<u>57,130,128</u>	<u>16,568,448</u>	<u>73,698,576</u>
Total assets	<u>\$ 75,272,184</u>	<u>\$ 21,340,816</u>	<u>\$ 96,613,000</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>1,807,273</u>	<u>-</u>	<u>1,807,273</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 14,751	\$ 2,993	\$ 17,744
Payroll liabilities	873,249	93,802	967,051
Accrued payables	-	58,486	58,486
Deferred revenue	130,829	-	130,829
Capital lease, current	451,032	391,684	842,716
Notes payable, current	1,539,159	1,651,157	3,190,316
Total current liabilities	<u>3,009,020</u>	<u>2,198,122</u>	<u>5,207,142</u>
Noncurrent liabilities:			
Compensated absences	-	43,767	43,767
Meter deposits	-	440,967	440,967
Pension obligation	2,403,730	-	2,403,730
Capital lease, non-current	1,962,171	3,189,218	5,151,389
Notes payable, non-current	11,110,285	9,277,114	20,387,399
Total noncurrent liabilities	<u>15,476,186</u>	<u>12,951,066</u>	<u>28,427,252</u>
Total liabilities	<u>18,485,206</u>	<u>15,149,188</u>	<u>33,634,394</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred charges on pension obligations	<u>3,672,330</u>	<u>-</u>	<u>3,672,330</u>
<b>NET POSITION</b>			
Net investment in capital assets	42,067,481	2,059,275	44,126,756
Reserved for restricted purposes	7,859,975	1,549,907	9,409,882
Unrestricted	4,994,465	2,582,446	7,576,911
Total net position	<u>\$ 54,921,921</u>	<u>\$ 6,191,628</u>	<u>\$ 61,113,549</u>

**City of Woodward, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 4,013,612	\$ 192,687	\$ 1,062,350	\$ -
Public safety and judiciary	7,245,790	704,818	676,508	-
Transportation	2,752,196	509,342	110,112	-
Cultural, parks and recreation	3,726,896	76,546	25,495	-
Public service	304,556	51,340	2,265	-
Economic development	1,005,835	727,618	-	-
Total governmental activities	<u>19,048,885</u>	<u>2,262,351</u>	<u>1,876,730</u>	<u>-</u>
Business-type activities:				
Water	2,095,365	3,894,410	-	-
Sewer	953,118	1,524,607	534,427	-
Sanitation	1,231,771	1,381,260	-	-
Economic development	350,676	641,000	-	-
Hospital	364,914	-	-	-
Customer service	1,351,088	118,293	-	-
Total business-type activities	<u>6,346,932</u>	<u>7,559,570</u>	<u>534,427</u>	<u>-</u>
Total primary government	<u>\$ 25,395,817</u>	<u>\$ 9,821,921</u>	<u>\$ 2,411,157</u>	<u>\$ -</u>
				<u>\$ (13,162,739)</u>

**City of Woodward, Oklahoma**  
**Statement of Activities (continued)**  
**Year Ended June 30, 2022**

**Changes in Net Position:**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Net (expense)/revenue	\$ (14,909,804)	\$ 1,747,065	\$ (13,162,739)
General revenues:			
Taxes:			
Sales tax	12,570,306	-	12,570,306
Use tax	1,284,570	-	1,284,570
Franchise tax	645,743	-	645,743
Other taxes	335,831	-	335,831
Investment income	77,427	15,943	93,370
Other income	167,635	68,896	236,531
Change in pension obligations	796,595	-	796,595
Transfers	1,390,719	(1,390,719)	-
Total general revenues and transfers	<u>17,268,826</u>	<u>(1,305,880)</u>	<u>15,962,946</u>
Change in net assets	2,359,022	441,185	2,800,207
Net position-beginning	52,562,899	9,727,906	62,290,805
Prior period restatement	-	(3,977,463)	(3,977,463)
Net position-ending	<u>\$ 54,921,921</u>	<u>\$ 6,191,628</u>	<u>\$ 61,113,549</u>

City of Woodward, Oklahoma  
Balance Sheet  
Governmental Funds  
June 30, 2022

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,466,488	\$ 3,591,699	\$ 2,920,106	\$ 2,200,602	\$ 130,490	\$ 13,309,385
Investments	18,888	-	-	-	-	18,888
Due from other governments	1,381,601	821,172	273,724	-	-	2,476,497
Accounts receivable	630,439	-	-	-	140,503	770,942
Due from other funds	784,763	-	17,041	5,183	-	806,987
Inventory	693,892	-	-	-	40,069	733,961
Other assets	137,575	-	-	-	-	137,575
Total assets	<u>\$ 8,113,646</u>	<u>\$ 4,412,871</u>	<u>\$ 3,210,871</u>	<u>\$ 2,205,785</u>	<u>\$ 311,062</u>	<u>\$ 18,254,235</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 10,798	\$ -	\$ 3,844	\$ -	\$ 109	\$ 14,751
Payroll liabilities	785,146	-	-	-	88,103	873,249
Due to other funds	12,886	8,900	4,450	76,225	9,718	112,179
Deferred revenue	130,829	-	-	-	-	130,829
Total liabilities	<u>939,659</u>	<u>8,900</u>	<u>8,294</u>	<u>76,225</u>	<u>97,930</u>	<u>1,131,008</u>
<b>FUND BALANCES</b>						
Nonspendable	693,892	-	-	-	-	693,892
Committed	-	4,403,971	3,202,577	-	253,427	7,859,975
Assigned	-	-	-	2,129,560	(40,295)	2,089,265
Unassigned	6,480,095	-	-	-	-	6,480,095
Total fund balances	<u>7,173,987</u>	<u>4,403,971</u>	<u>3,202,577</u>	<u>2,129,560</u>	<u>213,132</u>	<u>17,123,227</u>
Total liabilities and fund balances	<u>\$ 8,113,646</u>	<u>\$ 4,412,871</u>	<u>\$ 3,210,871</u>	<u>\$ 2,205,785</u>	<u>\$ 311,062</u>	<u>\$ 18,254,235</u>
Total fund balance- total governmental funds						\$ 17,123,227
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported						
						9,649,964
						90,376,408
						<u>(44,306,618)</u>
						55,719,754
Long-term portion of liabilities are not due and payable in the current period and are not reported						
						(12,649,444)
						(2,413,203)
						(1,865,057)
						<u>(993,356)</u>
						(17,921,060)
Net position of governmental activities						<u>\$ 54,921,921</u>

**City of Woodward, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
<b>REVENUES</b>						
Sales tax	\$ 6,285,153	\$ 4,713,865	\$ 1,571,288	\$ -	\$ -	\$ 12,570,306
Use tax	1,284,570	-	-	-	-	1,284,570
Franchise tax	645,743	-	-	-	-	645,743
Hotel tax	-	-	-	-	628,140	628,140
Licenses and permits	91,743	-	-	-	-	91,743
Fines and forfeitures	318,883	-	-	-	-	318,883
Charges for services	570,369	-	-	-	653,216	1,223,585
Intergovernmental revenues	1,076,472	-	-	1,135,091	-	2,211,563
Donations	1,000	-	-	-	-	1,000
Other revenues	119,502	-	-	-	36	119,538
Proceeds of debt issuance	-	-	-	-	-	-
Interest	33,433	12,146	23,976	7,324	548	77,427
Total revenues	<u>10,426,868</u>	<u>4,726,011</u>	<u>1,595,264</u>	<u>1,142,415</u>	<u>1,330,035</u>	<u>19,220,593</u>
<b>EXPENDITURES</b>						
General government:						
General government	1,389,213	-	-	22,261	30,390	1,441,864
City clerk	163,243	-	-	-	-	163,243
Commission	47,572	-	-	-	-	47,572
Building maintenance	448,531	-	-	-	-	448,531
Finance	230,083	-	-	-	-	230,083
Treasurer	32,325	-	-	-	-	32,325
Managerial	517,658	-	-	-	-	517,658
Information technology	404,448	-	-	-	-	404,448
Fleet management	217,963	-	-	-	-	217,963
Construction	100,961	-	-	-	-	100,961
Total general government	<u>3,551,997</u>	<u>-</u>	<u>-</u>	<u>22,261</u>	<u>30,390</u>	<u>3,604,648</u>
Public safety and judiciary:						
Police	2,978,642	-	157,888	156,936	-	3,293,466
City attorney	66,092	-	-	-	-	66,092
Municipal court	133,026	-	-	-	-	133,026
Fire	2,721,127	-	-	-	-	2,721,127
Code enforcement	252,352	-	-	-	-	252,352
Civil defense	176,400	-	-	-	-	176,400
Total public safety and judiciary	<u>6,327,639</u>	<u>-</u>	<u>157,888</u>	<u>156,936</u>	<u>-</u>	<u>6,642,463</u>
Transportation:						
Street	614,848	-	-	-	-	614,848
Airport	-	-	-	-	1,586,557	1,586,557
Total transportation	<u>614,848</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,557</u>	<u>2,201,405</u>
Cultural, parks and recreation:						
Parks	1,034,079	-	-	-	-	1,034,079
Library	375,029	-	-	16,010	-	391,039
Event Complex	109,353	-	-	-	-	109,353
Sports and recreation	115,866	-	-	-	-	115,866
Museum	122,949	-	-	-	-	122,949
Total cultural, parks and recreation	<u>1,757,276</u>	<u>-</u>	<u>-</u>	<u>16,010</u>	<u>-</u>	<u>1,773,286</u>
Public service:						
Cemetery	140,743	-	-	-	-	140,743
Senior citizens center	116,898	-	-	-	-	116,898
Total public service	<u>257,641</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,641</u>
Economic development:						
Tourism	658,268	-	-	15,985	-	674,253
Total economic development	<u>658,268</u>	<u>-</u>	<u>-</u>	<u>15,985</u>	<u>-</u>	<u>674,253</u>
Capital outlay	-	-	435,677	-	-	435,677
Debt service:						
Principal	2,107,080	-	-	-	-	2,107,080
Interest expense	582,593	-	-	-	-	582,593
Total debt service	<u>2,689,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,689,673</u>
Total expenditures	<u>15,857,342</u>	<u>-</u>	<u>593,565</u>	<u>211,192</u>	<u>1,616,947</u>	<u>18,279,046</u>
Excess (deficiency) of revenues over expenditures	(5,430,474)	4,726,011	1,001,699	931,223	(286,912)	941,547
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	6,085,135	135,746	-	-	-	6,220,881
Transfers out	(600,000)	(3,416,658)	(1,411,042)	-	597,538	(4,830,162)
Total other financing sources and uses	<u>5,485,135</u>	<u>(3,280,912)</u>	<u>(1,411,042)</u>	<u>-</u>	<u>597,538</u>	<u>1,390,719</u>
Net change in fund balances	54,661	1,445,099	(409,343)	931,223	310,626	2,332,266
Fund balances - beginning	7,119,326	2,958,872	3,611,920	1,198,337	(97,494)	14,790,961
Fund balances - ending	<u>\$ 7,173,987</u>	<u>\$ 4,403,971</u>	<u>\$ 3,202,577</u>	<u>\$ 2,129,560</u>	<u>\$ 213,132</u>	<u>\$ 17,123,227</u>

**City of Woodward, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2022**

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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 \$ 2,332,266  
Amounts reported for governmental activities in the Statement of Activities are  
different because:

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

Capital asset purchases capitalized	435,677	
Depreciation expense	<u>(3,312,596)</u>	(2,876,919)

Governmental funds report debt principle payments as expenditures and debt proceeds  
as revenue, while governmental activities report the payments as a reduction of the debt  
and proceeds as an increase to the debt.

Principal debt payments		2,107,080
Proceeds from debt issuance		-

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.

796,595

Change in Net Assets of Governmental Activities

\$ 2,359,022

**City of Woodward, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2022**

	<u>Woodward Municipal Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,921,293
Accounts receivable, net	1,924,352
Total current assets	<u>3,845,645</u>
Current assets:	
Restricted assets:	
Cash, including time deposits	<u>1,549,907</u>
Total restricted assets	<u>1,549,907</u>
Noncurrent assets:	
Capital assets (net)	<u>16,568,448</u>
Total noncurrent assets	<u>16,568,448</u>
<b>Total assets</b>	<u>\$ 21,964,000</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 2,993
Payroll liabilities	93,802
Due to other funds	623,184
Accrued interest payable	58,486
Capital lease, current	391,684
Notes payable, current	<u>1,651,157</u>
Total current liabilities	<u>2,821,306</u>
Noncurrent liabilities:	
Compensated absences	43,767
Deferred revenue	-
Meter deposits	440,967
Capital lease, non-current	3,189,218
Notes payable, non-current	<u>9,277,114</u>
Total noncurrent liabilities	<u>12,951,066</u>
<b>Total liabilities</b>	<u>15,772,372</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,059,275
Restricted	1,549,907
Unrestricted	<u>2,582,446</u>
<b>Total net position</b>	<u>\$ 6,191,628</u>

City of Woodward, Oklahoma  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

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	<b>Woodward Municipal Authority</b>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Water charges	\$ 3,894,410
Sewer charges	1,524,607
Sanitation charges	1,373,299
Golf course	16,000
Penalties	79,551
Total charges for services	6,887,867
Lease and rental income	671,703
Stormwater fee	534,427
Miscellaneous income	68,896
Total operating revenues	8,162,893
 <b><u>Operating expenses:</u></b>	
Personal services	2,010,836
Materials and supplies	1,048,369
Other services and charges	1,742,219
Depreciation and amortization	1,171,072
Total operating expenses	5,972,496
Net operating income	2,190,397
 <b><u>Nonoperating revenue (expense):</u></b>	
Investment income	15,943
Bad debt	(68,011)
Interest expense	(306,425)
Total nonoperating revenue (expense)	(358,493)
<b>Net Income before contributions and transfers</b>	1,831,904
Transfers from other funds	2,007,906
Transfers to other funds	(3,398,625)
<b>Change in net position</b>	441,185
Net position-beginning of year	9,727,906
Prior period adjustment	(3,977,463)
Net position-end of year	\$ 6,191,628

City of Woodward, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2022

	<u>Woodward Municipal Authority</u>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 8,054,273
Payments to suppliers	(2,985,928)
Payments to employees	(2,018,909)
<b>Net cash provided (used) by operating activities</b>	<u>3,049,436</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers from other funds	2,007,906
Transfers to other funds	(3,047,186)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(1,039,280)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(378,636)
Proceeds from capital lease	-
Principal paid on capital debt	(1,968,925)
Interest paid on capital debt	(344,817)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(2,692,378)</u>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	15,943
<b>Net cash provided (used) by investing activities</b>	<u>15,943</u>
Net increase (decrease) in cash and cash equivalents	(666,279)
Cash & cash equivalents, beginning of year	<u>4,137,479</u>
Cash & cash equivalents, end of the year	<u>\$ 3,471,200</u>
Cash, including time deposits	\$ 1,921,293
Restricted cash, including time deposits	1,549,907
Total cash and cash equivalents, end of year	<u>\$ 3,471,200</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 2,190,397
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,171,072
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(75,219)
Increase (decrease) in accounts payable	(195,340)
Increase (decrease) in payroll liabilities	(8,073)
Increase (decrease) in deferred revenue	(62,500)
Increase (decrease) in meter deposits	29,099
Total adjustments	<u>859,039</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 3,049,436</u>

City of Woodward, Oklahoma  
Statement of Fiduciary Net Position - Agency Fund  
June 30, 2022

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	<u>Municipal Court</u>	
<b>ASSETS</b>		
Cash and cash equivalents	\$	79,097
Total assets	\$	<u>79,097</u>
<b>LIABILITIES</b>		
Accounts payable	\$	8,698
Due to other funds		10,907
Amounts held in escrow		<u>59,492</u>
Total liabilities	\$	<u>79,097</u>

**Footnotes to the Basic Financial Statements:**

**1. Financial Reporting Entity**

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

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, 2022, 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.

*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 34<sup>th</sup> Street, Central Fire Station, new City Hall, parks and convention center
- Restricted Sales Tax Fund — capital project fund that accounts for revenues of a one-half cent sales tax legally restricted by voter election for capital improvement purposes
- Grant Fund — capital project fund that accounts for grants of any nature to be accounted for within this fund by department excluding grants in progress prior to establishment of grant fund

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

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

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

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

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

*Proprietary Fund:*

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

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

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 invested in certificates of deposits at June 30, 2022.

*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, 2022, 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, 2022, the investments held by the City mature in three years or less.

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

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

The City also has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. At June 30, 2022, 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, 2022, 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

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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, 2022, capital assets balances changed as follows:

	Balance at July 1, 2021 *	Additions	Deletions	Balance at June 30, 2022
<i>Governmental Activities</i>				
Land	\$ 1,008,644	\$ -	\$ -	\$ 1,008,644
Construction in process	8,641,320	-	-	8,641,320
Total non-depreciable assets	9,649,964	-	-	9,649,964
Buildings	51,115,248	5,308	-	51,120,556
Improvements	10,937,002	1,050	-	10,938,052
Infrastructure	12,402,761	-	-	12,402,761
Machinery and equipment	15,485,720	429,319	-	15,915,039
Total assets at cost	99,590,695	435,677	-	100,026,372
Less accumulated depreciation	40,994,022	3,312,596	-	44,306,618
<b>Governmental capital assets, net</b>	<b>\$ 58,596,673</b>	<b>\$ (2,876,919)</b>	<b>\$ -</b>	<b>\$ 55,719,754</b>
<i>Business-type Activities</i>				
Land	\$ 579,373	\$ -	\$ -	\$ 579,373
Construction in process	280,353	-	-	280,353
Total non-depreciable assets	859,726	-	-	859,726
Buildings	581,303	97,344	-	678,647
Improvements	19,316,351	-	-	19,316,351
Infrastructure	5,621,995	75,400	-	5,697,395
Machinery and equipment	21,769,563	205,892	-	21,975,455
Total assets at cost	48,148,938	378,636	-	48,527,574
Less accumulated depreciation	30,788,054	1,171,072	-	31,959,126
<b>Business-type capital assets, net</b>	<b>\$ 17,360,884</b>	<b>\$ (792,436)</b>	<b>\$ -</b>	<b>\$ 16,568,448</b>

\* Restated

*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.

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

<i>Governmental Activities</i>		<i>Business-type Activities</i>	
General government	\$ 408,964	Customer service	\$ 472,852
Public safety and judiciary	602,928	Water	352,978
Transportation	543,922	Sewer	245,554
Cultural, parks, and recreation	1,497,560	Hospital	44,981
Public service	46,915	Sanitation	51,662
Economic development	212,307	Economic development	3,045
Total depreciation expense	<u>\$ 3,312,596</u>	Total depreciation expense	<u>\$ 1,171,072</u>

**6. Long-Term Debt and Debt Service Requirements**

For the year ended June 30, 2022, the reporting entity's long-term debt changed as follows:

	<u>Balance at</u>			<u>Balance at</u>	<u>Amounts</u>
	<u>July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>	<u>Due Within</u>
					<u>One Year</u>
<i>Governmental Activities</i>					
Notes payable	\$ 14,131,061	\$ -	\$ 1,481,617	\$ 12,649,444	\$ 1,539,159
Capital leases	3,038,666	-	625,463	2,413,203	451,032
Pension obligation	5,064,342	-	2,660,612	2,403,730	-
Total governmental activities	<u>\$ 22,234,069</u>	<u>\$ -</u>	<u>\$ 4,767,692</u>	<u>\$ 17,466,377</u>	<u>\$ 1,990,191</u>
<i>Business-type Activities</i>					
Compensated absences	\$ 46,165	\$ -	\$ 2,398	\$ 43,767	\$ -
Meter deposits	411,868	27,335	-	439,203	-
Notes payable	12,512,995	-	1,584,724	10,928,271	1,615,157
Capital leases	3,965,103	-	384,201	3,580,902	391,684
Total business-type activities	<u>\$ 16,936,131</u>	<u>\$ 27,335</u>	<u>\$ 1,971,323</u>	<u>\$ 14,992,143</u>	<u>\$ 2,006,841</u>
Total long-term debt	<u>\$ 39,170,200</u>	<u>\$ 27,335</u>	<u>\$ 6,739,015</u>	<u>\$ 32,458,520</u>	<u>\$ 3,997,032</u>

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

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*Governmental Activities long-term debt:*

Notes Payable:

2006 Woodward Municipal Authority Sales tax Revenue Note for the construction of Crystal Beach assets, original issue amount \$9,700,000, dated December 2006, secured by sales tax, interest rates of 4.187%, with final maturity on December 1, 2026. \$3,175,000

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. 3,855,000

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. 2,475,000

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. 3,144,445

Capital Lease Payable:

\$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 124,202

\$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. 2,289,000

Total Governmental Activities long-term debt \$ 15,062,647

*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. \$483,271

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. 4,225,000

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%. 6,220,000

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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	3,410,000
\$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	7,767
\$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	98,665
\$32,460 lease with Axon for 22 tasers, holsters, cartridges, and battery packs, payable annually over five years maturing August 2024	12,804
\$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.	51,666
<b>Total Business-type Activities long-term debt</b>	<b>\$ 14,509,173</b>

Long-term debt service requirements to maturity:

Year Ending 30-Jun	Governmental Activities				Business-type Activities			
	Capital Lease Payable		Notes Payable		Capital Lease Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	451,032	33,545	1,539,159	502,735	391,684	81,112	1,615,157	182,964
2024	416,171	25,453	1,606,797	434,770	390,182	71,650	1,645,633	153,047
2025	379,000	19,595	1,674,536	363,863	420,766	61,381	1,677,256	125,517
2026	385,000	14,459	1,742,379	290,011	393,270	51,772	1,715,705	95,687
2027	389,000	9,248	1,815,331	213,080	380,000	42,714	1,744,985	68,392
2028-2032	393,000	3,976	1,950,035	535,161	1,605,000	82,660	2,079,535	114,468
2033-2037	-	-	542,686	386,774	-	-	450,000	4,979
2038-2041	-	-	654,414	275,046	-	-	-	-
2042-2047	-	-	789,145	140,315	-	-	-	-
2048-2050	-	-	334,962	12,398	-	-	-	-
<b>Totals</b>	<b>\$ 2,413,203</b>	<b>\$ 106,276</b>	<b>\$ 12,649,444</b>	<b>\$ 3,154,153</b>	<b>\$ 3,580,902</b>	<b>\$ 391,289</b>	<b>\$ 10,928,271</b>	<b>\$ 745,054</b>

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

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**Pledge of Future Revenues**

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	\$ 4,658,589	\$ 705,690	15%	\$ 3,175,000	Until 2027
2007 Sales Tax Note	1.5% sales tax	4,658,589	725,702	16%	3,855,000	Until 2028
2008 Sales Tax Note	1.5% sales tax	4,658,589	424,609	9%	2,475,000	Until 2029
Series 2018 Utility Note	Water, sewer, and stormwater revenues	5,419,017	441,958	8%	4,225,000	Until 2033
Series 2020 Sales Tax Note	1% sales tax	3,105,726	1,277,775	41%	6,220,000	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.
- 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.

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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:

	Due From	Due To
<b>GOVERNMENTAL ACTIVITIES</b>		
<i>GENERAL FUND</i>		
RESTRICTED SALES TAX	\$ -	\$ 11,409
GRANT FUND	-	649
OTHER GOVERNMENTAL FUNDS	71,624	829
PUBLIC WORKS AUTHORITY	623,184	-
MUNICIPAL COURT	10,908	-
<i>RESTRICTED SALES TAX</i>		
GENERAL FUND	11,409	-
<i>GRANT FUND</i>		
GENERAL FUND	649	-
<i>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	829	71,624
<b>BUSINESS-TYPE ACTIVITIES</b>		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	623,184
<b>FIDUCIARY ACTIVITIES</b>		
MUNICIPAL COURT	-	10,908
	\$ 718,603	\$ 718,603

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	<u>Transfer In</u>	<u>Transfer Out</u>
<b>GOVERNMENTAL ACTIVITIES</b>		
<i>GENERAL FUND</i>		
MUNICIPAL AUTHORITY	\$ 2,700,000	\$ -
OTHER GOVERNMENTAL FUNDS	652,462	600,000
<i>LIMITED PURPOSE SALES TAX</i>		
MUNICIPAL AUTHORITY	-	3,416,658
<i>RESTRICTED SALES TAX</i>		
MUNICIPAL AUTHORITY	-	1,411,043
OTHER GOVERNMENTAL FUNDS	-	650,000
<i>OTHER GOVERNMENTAL FUNDS</i>		
GENERAL FUND	1,250,000	652,462
 <b>BUSINESS-TYPE ACTIVITIES</b>		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	2,700,000
LIMITED PURPOSE SALES TAX	3,416,658	-
RESTRICTED SALES TAX	1,411,043	-
	<b>\$ 9,430,163</b>	<b>\$ 9,430,163</b>

**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 2022, 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

The following is a summary of the impact on the financial statements:

<b>Pension Plan Summary</b>	
<b>Governmental Activities</b>	
<b>Pension Expense</b>	
Fire Pension Plan	\$ 208,398
Police Pension Plan	(141,181)
	67,217
<b>Pension (Asset)/Liability</b>	
Fire Pension Plan	2,403,730
Police Pension Plan	(1,410,374)
	993,356
<b>Deferred Pension Outflow</b>	
Fire Pension Plan	1,276,838
Police Pension Plan	530,435
	1,807,273
<b>Deferred Pension Inflow</b>	
Fire Pension Plan	2,242,768
Police Pension Plan	1,429,562
	\$ 3,672,330

### 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

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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](http://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 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 \$168,682 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$2,403,730 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information the City's proportion was 0.364994%.

For the year ended June 30, 2022, the City recognized pension expense of \$208,398. At June 30, 2022, 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	\$ 871,779	\$ 42,213
Changes of assumptions	-	53,315
Net difference between projected and actual earnings on pension plan investments	236,377	2,147,240
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	168,682	-
Total	\$ 1,276,838	\$ 2,242,768

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:			
2022	\$		(177,458)
2023			(225,069)
2024			(279,380)
2025		▾	(452,706)
2026			-

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, 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	3,756,323	2,403,730	1,271,330

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](http://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](http://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 \$143,663.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$1,410,374 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. 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, 2021. Based upon this information, the City's proportion was 0.294%.

For the year ended June 30, 2022, the City recognized pension expense of \$(141,181). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 20,250	\$ 55,667
Changes of assumptions	21,447	-
Net difference between projected and actual earnings on pension plan investments	345,075	1,373,895
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	143,663	-
<b>Total</b>	<b>\$ 530,435</b>	<b>\$ 1,429,562</b>

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

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**Year ended June 30:**

2022	\$	(235,308)
2023		(206,201)
2024		(260,784)
2025		(342,862)
2026		2,365

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021, 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, 2021, 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%

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

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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)	(528,933)	(1,410,374)	(2,155,699)

*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](http://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 \$336,830 to the Principle defined contribution plan for the year ended June 30, 2022.

**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

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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	-
2022	62,999	140,796	336,830	-

**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.

#### **14. Prior Period Adjustment**

Management evaluated estimated useful lives of capital assets used in the calculation of depreciation. Management did not find an impairment, therefore no justification to extend useful lives. The additional funding was accumulated over the past 15 years. None of the years would have been materially misstated. A change of accounting estimate resulted in \$3,997,462 being recognized and was not material to any of the previous years, therefore management has taken the position that results in a change of accounting estimate recognizing the additional accumulated depreciation in current year.

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, 2022

	Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>					
Sales tax	\$ 6,138,743	\$ (606,460)	\$ 5,532,283	\$ 6,285,153	\$ 752,870
Use tax	1,261,676	(39,345)	1,222,331	1,284,570	62,239
Franchise tax	690,357	(23,412)	666,945	645,743	(21,202)
Other taxes	473,692	25,905	499,597	-	(499,597)
Licenses and permits	104,542	(28,493)	76,049	91,743	15,694
Fines and forfeitures	305,724	27,503	333,227	318,883	(14,344)
Charges for services	225,215	(90,697)	134,518	570,369	435,851
Intergovernmental revenues	422,014	(74,834)	347,180	1,076,472	729,292
Other revenues	350,083	1,527	351,610	120,502	(231,108)
Interest	45,257	18,723	63,980	33,433	(30,547)
Total revenues	10,017,303	(789,583)	9,227,720	10,426,868	1,199,148
<b>EXPENDITURES</b>					
General government:					
General government	1,784,010	(23,961)	1,760,049	1,389,213	370,836
City clerk	181,448	(9,173)	172,275	163,243	9,032
Commission	22,555	24,905	47,460	47,572	(112)
Building maintenance	495,845	(12,174)	483,671	448,531	35,140
Finance	314,454	398	314,852	230,083	84,769
Treasurer	25,400	9,925	35,325	32,325	3,000
Managerial	966,326	31,963	998,289	517,658	480,631
Information technology	494,955	(63,291)	431,664	404,448	27,216
Fleet management	246,553	15,561	262,114	217,963	44,151
Construction	126,122	(2,012)	124,110	100,961	23,149
Total general government	4,657,669	(27,860)	4,629,809	3,551,997	1,077,812
Public safety and judiciary:					
Police	3,113,153	(88,911)	3,024,242	2,978,642	45,600
City attorney	52,822	15,240	68,062	66,092	1,970
Municipal court	141,246	4,361	145,607	133,026	12,581
Fire	2,616,825	134,765	2,751,590	2,721,127	30,463
Code enforcement	275,268	11,747	287,015	252,352	34,663
Civil defense	398,664	(24,722)	373,942	176,400	197,542
Total public safety and judiciary	6,597,977	52,481	6,650,458	6,327,639	322,819
Transportation:					
Street	720,140	(67,922)	652,218	614,848	37,370
Total transportation	720,140	(67,922)	652,218	614,848	37,370
Cultural, parks and recreation:					
Parks	560,132	474,335	1,034,467	1,034,079	388
Library	433,375	(38,322)	395,053	375,029	20,024
Event Complex	112,025	(4,234)	107,791	109,353	(1,562)
Sports and recreation	675,501	(29,443)	646,058	115,866	530,192
Museum	126,799	6,611	133,410	122,949	10,461
Total cultural, parks and recreation	1,907,832	408,947	2,316,779	1,757,276	559,503
Public service:					
Cemetery	175,514	(29,393)	146,121	140,743	5,378
Senior citizens center	123,713	121	123,834	116,898	6,936
Total public service	299,227	(29,272)	269,955	257,641	12,314
Economic development:					
Tourism	754,980	63,768	818,748	658,268	160,480
Total economic development	754,980	63,768	818,748	658,268	160,480
Total expenditures	14,937,825	400,142	15,337,967	13,167,669	2,170,298
Revenue over (under) expenditures	(4,920,522)	(1,189,725)	(6,110,247)	(2,740,801)	(971,150)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in/(out)	4,104,980	2,005,267	6,110,247	94,928	(6,015,319)
Net other financing sources (uses)	4,104,980	2,005,267	6,110,247	94,928	(6,015,319)
Revenues and other financing sources over (under) expenditures and other uses	(815,542)	815,542	-	(2,645,873)	(6,986,469)
Fund balance at beginning of year (Non-GAAP budgetary basis)				8,847,535	
Fund balance at end of year (Non-GAAP budgetary basis)				\$ 6,201,662	
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>					
Revenue and transfer accruals				(1,939,420)	
Fund balance at end of year (GAAP basis)				\$ 4,262,242	

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, 2022

	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	\$ 994,658	\$ 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	\$ 994,658	\$ 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, 2022

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*
City's portion of the net pension liability (asset)	0.4143%	0.4445%	0.4293%	0.4127%	0.3633%	0.3135%	0.3805%	0.3650%
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	\$ 2,403,730
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	\$ 1,240,638
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	384%	396%	449%	463%	379%	256%	389%	194%
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%	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*	2022*
Contractually required contribution	\$ 156,145	\$ 166,995	\$ 168,135	\$ 97,029	\$ 147,635	\$ 108,657	\$ 164,139	\$ 168,662
Contributions in relation to the contractually required contribution	(156,145)	(166,995)	(168,135)	(97,029)	(147,635)	(108,657)	(164,139)	(168,662)
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	\$ 1,240,638
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.38%	8.66%	13.68%	8.41%	13.57%	13.60%

\*\* 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, 2022

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Special Airport	Total Non-Major Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,717	\$ 31,829	\$ 71,982	\$ 14,585	\$ 7,377	\$ 130,490
Accounts receivable	139,761	-	-	-	742	140,503
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	40,069	40,069
Total assets	<u>\$ 144,478</u>	<u>\$ 31,829</u>	<u>\$ 71,982</u>	<u>\$ 14,585</u>	<u>\$ 48,188</u>	<u>\$ 311,062</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 109	\$ -	\$ -	\$ -	\$ 109
Payroll liabilities	-	-	-	-	88,103	88,103
Due to other funds	-	-	9,338	-	380	9,718
Total liabilities	<u>-</u>	<u>109</u>	<u>9,338</u>	<u>-</u>	<u>88,483</u>	<u>97,930</u>
<b>FUND BALANCES</b>						
Restricted	-	-	-	-	-	-
Committed	144,478	31,720	62,644	14,585	-	253,427
Assigned	-	-	-	-	(40,295)	(40,295)
Unassigned	-	-	-	-	-	-
Total fund balances	<u>144,478</u>	<u>31,720</u>	<u>62,644</u>	<u>14,585</u>	<u>(40,295)</u>	<u>213,132</u>
Total liabilities and fund balances	<u>\$ 144,478</u>	<u>\$ 31,829</u>	<u>\$ 71,982</u>	<u>\$ 14,585</u>	<u>\$ 48,188</u>	<u>\$ 311,062</u>

City of Woodward, Oklahoma  
 Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2022

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<b>FUND BALANCES</b>						
Restricted	-	-	-	-	-	-
Committed	144,478	31,720	62,644	14,585	-	253,427
Assigned	-	-	-	-	(40,295)	(40,295)
Unassigned	-	-	-	-	-	-
Total fund balances	<u>144,478</u>	<u>31,720</u>	<u>62,644</u>	<u>14,585</u>	<u>(40,295)</u>	<u>213,132</u>
Total liabilities and fund balances	<u>\$ 144,478</u>	<u>\$ 31,829</u>	<u>\$ 71,982</u>	<u>\$ 14,585</u>	<u>\$ 48,188</u>	<u>\$ 311,062</u>

**City of Woodward, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**June 30, 2022**

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Special Airport	Total Non-Major Funds
<b>REVENUES</b>						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	628,140	-	-	-	-	628,140
Charges for services	99,478	31,720	12,676	-	509,342	653,216
Rental income	-	-	-	-	48,095	48,095
Other income	-	-	-	-	36	36
Interest income	-	-	450	98	-	548
Total revenues	<u>727,618</u>	<u>31,720</u>	<u>13,126</u>	<u>98</u>	<u>557,473</u>	<u>1,330,035</u>
<b>EXPENDITURES</b>						
General government	-	30,390	-	-	-	30,390
Airport	-	-	-	-	1,586,557	1,586,557
Capital outlay	-	-	-	-	-	-
Total expenditures	-	30,390	-	-	1,586,557	1,616,947
Excess (deficiency) of revenues over expenditures	727,618	1,330	13,126	98	(1,029,084)	(286,912)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in/(out)	(602,462)	-	-	-	1,200,000	597,538
Total other financing sources and uses	<u>(602,462)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>597,538</u>
Net change in fund balances	125,156	1,330	13,126	98	170,916	310,626
Fund balances - beginning	19,322	30,390	49,518	14,487	(211,211)	(97,494)
Fund balances - ending	<u>\$ 144,478</u>	<u>\$ 31,720</u>	<u>\$ 62,644</u>	<u>\$ 14,585</u>	<u>\$ (40,295)</u>	<u>\$ 213,132</u>



# FORESIGHT

## Advisory & Consulting

### 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, 2022, 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 May 8, 2023.

#### **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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be a material weakness.

#### **Report on 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*.

#### **City of Woodward, Oklahoma's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City of Woodward, Oklahoma's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Woodward, Oklahoma's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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.

*Foresight Advisory & Consulting, PLLC*

Foresight Advisory & Consulting, PLLC

Oklahoma City, Oklahoma

May 8, 2023

City of Woodward, Oklahoma  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

Finding 2022-001 Ineffective Oversight of Controls and Monitoring

*Criteria:* Internal control is an integral component of an organization's management that provides reasonable assurance that the objectives of effectiveness and efficiency of operations, reliability of financial reporting and compliance with laws and regulations are being met. Internal control comprises of the plans, methods, and procedures used to meet missions, goals and objectives.

*Condition:* The depreciation expense was being calculated differently on two separate reports resulting a difference in depreciation expense being recorded.

*Effect:* Depreciation expense was not properly calculated resulting in accumulated depreciation being understated.

*Recommendation:* The City should reconcile the fixed assets program to ensure that assets are being properly depreciated using the correct life and both reports are in agreement.

*Response:* Management agrees with the recommendation. Due to significant turnover in the accounting department, the reconciliation did not happen timely. We will reconcile our records on a timely basis going forward.