

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

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

**FOR THE YEAR ENDED
JUNE 30, 2023**

The City of Woodward, Oklahoma
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 Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Woodward, Oklahoma

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, 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 Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 misstatement, 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 and *Government 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, forgery, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, 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, budgetary comparison information and net pension schedules on pages 3–11 and 43–45 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining fund financial statements and 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 for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025, 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 City of Woodward, Oklahoma's internal control over financial reporting and compliance.

Jana A. Walker, CPA, PLLC

Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
May 19, 2025

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, 2023, 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 \$61,649,116 (net position) for the fiscal year ended June 30, 2023 compared to previous year when assets exceeded liabilities by \$61,113,546 prior to prior period adjustment related to the net book value of fixed assets.
- Total net assets are comprised of the following:
 - (1) Net investment in capital assets of \$40,058,871. 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 \$11,423,515 majority which is restricted by constraints imposed by debt covenants and other State laws or regulations.
 - (3) Unrestricted net assets of \$10,166,730 represent the portion available to maintain the City's continuing obligations to citizens and its creditors.
- The City has total current liabilities of \$5,399,522 which are expected to be paid within the current year. Total noncurrent liabilities of \$27,761,486 represent the notes payable, capital leases, and employee benefit liabilities. The City has total liabilities of \$33,161,008 at June 30, 2023, which is a decrease from prior year's total liabilities of \$33,634,394.
- The City's governmental funds reported total ending fund balance of \$20,753,801 this year. This compares to the prior year ending fund balance of \$17,123,227, prior to prior period adjustment.

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.

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, 2023 was \$61,649,116. The City reported positive unrestricted net position for both governmental and business-type activities.

	Summary of Net Position							
	(in thousands)							
	Governmental Activities		Business-Type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Current assets	\$ 22,054	\$ 19,552	\$ 4,989	\$ 4,772	\$ 27,043	\$ 24,324	\$ 2,719	11%
Capital assets, net	52,719	57,098	13,248	16,641	65,967	73,739	(7,772)	-11%
Total assets	74,773	76,650	18,237	21,413	93,010	98,063	(5,053)	-5%
Deferred outflow of resources	4,510	1,807	-	-	4,510	1,807	2,703	150%
Current liabilities	3,155	3,009	2,244	2,198	5,399	5,207	192	4%
Non-current liabilities	16,762	15,476	10,999	12,951	27,761	28,427	(666)	-2%
Total liabilities	19,917	18,485	13,243	15,149	33,160	33,634	(474)	-1%
Deferred inflow of resources	2,710	3,672	-	-	2,710	3,672	(962)	-26%
Net position								
Net investment in capital assets	39,310	43,445	749	2,132	40,059	45,577	(5,518)	-12%
Restricted	9,812	7,860	1,612	1,550	11,424	9,410	2,014	21%
Unrestricted	7,534	4,995	2,833	2,582	10,167	7,577	2,590	34%
Total net position	\$ 56,656	\$ 56,300	\$ 4,994	\$ 6,264	\$ 61,650	\$ 62,564	\$ (914)	-1%

The City's overall financial position remained consistent between fiscal year 2023 and 2022, noting a 1% change. Assets noted a decrease of 5% or \$5 million due to the valuation of capital assets held by the City based on depreciated value. Liabilities noted a decrease of 1% or \$474 thousand dollars. Notes payable and capital leases decreased due to regularly scheduled payments made on outstanding debt obligations.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2023

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.

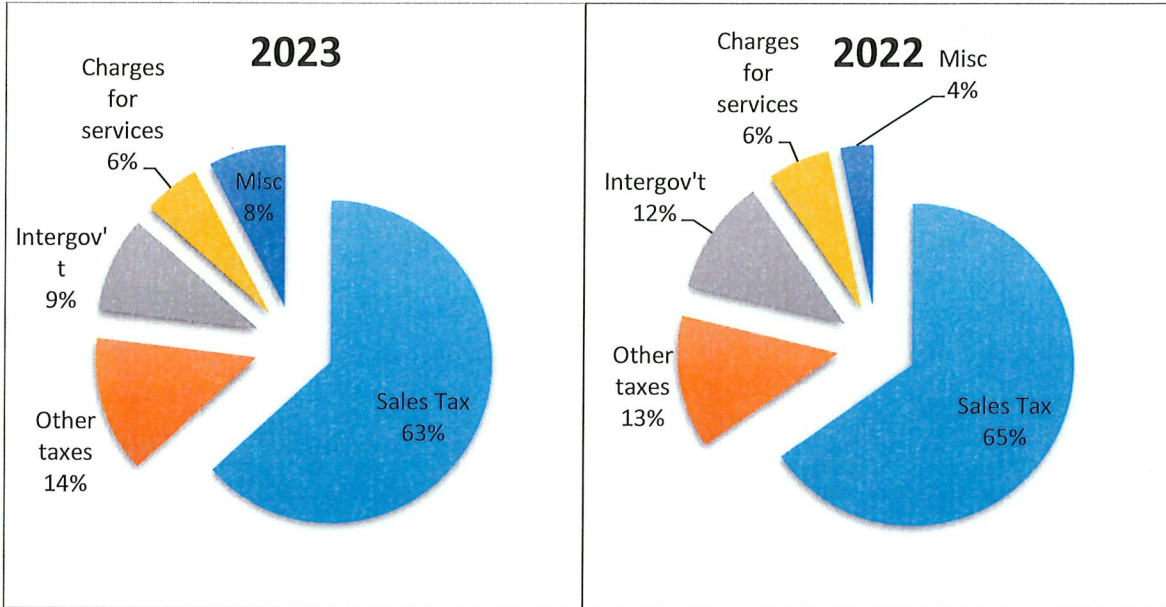
	Summary of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Change	
	2023	2022	2023	2022	2023	2022	\$	%
Revenues								
Program revenues	\$ 3,852,318	\$ 4,139,081	\$ 8,671,089	\$ 8,093,997	\$ 12,523,407	\$ 12,233,078	\$ 290,329	2%
Taxes and other general revenues	16,947,318	16,075,826	172,117	84,839	17,119,435	16,160,665	958,770	6%
Total revenues	20,799,636	20,214,907	8,843,206	8,178,836	29,642,842	28,393,743	1,249,099	4%
Expenses								
General government	4,192,659	4,013,612	1,399,119	1,351,088	5,591,778	5,364,700	227,078	4%
Public safety/judiciary	6,949,965	7,245,790	-	-	6,949,965	7,245,790	(295,825)	-4%
Transportation	1,419,035	2,752,196	-	-	1,419,035	2,752,196	(1,333,161)	-48%
Cultural	3,910,326	3,726,896	-	-	3,910,326	3,726,896	183,430	5%
Public services	330,470	304,556	-	-	330,470	304,556	25,914	9%
Economic development	1,326,047	1,005,835	304,051	350,676	1,630,098	1,356,511	273,587	20%
Water	-	-	2,160,430	2,095,365	2,160,430	2,095,365	65,065	3%
Sewer	-	-	1,005,286	953,118	1,005,286	953,118	52,168	5%
Sanitation	-	-	1,220,815	1,231,771	1,220,815	1,231,771	(10,956)	-1%
Hospital	-	-	489,143	364,914	489,143	364,914	124,229	34%
Total expenses	18,128,502	19,048,885	6,578,844	6,346,932	24,707,346	25,395,817	(688,471)	-3%
Excess (deficiency) before transfers	\$ 2,671,134	\$ 1,166,022	\$ 2,264,362	\$ 1,831,904	\$ 4,935,496	\$ 2,997,926	\$ 1,937,570	65%
Transfers	2,062,544	1,390,719	(1,469,233)	(1,390,719)	593,311.00	-	593,311	100%
Increase (decrease) in net position	\$ 4,733,678	\$ 2,556,741	\$ 795,129	\$ 441,185	\$ 5,528,807	\$ 2,997,926	\$ 2,530,881	84%

Revenues for the City increased over prior year with a change of 4% or \$1.2 million dollars. Program revenues, which include revenues received from other government agencies and utility billing, increased \$290 thousand dollars or 2% over prior year due to continued federal funding resulting from the pandemic. Taxes and general revenues reported an increase of 6% or \$958 thousand which is primarily attributable to the change in pension obligations by the City coupled with an increase in sales tax.

Operating expenses decreased 3% or \$688 thousand dollars. Street 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.

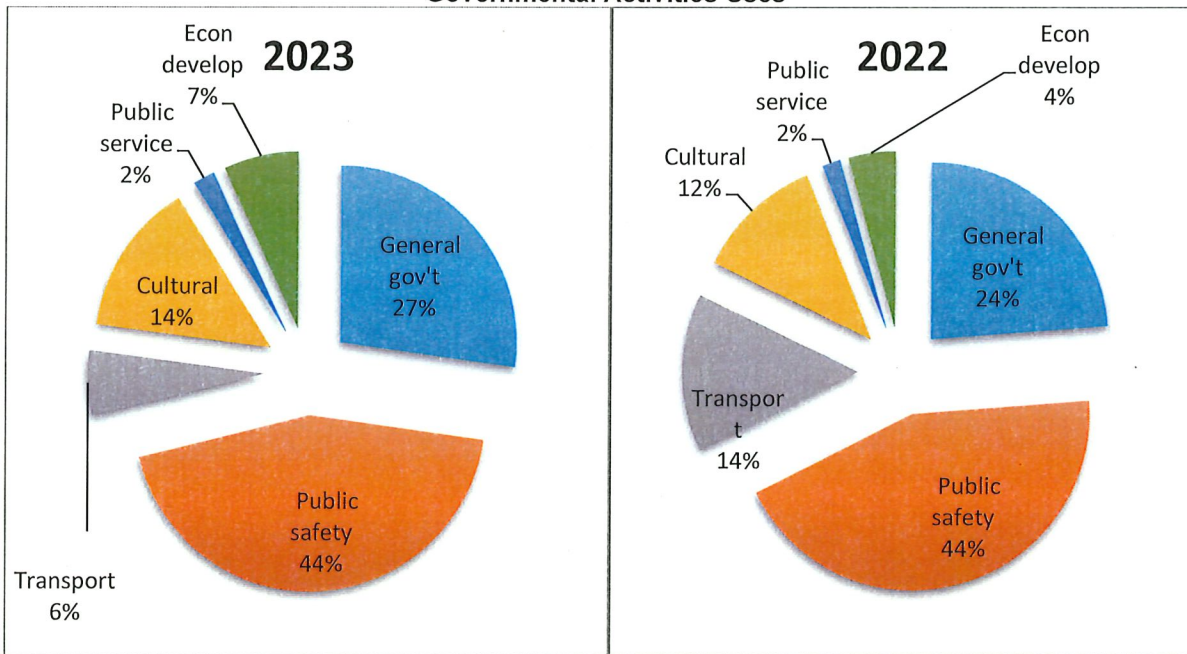
Governmental Activities Sources



Sales tax revenues account for 63% of the total operating revenues of the governmental activities which is consistent with prior year of 65%. All revenue sources remained consistent with prior year.

Expenditures of the governmental activities by department are reflected below.

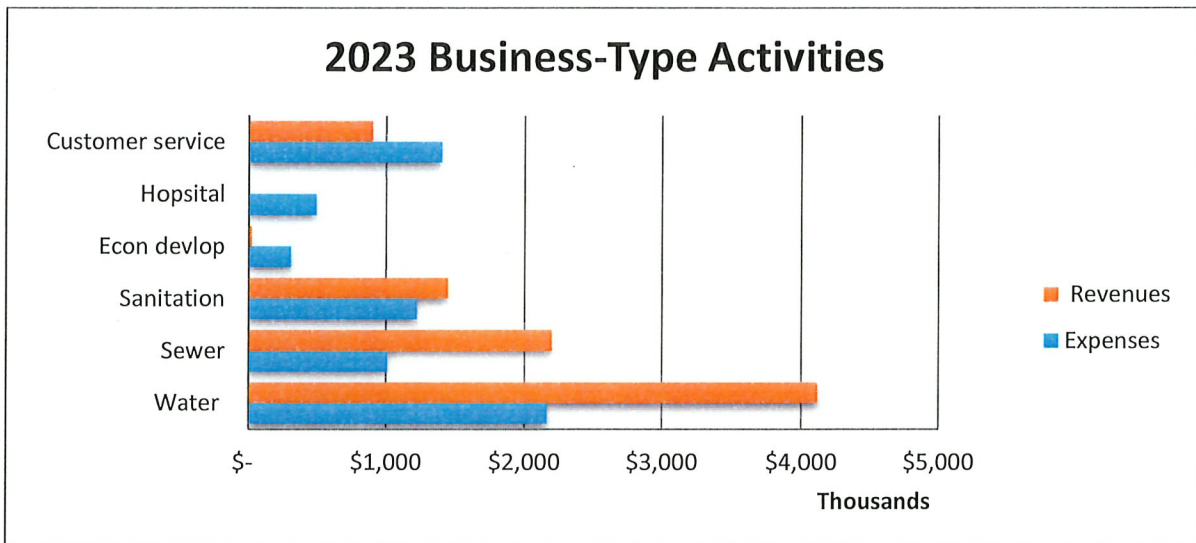
Governmental Activities Uses



Public safety is the largest use of funds for the City in fiscal year 2023 at 44% or \$6,287,318 which is consistent with prior year at 44% or \$6,642,463. All activities remained consistent between years. Spending as represented in the above graphic totaled \$14,306,378 in fiscal year 2023 compared to \$15,153,696 in fiscal year 2022.

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, 2023, 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, 2023

Capital Assets

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Non-Depreciable Assets						
Land	\$ 1,014,751	\$ 1,008,644	\$ 579,373	\$ 579,373	\$ 1,594,124	\$ 1,588,017
Construction in Process	12,919,361	8,641,320	35,000	280,353	12,954,361	8,921,673
Depreciable Assets						
Buildings	51,131,416	51,120,556	678,647	678,647	51,810,063	51,799,203
Machinery & equipment	17,036,668	15,915,039	22,211,939	21,975,455	39,248,607	37,890,494
Infrastructure	23,340,813	23,340,813	25,013,746	25,013,746	48,354,559	48,354,559
Accumulated Depreciation	(52,724,316)	(44,306,618)	(35,270,191)	(31,959,126)	(87,994,507)	(76,265,744)
Net Capital Assets	\$ 52,718,693	\$ 55,719,754	\$ 13,248,514	\$ 16,568,448	\$ 65,967,207	\$ 72,288,202

Long-Term Debt

The City's comparative noncurrent liabilities are as follows:

	Primary Government Long-Term Debt			
	Governmental Activities		Business-type Activities	
	2023	2022	2023	2022
Notes payable	\$ 11,110,285	\$ 12,649,444	\$ 9,313,115	\$ 10,928,271
Capital leases	2,546,081	2,413,203	3,186,265	3,580,902
Meter deposits	-	-	480,805	439,203
Compensated absences	414,040	-	54,723	43,767
Pension obligation	4,794,190	2,403,730	-	-
Less current portion	(2,102,068)	(1,990,191)	(2,035,950)	(2,006,841)
Total long-term debt	\$ 16,762,528	\$ 15,476,186	\$ 10,998,958	\$ 12,985,302

2023 AND BEYOND FOR THE CITY OF WOODWARD

Economic Environment

According to the Oklahoma State University, Spears School of Business, Economic Outlook 2023 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, 2023

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 5,375,439	\$ 1,626,066	\$ 7,001,505
Investments	16,687	-	16,687
Taxes receivable	2,649,163	-	2,649,163
Accounts receivable (net)	721,292	1,893,205	2,614,497
Inventory	774,306	-	774,306
Other assets	29,485	-	29,485
Due from other funds	634,091	(623,184)	10,907
Total current assets	<u>10,200,463</u>	<u>2,896,087</u>	<u>13,096,550</u>
Restricted assets:			
Cash and cash equivalents	11,606,694	2,092,624	13,699,318
Total restricted assets	<u>11,606,694</u>	<u>2,092,624</u>	<u>13,699,318</u>
Noncurrent Assets:			
Land and construction in progress	13,934,112	614,373	14,548,485
Other capital assets (net of accumulated depreciation)	38,784,581	12,634,141	51,418,722
Pension asset	247,410	-	247,410
Total noncurrent assets	<u>52,966,103</u>	<u>13,248,514</u>	<u>66,214,617</u>
Total assets	<u>\$ 74,773,260</u>	<u>\$ 18,237,225</u>	<u>\$ 93,010,485</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>4,509,902</u>	<u>-</u>	<u>4,509,902</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 805,297	\$ 58,822	\$ 864,119
Payroll liabilities	244,411	36,434	280,845
Accrued payables	-	50,392	50,392
Deferred revenue	3,648	62,500	66,148
Capital lease, current	495,271	390,317	885,588
Notes payable, current	1,606,797	1,645,633	3,252,430
Total current liabilities	<u>3,155,424</u>	<u>2,244,098</u>	<u>5,399,522</u>
Noncurrent liabilities:			
Compensated absences, non-current	414,040	54,723	468,763
Meter deposits	-	480,805	480,805
Pension obligation	4,794,190	-	4,794,190
Capital lease, non-current	2,050,810	2,795,949	4,846,759
Notes payable, non-current	9,503,488	7,667,481	17,170,969
Total noncurrent liabilities	<u>16,762,528</u>	<u>10,998,958</u>	<u>27,761,486</u>
Total liabilities	<u>19,917,952</u>	<u>13,243,056</u>	<u>33,161,008</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>2,710,263</u>	<u>-</u>	<u>2,710,263</u>
NET POSITION			
Net investment in capital assets	39,309,737	749,134	40,058,871
Reserved for restricted purposes	9,811,696	1,611,819	11,423,515
Unrestricted	7,533,514	2,633,216	10,166,730
Total net position	<u>\$ 56,654,947</u>	<u>\$ 4,994,169</u>	<u>\$ 61,649,116</u>

City of Woodward, Oklahoma
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 4,192,659	\$ 97,526	\$ 1,107,533	\$ -	\$ (2,987,600)
Public safety and judiciary	6,949,965	704,135	308,046	-	(5,937,784)
Transportation	1,419,035	638,630	108,370	90,500	(581,535)
Cultural, parks and recreation	3,910,326	59,536	27,641	-	(3,823,149)
Public service	330,470	78,511	10,000	-	(241,959)
Economic development	1,326,047	621,890	-	-	(704,157)
Total governmental activities	<u>18,128,502</u>	<u>2,200,228</u>	<u>1,561,590</u>	<u>90,500</u>	<u>(14,276,184)</u>
Business-type activities:					
Water	2,160,430	4,113,338	-	-	1,952,908
Sewer	1,005,286	1,635,968	561,033	-	1,191,715
Sanitation	1,220,815	1,445,460	-	-	224,645
Economic development	304,051	16,000	-	-	(288,051)
Hospital	489,143	-	-	-	(489,143)
Customer service	1,399,119	899,290	-	-	(499,829)
Total business-type activities	<u>6,578,844</u>	<u>8,110,056</u>	<u>561,033</u>	<u>-</u>	<u>2,092,245</u>
Total primary government	<u>\$ 24,707,346</u>	<u>\$ 10,310,284</u>	<u>\$ 2,122,623</u>	<u>\$ 90,500</u>	<u>\$ (12,183,939)</u>

City of Woodward, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2023

Changes in Net Position:

	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (14,276,184)	\$ 2,092,245	\$ (12,183,939)
General revenues:			
Taxes:			
Sales tax	13,164,777	-	13,164,777
Use tax	1,580,009	-	1,580,009
Franchise tax	736,809	-	736,809
Other taxes	326,785	-	326,785
Investment income	610,657	153,317	763,974
Other income	528,281	18,800	547,081
Transfers	2,062,544	(1,469,233)	593,311
Total general revenues and transfers	<u>19,009,862</u>	<u>(1,297,116)</u>	<u>17,712,746</u>
Change in net assets	4,733,678	795,129	5,528,807
Net position-beginning	54,921,921	6,191,625	61,113,546
Prior period restatement	(3,000,652)	(1,992,585)	(4,993,237)
Net position-ending	<u>\$ 56,654,947</u>	<u>\$ 4,994,169</u>	<u>\$ 61,649,116</u>

City of Woodward, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,375,439	\$ 5,431,864	\$ 3,051,853	\$ 2,989,947	\$ 133,030	\$ 16,982,133
Investments	16,687	-	-	-	-	16,687
Taxes receivable	1,501,874	860,467	286,822	-	-	2,649,163
Accounts receivable	639,284	-	-	-	82,008	721,292
Due from other funds	795,670	-	17,041	5,183	-	817,894
Inventory	690,106	-	-	-	84,200	774,306
Other assets	29,485	-	-	-	-	29,485
Total assets	<u>\$ 9,048,545</u>	<u>\$ 6,292,331</u>	<u>\$ 3,355,716</u>	<u>\$ 2,995,130</u>	<u>\$ 299,238</u>	<u>\$ 21,990,960</u>
LIABILITIES						
Accounts payable	\$ 30,676	\$ -	\$ 5,304	\$ 341,678	\$ 427,639	\$ 805,297
Payroll liabilities	232,967	-	-	-	11,444	244,411
Due to other funds	12,886	8,900	4,450	76,225	81,342	183,803
Deferred revenue	3,648	-	-	-	-	3,648
Total liabilities	<u>280,177</u>	<u>8,900</u>	<u>9,754</u>	<u>417,903</u>	<u>520,425</u>	<u>1,237,159</u>
FUND BALANCES						
Nonspendable	690,106	-	-	-	-	690,106
Restricted	-	-	-	-	-	-
Committed	-	6,283,431	3,345,962	-	182,303	9,811,696
Assigned	-	-	-	2,577,227	(403,490)	2,173,737
Unassigned	8,078,262	-	-	-	-	8,078,262
Total fund balances	<u>8,768,368</u>	<u>6,283,431</u>	<u>3,345,962</u>	<u>2,577,227</u>	<u>(221,187)</u>	<u>20,753,801</u>
Total liabilities and fund balances	<u>\$ 9,048,545</u>	<u>\$ 6,292,331</u>	<u>\$ 3,355,716</u>	<u>\$ 2,995,130</u>	<u>\$ 299,238</u>	<u>\$ 21,990,960</u>
Total fund balance- total governmental funds						\$ 20,753,801
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						
					13,934,112	
					91,508,897	
					<u>(52,724,316)</u>	52,718,693
Long-term portion of liabilities are not due and payable in the current period and are not reported						
					(11,110,285)	
					(2,546,081)	
					(414,040)	
					1,799,639	
					<u>(4,546,780)</u>	<u>(16,817,547)</u>
Net position of governmental activities						<u>\$ 56,654,947</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2023

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 6,582,389	\$ 4,936,791	\$ 1,645,597	\$ -	\$ -	\$ 13,164,777
Use tax	1,580,009	-	-	-	-	1,580,009
Franchise tax	736,809	-	-	-	-	736,809
Hotel tax	-	-	-	-	514,254	514,254
Licenses and permits	87,057	-	-	-	-	87,057
Fines and forfeitures	356,084	-	-	-	-	356,084
Charges for services	486,233	-	-	-	700,527	1,186,760
Intergovernmental revenues	730,576	-	-	1,243,500	-	1,974,076
Donations	4,800	-	-	-	-	4,800
Other revenues	527,746	-	-	-	715	528,461
Proceeds of debt issuance	622,000	-	-	-	-	622,000
Interest	217,678	218,783	119,615	50,371	4,210	610,657
Total revenues	<u>11,931,381</u>	<u>5,155,574</u>	<u>1,765,212</u>	<u>1,293,871</u>	<u>1,275,778</u>	<u>21,421,816</u>
EXPENDITURES						
General government:						
General government	1,374,164	-	-	-	-	1,374,164
City clerk	178,185	-	-	-	-	178,185
Commission	18,821	-	-	-	-	18,821
Building maintenance	502,024	-	-	-	-	502,024
Finance	292,174	-	-	-	-	292,174
Treasurer	1,360	-	-	-	-	1,360
Managerial	400,687	-	-	-	-	400,687
Information technology	374,485	-	-	-	-	374,485
Fleet management	219,617	-	-	-	-	219,617
Construction	112,547	-	-	420,903	-	533,450
Total general government	<u>3,474,064</u>	<u>-</u>	<u>-</u>	<u>420,903</u>	<u>-</u>	<u>3,894,967</u>
Public safety and judiciary:						
Police	3,116,287	-	-	7,995	-	3,124,282
City attorney	70,451	-	-	-	-	70,451
Municipal court	119,956	-	-	-	-	119,956
Fire	2,533,383	-	-	-	-	2,533,383
Code enforcement	245,874	-	-	-	-	245,874
Civil defense	193,372	-	-	-	-	193,372
Total public safety and judiciary	<u>6,279,323</u>	<u>-</u>	<u>-</u>	<u>7,995</u>	<u>-</u>	<u>6,287,318</u>
Transportation:						
Street	753,569	-	-	6,900	-	760,469
Airport	-	-	-	86,910	-	86,910
Total transportation	<u>753,569</u>	<u>-</u>	<u>-</u>	<u>93,810</u>	<u>-</u>	<u>847,379</u>
Cultural, parks and recreation:						
Parks	1,288,212	-	-	-	-	1,288,212
Library	394,413	-	-	23,657	-	418,070
Event Complex	151,082	-	-	-	-	151,082
Sports and recreation	1,475	-	-	-	-	1,475
Museum	137,322	-	-	-	-	137,322
Total cultural, parks and recreation	<u>1,972,504</u>	<u>-</u>	<u>-</u>	<u>23,657</u>	<u>-</u>	<u>1,996,161</u>
Public service:						
Cemetery	164,529	-	-	-	-	164,529
Senior citizens center	119,026	-	-	-	-	119,026
Total public service	<u>283,555</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>283,555</u>
Economic development:						
Tourism	697,159	-	-	299,839	-	996,998
Total economic development	<u>697,159</u>	<u>-</u>	<u>-</u>	<u>299,839</u>	<u>-</u>	<u>996,998</u>
Capital outlay	284,383	-	1,611,224	-	1,010,069	2,905,676
Debt service:						
Principal	2,028,461	-	-	-	-	2,028,461
Interest expense	620,800	-	-	-	-	620,800
Total debt service	<u>2,649,261</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,649,261</u>
Total expenditures	<u>16,393,818</u>	<u>-</u>	<u>1,611,224</u>	<u>846,204</u>	<u>1,010,069</u>	<u>19,861,315</u>
Excess (deficiency) of revenues over expenditures	<u>(4,462,437)</u>	<u>5,155,574</u>	<u>153,988</u>	<u>447,667</u>	<u>265,709</u>	<u>1,560,501</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,056,818	-	-	-	-	6,056,818
Transfers out	-	(3,276,114)	(10,603)	-	(707,557)	(3,994,274)
Total other financing sources and uses	<u>6,056,818</u>	<u>(3,276,114)</u>	<u>(10,603)</u>	<u>-</u>	<u>(707,557)</u>	<u>2,062,544</u>
Net change in fund balances	1,594,381	1,879,460	143,385	447,667	(441,848)	3,623,045
Fund balances - beginning	7,173,987	4,403,971	3,202,577	2,129,560	213,132	17,123,227
Prior period adjustment	-	-	-	-	7,529	7,529
Fund balances - ending	<u>\$ 8,768,368</u>	<u>\$ 6,283,431</u>	<u>\$ 3,345,962</u>	<u>\$ 2,577,227</u>	<u>\$ (221,187)</u>	<u>\$ 20,753,801</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2023

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 \$ 3,623,045

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	2,905,676	
Depreciation expense	<u>(3,312,596)</u>	(406,920)

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		2,028,461
Proceeds from debt issuance		<u>(622,180)</u>

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.

111,272

Change in Net Assets of Governmental Activities

\$ 4,733,678

City of Woodward, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Woodward Municipal Authority</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,626,066
Accounts receivable, net	1,893,205
Total current assets	<u>3,519,271</u>
Current assets:	
Restricted assets:	
Cash, including time deposits	<u>2,092,624</u>
Total restricted assets	<u>2,092,624</u>
Noncurrent assets:	
Capital assets (net)	<u>13,248,514</u>
Total noncurrent assets	<u>13,248,514</u>
Total assets	<u>\$ 18,860,409</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 58,822
Payroll liabilities	36,434
Due to other funds	623,184
Accrued interest payable	50,392
Capital lease, current	390,317
Notes payable, current	1,645,633
Total current liabilities	<u>2,804,782</u>
Noncurrent liabilities:	
Compensated absences	54,723
Deferred revenue	62,500
Meter deposits	480,805
Capital lease, non-current	2,795,949
Notes payable, non-current	7,667,481
Total noncurrent liabilities	<u>11,061,458</u>
Total liabilities	<u>13,866,240</u>
NET POSITION	
Net investment in capital assets	749,134
Restricted	1,611,819
Unrestricted	<u>2,633,216</u>
Total net position	<u>\$ 4,994,169</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2023

	<u>Woodward Municipal Authority</u>
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 4,113,338
Sewer charges	1,635,968
Sanitation charges	1,441,816
Golf course	16,000
Penalties	82,535
Total charges for services	<u>7,289,657</u>
Lease and rental income	820,399
Stormwater fee	561,033
Miscellaneous income	18,800
Total operating revenues	<u>8,689,889</u>
<u>Operating expenses:</u>	
Personal services	2,085,510
Materials and supplies	1,101,719
Other services and charges	2,012,937
Depreciation and amortization	1,162,814
Total operating expenses	<u>6,362,980</u>
Net operating income	2,326,909
<u>Nonoperating revenue (expense):</u>	
Investment income	153,317
Interest expense	(215,867)
Total nonoperating revenue (expense)	<u>(62,550)</u>
Net Income before contributions and transfers	2,264,359
Transfers from other funds	4,911,765
Transfers to other funds	<u>(6,380,998)</u>
Change in net position	795,126
Net position-beginning of year	6,191,628
Prior period adjustment	<u>(1,992,585)</u>
Net position-end of year	<u>\$ 4,994,169</u>

City of Woodward, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	<u>Woodward Municipal Authority</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 8,698,374
Payments to suppliers	(3,058,827)
Payments to employees	(2,039,098)
Net cash provided (used) by operating activities	3,600,449
<u>Cash flows from non-capital financing activities:</u>	
Transfers from other funds	4,911,765
Transfers to other funds	(6,380,998)
Net cash provided (used) by non-capital financing activities	(1,469,233)
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(31,412)
Retirement/sell of capital assets	-
Proceeds from notes payable	-
Proceeds from capital lease	-
Principal paid on capital debt	(2,009,794)
Interest paid on capital debt	(223,961)
Net cash provided (used) by capital and related financing activities	(2,265,167)
<u>Cash flows from investing activities:</u>	
Investment income	381,441
Net cash provided (used) by investing activities	381,441
Net increase (decrease) in cash and cash equivalents	247,490
Cash & cash equivalents, beginning of year	3,471,200
Cash & cash equivalents, end of the year	\$ 3,718,690
Cash, including time deposits	\$ 1,626,066
Restricted cash, including time deposits	2,092,624
Total cash and cash equivalents, end of year	\$ 3,718,690
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 2,326,909
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,162,814
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	31,147
Increase (decrease) in accounts payable	55,829
Increase (decrease) in payroll liabilities	46,412
Increase (decrease) in deferred revenue	(62,500)
Increase (decrease) in meter deposits	39,838
Total adjustments	1,273,540
Net cash provided (used) by operating activities	\$ 3,600,449

City of Woodward, Oklahoma
Statement of Fiduciary Net Position - Agency Fund
June 30, 2023

	<u>Municipal Court</u>	
ASSETS		
Cash and cash equivalents	\$	74,941
Total assets	<u>\$</u>	<u>74,941</u>
LIABILITIES		
Accounts payable	\$	8,238
Due to other funds		10,907
Amounts held in escrow		55,796
Total liabilities	<u>\$</u>	<u>74,941</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. They mayor is elected by the City Commissioners
- Executive — the City Manager is the Chief Executive Officer and is appointed by the City Commission
- Judicial — the Municipal Judge is a practicing attorney appointed by the City Commission

Component Units:

The City of Woodward Municipal Authority — public trust created under 60 O.S. §176 with the City as the beneficiary that operates the water, sewer and sanitation services of the City. The component unit (Authority) has the City Commission as their governing body (trustees) and the City can impose its will on the Authority through required approval of all debt obligations issued by these entities. The Authority is reported as a blended component unit.

Related Organizations:

In addition, the City has two related organizations that are not included as component units within the City's financial statements.

- Woodward Hospital and Health Center — is a 501.(C)(3) non-profit corporation that has used the Woodward Municipal Authority as a vehicle to issue revenue note debt for facility improvements. These debts are typically secured by a pledge of hospital revenues and the improvements to the facilities constructed with the proceeds of the debt. The corporation leases the hospital facilities from the Woodward Municipal Authority in accordance with a long-term lease agreement signed by both parties. The Woodward Hospital and Health Center is not considered to be a component unit of the City of Woodward, and issues separate audited financial statements on an annual basis.
- The Woodward Industrial Foundation (the "Foundation") is a non-profit corporation organized under Section 501.(C)(6) of the Internal Revenue Code. The Foundation promotes industrial growth in the City of Woodward and Woodward County. The Foundation is not considered a component unit of the City and prepares separately audited financial

CITY OF WOODWARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

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, 2023, the Foundation approved lease rental agreements between the Woodward Municipal Authority and industrial occupants and the payment of other economic development expenses.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

The statements of net position and activities are reported on the accrual basis of accounting and economic resource focus. Under the economic resource focus, all assets and liabilities, including current and non-current, along with deferred outflows and inflows, are reported. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

- Public Safety: Fire and Police — Fines and forfeitures, K-9 donations, restricted operating grants, 911 revenue, state pension on-behalf payments, capital grants and contributions
- Airport: Rental fees
- Streets: Commercial vehicle and gasoline excise tax shared by the State.
- Library: Fines, state aid operating grant
- Park and recreation: program revenues
- Code enforcement: License and permits
- General Government: Rental and miscellaneous charges for services, arts council grant, ODOC grant
- Civil Defense: emergency management, operating grants
- Cemetery: cemetery lot sales
- Tourism: convention center rental and activities
- Water: water service charges
- Sewer: sewer service charges
- Economic Development: rental fees
- Hospital: rental fees

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

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

CITY OF WOODWARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2023

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund — accounts for all activities not accounted for in other special-purpose funds
- Limited Purpose Sales Tax Fund — capital project fund that accounts for revenues of a one and a half-cent sales tax legally restricted by voter election for capital improvements or debt service on certain debt, such as the debt related to 34th Street, Central Fire Station, new City Hall, parks and convention center
- Restricted Sales Tax Fund — capital project fund that accounts for revenues of a one-half cent sales tax legally restricted by voter election for capital improvement purposes
- Grant Fund — capital project fund that accounts for grants of any nature to be accounted for within this fund by department excluding grants in progress prior to establishment of grant fund

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

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

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

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

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

Proprietary Fund:

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

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

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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, 2023.

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, 2023, 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, 2023, the investments held by the City mature in three years or less.

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

- a. Obligations of the U. S. Government, its agencies and instrumentalities.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c., 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 is 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, 2023, 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, 2023, 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, 2023, capital assets balances changed as follows:

	Balance at July 1, 2022 *	Additions	Deletions	Balance at June 30, 2023
<i>Governmental Activities</i>				
Land	\$ 1,008,644	\$ 6,107	\$ -	\$ 1,014,751
Construction in process	10,019,792	2,899,569	-	12,919,361
Total non-depreciable assets	11,028,436	2,905,676	-	13,934,112
Buildings	51,120,556	10,860	-	51,131,416
Improvements	10,938,052	-	-	10,938,052
Infrastructure	12,402,761	-	-	12,402,761
Machinery and equipment	15,915,039	1,121,629	-	17,036,668
Total assets at cost	101,404,844	4,038,165	-	105,443,009
Less accumulated depreciation	49,411,720	3,312,596	-	52,724,316
Governmental capital assets, net	\$ 51,993,124	\$ 725,569	\$ -	\$ 52,718,693
<i>Business-type Activities</i>				
Land	\$ 579,373	\$ -	\$ -	\$ 579,373
Construction in process	280,353	35,000	(280,353)	35,000
Total non-depreciable assets	859,726	35,000	(280,353)	614,373
Buildings	678,647	-	-	678,647
Improvements	19,316,351	-	-	19,316,351
Infrastructure	5,697,395	-	-	5,697,395
Machinery and equipment	21,975,455	236,484	-	22,211,939
Total assets at cost	48,527,574	271,484	(280,353)	48,518,705
Less accumulated depreciation	34,107,377	1,162,814	-	35,270,191
Business-type capital assets, net	\$ 14,420,197	\$ (891,330)	\$ (280,353)	\$ 13,248,514

* Restated from prior year

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	\$ 464,594
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>\$ 1,162,814</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2023, the reporting entity's long-term debt changed as follows:

	Balance at			Balance at	Amounts
	July 1, 2022	Additions	Deletions	June 30, 2023	Due Within
					One Year
<i>Governmental Activities</i>					
Notes payable	\$ 12,649,444	\$ -	\$ 1,539,159	\$ 11,110,285	\$ 1,606,797
Capital leases	2,413,203	622,180	489,302	2,546,081	495,271
Compensated absences	387,963	26,077	-	414,040	-
Pension obligation	2,403,730	2,390,460	-	4,794,190	-
Total governmental activities	<u>\$ 17,854,340</u>	<u>\$ 3,038,717</u>	<u>\$ 2,028,461</u>	<u>\$ 18,864,596</u>	<u>\$ 2,102,068</u>
<i>Business-type Activities</i>					
Compensated absences	\$ 43,767	\$ 10,956	\$ -	\$ 54,723	\$ -
Meter deposits	439,203	41,602	-	480,805	-
Notes payable	10,928,271	-	1,615,156	9,313,115	1,645,633
Capital leases	3,580,902	-	394,637	3,186,265	390,317
Total business-type activities	<u>\$ 14,992,143</u>	<u>\$ 52,558</u>	<u>\$ 2,009,793</u>	<u>\$ 13,034,908</u>	<u>\$ 2,035,950</u>
Total long-term debt	<u>\$ 32,846,483</u>	<u>\$ 3,091,275</u>	<u>\$ 4,038,254</u>	<u>\$ 31,899,504</u>	<u>\$ 4,138,018</u>

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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.	\$ 2,590,000
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.	3,275,000
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.	2,170,000
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.	3,075,286
 <u>Capital Lease Payable:</u>	
\$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	42,170
\$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.	1,920,000
\$622,180 capital lease with Stock Exchange Bank for 2022 Spartan E-One Firetruck maturing December 2029. Lease is payable in monthly installments with an interest rate of 4.5%.	583,910
Total Governmental Activities long-term debt	<u>\$ 13,656,366</u>

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.	\$ 400,114
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.	3,900,000
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%.	5,013,000

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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	3,065,000
\$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	71,580
\$32,460 lease with Axon for 22 tasers, holsters, cartridges, and battery packs, payable annually over five years maturing August 2024	6,402
\$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.	43,284
Total Business-type Activities long-term debt	\$ 12,499,380

Long-term debt service requirements to maturity:

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

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
2024	\$ 495,271	\$ 50,169	\$ 1,808,797	\$ 434,770	\$ 390,317	\$ 71,650	\$ 1,645,633	\$ 153,047
2025	461,743	40,669	1,674,536	363,863	417,678	61,381	1,677,257	125,517
2026	471,553	31,722	1,742,379	290,011	393,270	51,772	1,715,705	95,687
2027	479,539	22,526	1,815,331	213,080	380,000	42,714	1,744,985	68,392
2028	487,708	13,085	1,178,396	147,803	390,000	34,070	424,535	45,477
2029-2033	150,267	5,424	872,205	472,684	1,215,000	48,590	2,105,000	56,331
2034-2038	-	-	563,390	366,070	-	-	-	-
2039-2042	-	-	679,381	250,079	-	-	-	-
2043-2048	-	-	819,251	110,209	-	-	-	-
2049-2050	-	-	158,619	2,849	-	-	-	-
Totals	\$ 2,546,081	\$ 163,595	\$ 11,110,285	\$ 2,651,418	\$ 3,186,265	\$ 310,177	\$ 9,313,115	\$ 544,451

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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	\$ 4,936,791	\$ 705,690	14%	\$ 2,590,000	Until 2027
2007 Sales Tax Note	1.5% sales tax	4,936,791	616,154	12%	3,275,000	Until 2028
2008 Sales Tax Note	1.5% sales tax	4,936,791	424,609	9%	2,170,000	Until 2029
Series 2018 Utility Note	Water, sewer, and stormwater revenues	5,749,305	442,925	8%	3,900,000	Until 2033
Series 2020 Sales Tax Note	1% sales tax	3,291,194	1,280,781	39%	5,013,000	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:

Transfer To	Transfer From				
	General Fund	Limited Purpose Sales Tax	Non-Major Funds	Municipal Authority	Total
General Fund	\$ -	-	707,557	2,700,000	\$ 3,407,557
Limited Purpose Sale Tax	-	-	-	-	-
Non-Major Funds	-	-	-	-	-
Municipal Authority	-	3,276,114	-	-	3,276,114
	\$ -	\$ 3,276,114	\$ 707,557	\$ 2,700,000	\$ 6,683,671

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 2023, 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

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

Pension Plan Summary	
Governmental Activities	
Pension Expense	
Fire Pension Plan	\$ 666,388
Police Pension Plan	59,128
	725,516
Pension (Asset)/Liability	
Fire Pension Plan	4,794,190
Police Pension Plan	(247,410)
	4,546,780
Deferred Pension Outflow	
Fire Pension Plan	2,909,466
Police Pension Plan	1,600,436
	4,509,902
Deferred Pension Inflow	
Fire Pension Plan	1,614,585
Police Pension Plan	1,095,678
	\$ 2,710,263

Oklahoma Firefighter's Pension and Retirement System

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

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

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

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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 \$177,068 (fiscal year contributions).

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$4,794,190 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information the City's proportion was 0.366603%.

For the year ended June 30, 2023, the City recognized pension expense of \$666,388. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 615,445	\$ 24,202
Changes of assumptions	-	30,567
Net difference between projected and actual earnings on pension plan investments	2,116,953	1,559,816
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	177,068	-
Total	\$ 2,909,466	\$ 1,614,585

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:		
2023	\$	297,745
2024		243,194
2025		69,106
2026		507,768
2027		-

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Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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, 2022, 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, 2022, are summarized in the following table:

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

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
City's proportionate share of the net pension liability	6,177,688	4,794,190	3,636,968

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

Oklahoma Police Pension and Retirement System

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

Benefits provided – OPPRS provides retirement, disability, and death benefits to members of the plan. The normal retirement date under the Plan is the date upon which the participant completes 20 years of credited service, regardless of age. Participants become vested upon completing 10 years of credited service as a contributing participant of the Plan. No vesting occurs prior to completing 10 years of credited service. Participants' contributions are refundable, without interest, upon termination prior to normal retirement. Participants who have completed 10 years of credited service may elect a vested benefit in lieu of having their accumulated contributions refunded. If the vested benefit is elected, the participant is entitled to a monthly retirement benefit commencing on the date the participant reaches 50 years of age or the date the participant would have had 20 years of credited service had employment continued uninterrupted, whichever is later.

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 \$160,314.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported an asset of \$247,410 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. 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, 2022. Based upon this information, the City's proportion was

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0.3085%.

For the year ended June 30, 2023, the City recognized pension expense of \$59,128. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 121,357	\$ 26,949
Changes of assumptions	8,614	-
Net difference between projected and actual earnings on pension plan investments	1,310,151	1,068,729
Changes in proportion and differences between City contributions and proportionate share of contributions City contributions subsequent to the measurement date	-	-
	160,314	-
Total	\$ 1,600,436	\$ 1,095,678

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:

2023	\$	77,680
2024		20,405
2025		(65,722)
2026		296,540
2027		15,541

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2022, 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

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table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2022, 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, 2022, 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 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:

	<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/(asset)	(528,933)	(247,410)	(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.

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.

Oklahoma Municipal Retirement Fund

The City has also provided a defined contribution plan known as the Oklahoma Municipal Retirement Fund Defined Contribution Plan. Participation in the defined contribution plan is mandatory for all full-time employees not covered under the Police and Firefighter's Pension Systems. Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon their employment commencement date. The City's contributions may vary from year to year, however, for the current year the City contributed 1.5% of gross pay for eligible employees. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% upon the employee's employment commencement date. The employee is fully vested upon employment commencement date. The employee's required rate of contribution is 2% with total employee contributions not to exceed 10%. The authority to establish and amend the provisions of the plan rest with the City Commission.

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

Fiscal Year	OkMRF		Principal Mutual	
	Employer	Employee	Employer	Employee
2013	\$ 47,518	\$ 149,906	\$ 332,578	\$ -
2014	50,988	159,311	303,549	-
2015	74,650	160,032	358,595	-
2016	78,129	115,066	380,560	-
2017	68,742	99,190	326,633	-
2018	68,491	98,598	324,433	-
2019	71,726	147,651	341,061	-
2020	80,809	162,257	369,911	-
2021	70,829	142,284	334,711	-
2022	62,999	140,796	336,830	-
2023	53,954	110,512	377,668	-

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 in accounting estimate resulted in \$3,000,652 and \$1,992,585 in governmental and business-type activities, respectively, being recognized was not material to any of the previous years, therefore management has taken the position that result in a change of accounting estimate recognizing the additional accumulated depreciation in current year.

A prior period adjustment of \$7,529 was reported in the Special Airport fund to reflect a change in the salary accrual.

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, 2023

	Budget	Revisions	Revised Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES					
Sales tax	\$ 6,138,743	\$ -	\$ 6,138,743	\$ 6,582,389	\$ 443,646
Use tax	1,261,676	-	1,261,676	1,580,009	318,333
Franchise tax	690,357	-	690,357	736,809	46,452
Other taxes	473,692	-	473,692	-	(473,692)
Licenses and permits	104,542	-	104,542	87,057	(17,485)
Fines and forfeitures	305,724	-	305,724	356,084	50,360
Charges for services	225,215	-	225,215	486,233	261,018
Intergovernmental revenues	422,014	-	422,014	730,576	308,562
Other revenues	350,083	-	350,083	532,546	182,463
Interest	45,257	-	45,257	217,678	172,421
Total revenues	10,017,303	-	10,017,303	11,309,381	1,292,078
EXPENDITURES					
General government:					
General government	1,784,010	(122,000)	1,662,010	1,374,164	287,846
City clerk	181,448	-	181,448	178,185	3,263
Commission	22,555	-	22,555	18,821	3,734
Building maintenance	495,845	6,500	502,345	502,024	321
Finance	314,454	-	314,454	292,174	22,280
Treasurer	25,400	-	25,400	1,360	24,040
Managerial	966,326	-	966,326	400,687	565,639
Information technology	494,955	-	494,955	374,485	120,470
Fleet management	246,553	-	246,553	219,617	26,936
Construction	126,122	-	126,122	112,547	13,575
Total general government	4,657,669	(115,500)	4,542,169	3,474,064	1,068,105
Public safety and judiciary:					
Police	3,113,153	5,000	3,118,153	3,116,287	1,866
City attorney	52,822	20,000	72,822	70,451	2,371
Municipal court	141,246	-	141,246	119,956	21,290
Fire	2,616,825	-	2,616,825	2,533,383	83,442
Code enforcement	275,268	-	275,268	245,874	29,394
Civil defense	398,664	(25,000)	373,664	193,372	180,292
Total public safety and judiciary	6,597,977	-	6,597,977	6,279,323	318,654
Transportation:					
Street	720,140	35,000	755,140	753,569	1,571
Total transportation	720,140	35,000	755,140	753,569	1,571
Cultural, parks and recreation:					
Parks	560,132	730,000	1,290,132	1,288,212	1,920
Library	433,375	-	433,375	394,413	38,962
Event Complex	112,025	40,000	152,025	151,082	943
Sports and recreation	675,501	(670,000)	5,501	1,475	4,026
Museum	126,799	12,000	138,799	137,322	1,477
Total cultural, parks and recreation	1,907,832	112,000	2,019,832	1,972,504	47,328
Public service:					
Cemetery	175,514	-	175,514	164,529	10,985
Senior citizens center	123,713	-	123,713	119,026	4,687
Total public service	299,227	-	299,227	283,555	15,672
Economic development:					
Tourism	754,980	-	754,980	697,159	57,821
Total economic development	754,980	-	754,980	697,159	57,821
Total expenditures	14,937,825	31,500	14,969,325	13,460,174	1,509,151
Revenue over (under) expenditures	(4,920,522)	(31,500)	(4,952,022)	(2,150,793)	(217,073)
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	4,104,980	-	4,104,980	6,056,818	1,951,838
Net other financing sources (uses)	4,104,980	-	4,104,980	6,056,818	1,951,838
Revenues and other financing sources over (under) expenditures and other uses	(815,542)	(31,500)	(847,042)	3,906,025	1,734,765
Fund balance at beginning of year (Non-GAAP budgetary basis)				6,201,662	
Fund balance at end of year (Non-GAAP budgetary basis)				<u>\$ 10,107,687</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(1,339,319)	
Fund balance at end of year (GAAP basis)				<u>\$ 8,768,368</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
Year Ended June 30, 2023

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*
City's portion of the net pension liability (asset)	0.4449%	0.4507%	0.4351%	0.0036%	0.3143%	0.2956%	0.3286%	0.2940%	0.3085%
City's proportionate share of the net pension liability (asset)	\$ (149,809)	\$ 18,377	\$ 666,377	\$ 27,687	\$ (149,724)	\$ (18,868)	\$ 377,368	\$ (1,410,374)	\$ (247,410)
City's covered-employee payroll	\$ 1,244,785	\$ 1,414,340	\$ 1,261,656	\$ 994,858	\$ 1,044,284	\$ 1,218,612	\$ 1,071,274	\$ 1,242,402	\$ 1,346,351
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%	-114%	-18%
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%	100.62%	100.11%

* 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*	2022*	2023*
Contractually required contribution	\$ 159,164	\$ 165,612	\$ 166,821	\$ 76,700	\$ 121,583	\$ 90,650	\$ 132,261	\$ 143,663	\$ 160,314
Contributions in relation to the contractually required contribution	(159,164)	(165,612)	(166,821)	(76,700)	(121,583)	(90,650)	(132,261)	(143,663)	(160,314)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 1,224,338	\$ 1,414,340	\$ 1,261,656	\$ 994,858	\$ 1,044,284	\$ 1,218,612	\$ 1,071,274	\$ 1,242,402	\$ 1,346,351
Contributions as a percentage of covered-employee payroll	13.00%	11.71%	13.22%	7.71%	11.64%	7.44%	12.35%	11.56%	11.91%

** 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, 2023

	2015*	2016*	2017*	2018*	2019*	2020*	2021*	2022*	2023*
City's portion of the net pension liability (asset)	0.4143%	0.4445%	0.4293%	0.4127%	0.3633%	0.3135%	0.3805%	0.3550%	0.3666%
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	\$ 4,794,190
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	\$ 1,333,072
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	384%	396%	449%	463%	379%	256%	388%	194%	360%
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%	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*	2023*
Contractually required contribution	\$ 156,145	\$ 166,995	\$ 168,135	\$ 97,029	\$ 147,635	\$ 108,657	\$ 164,139	\$ 168,682	\$ 177,068
Contributions in relation to the contractually required contribution	(156,145)	(166,995)	(168,135)	(97,029)	(147,635)	(108,657)	(164,139)	(168,682)	(177,068)
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	\$ 1,333,072
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.38%	8.66%	13.68%	8.41%	13.57%	13.60%	13.28%

** 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, 2023

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Special Airport	Total Non-Major Funds
ASSETS						
Cash and cash equivalents	\$ -	\$ 32,604	\$ 84,977	\$ 15,249	\$ 200	\$ 133,030
Accounts receivable	78,490	-	-	-	3,518	82,008
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	84,200	84,200
Total assets	<u>\$ 78,490</u>	<u>\$ 32,604</u>	<u>\$ 84,977</u>	<u>\$ 15,249</u>	<u>\$ 87,918</u>	<u>\$ 299,238</u>
LIABILITIES						
Accounts payable	\$ 19,679	\$ -	\$ -	\$ -	\$ 407,960	\$ 427,639
Payroll liabilities	-	-	-	-	11,444	11,444
Due to other funds	-	-	9,338	-	72,004	81,342
Total liabilities	<u>19,679</u>	<u>-</u>	<u>9,338</u>	<u>-</u>	<u>491,408</u>	<u>520,425</u>
FUND BALANCES						
Restricted	-	-	-	-	-	-
Committed	58,811	32,604	75,639	15,249	-	182,303
Assigned	-	-	-	-	(403,490)	(403,490)
Unassigned	-	-	-	-	-	-
Total fund balances	<u>58,811</u>	<u>32,604</u>	<u>75,639</u>	<u>15,249</u>	<u>(403,490)</u>	<u>(221,187)</u>
Total liabilities and fund balances	<u>\$ 78,490</u>	<u>\$ 32,604</u>	<u>\$ 84,977</u>	<u>\$ 15,249</u>	<u>\$ 87,918</u>	<u>\$ 299,238</u>

City of Woodward, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2023

	Hotel Tax Fund	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Special Airport	Total Non-Major Funds
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	514,254	-	-	-	-	514,254
Charges for services	107,636	884	9,449	-	582,558	700,527
Rental income	-	-	-	-	56,072	56,072
Other income	-	-	-	-	715	715
Interest income	-	-	3,546	664	-	4,210
Total revenues	<u>621,890</u>	<u>884</u>	<u>12,995</u>	<u>664</u>	<u>639,345</u>	<u>1,275,778</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Airport	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,010,069	1,010,069
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010,069</u>	<u>1,010,069</u>
Excess (deficiency) of revenues over expenditures	<u>621,890</u>	<u>884</u>	<u>12,995</u>	<u>664</u>	<u>(370,724)</u>	<u>265,709</u>
OTHER FINANCING SOURCES (USES)						
Transfers in/(out)	<u>(707,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(707,557)</u>
Total other financing sources and uses	<u>(707,557)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(707,557)</u>
Net change in fund balances	(85,667)	884	12,995	664	(370,724)	(441,848)
Fund balances - beginning	144,478	31,720	62,644	14,585	(40,295)	213,132
Prior period adjustment	-	-	-	-	7,529	7,529
Fund balances - ending	<u>\$ 58,811</u>	<u>\$ 32,604</u>	<u>\$ 75,639</u>	<u>\$ 15,249</u>	<u>\$ (403,490)</u>	<u>\$ (221,187)</u>

See accompanying notes to the financial statements

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 Council
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 City of Woodward, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Woodward, Oklahoma's basic financial statements and have issued our report thereon dated May 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Woodward, Oklahoma's internal control over financial reporting (internal control) as a basis for designing 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 City of Woodward, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

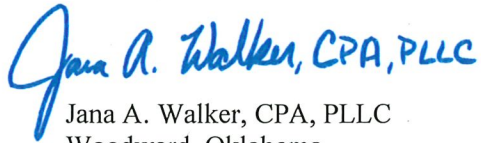
As part of obtaining reasonable assurance about whether City of Woodward, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2023-002.

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 the 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.

A handwritten signature in blue ink that reads "Jana A. Walker, CPA, PLLC". The signature is written in a cursive style.

Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
May 19, 2025

CITY OF WOODWARD, OKLAHOMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title		Federal Assistance Listing	Program or Award Amount	Federal Expenditures
<u>U.S. Department of Transportation:</u>				
Federal Aviation Administration - Airport Improvement Program				
Airport Improvement Program	3-40-0108-020-2022	20.106	\$ 136,260	\$ 131,700
Development Pavement Management Program	3-40-0108-017-2021	20.106	49,400	7,900
Sub-total U.S. Department of Transportation			<u>185,660</u>	<u>139,600</u>
<u>U.S. Department of Commerce Economic Development Admin:</u>				
Economic Adjustment Assistance Title II, Section 209	08-79-05367;URI:114300	11.307	2,000,000	299,838
Sub-total U.S. Department of Commerce			<u>2,000,000</u>	<u>299,838</u>
<u>U.S. Department of Treasury:</u>				
<u>Passed through the Oklahoma Department of Treasury:</u>				
Coronavirus State and Local Fiscal Recovery Funds	SA-0170	21.027	1,068,533	1,068,533
Sub-total U.S. Department of Treasury			<u>1,068,533</u>	<u>1,068,533</u>
Total of Expenditures of Federal Awards			<u>\$ 3,254,193</u>	<u>\$ 1,507,971</u>

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

**CITY OF WOODWARD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

SECTION I--- SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? No

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516 Audit findings paragraph (a)? Yes

Identification of major programs:

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds for NEU’s

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? No

CITY OF WOODWARD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

SECTION II --- FINANCIAL STATEMENT FINDINGS

FINDING 2023-001 Ineffective Oversight of Controls and Monitoring

Condition: The capital assets subsidiary schedule required recalculation and a prior period restatement to correct beginning balances, the capital asset schedule was not adjusted in a timely manner to correct reflect period end balances.

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 controls comprises of the plans, methods, and procedures used to meet missions, goals, and objectives.

Cause: Management override of controls due to turnover in the accounting department.

Effect or Potential Effect: Misstatement of the financial statements.

Recommendation: The City should reconcile the fixed assets program to ensure the assets are being properly accounted for and depreciated on an ongoing basis.

Response: Management agrees with the recommendation. Due to significant turnover in the accounting department, the reconciliation did not happen timely and they are actively working to correct this in a timely manner.

FINDING 2023-002 Lack of Timely Filed Audit

Condition: Audit report issued after allotted 150 days from year end for the OWRB and after the allotted 9 months after year end with the Federal Audit Clearinghouse

Criteria: In accordance with the Oklahoma Water Resource Board loan agreement, Article II, 2.7(D)(4) the City shall furnish copies of the reports of the financial audit within 150 days after the end of each fiscal year. The regulations at 34 C.F.R. 668.23(a)(4) incorporate the audit submission deadline established at 2 C.F.R. 200.512(a)(1), through reference to the Single Audit Act. Institutions under the Single Audit Act have an audit submission deadline of the earlier of 30 calendar days after receipt of the audit report, or nine months after the end of the audit period.

Cause: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

Effect or Potential Effect: Debt covenant violation and noncompliance with the Single Audit Act could result in loss of future funding.

Recommendation: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered.

CITY OF WOODWARD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

SECTION II --- FINANCIAL STATEMENT FINDINGS-continued

FINDING 2023-002 Lack of Timely Filed Audit-continued

Response: Management will make arrangements to have their records inspected quicker after year-end to ensure the timely completion of an audit. Additionally, follow-up procedures will be executed to ensure all parties have received the required information to complete audit procedures prior to the deadline.

SECTION III --- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING 2023-002 Lack of Timely Filed Audit

Condition: Audit report filed with the Federal Audit Clearinghouse after allotted 9 months after year end period.

Criteria: The regulations at 34 C.F.R. 668.23(a)(4) incorporate the audit submission deadline established at 2 C.F.R. 200.512(a)(1), through reference to the Single Audit Act. Institutions under the Single Audit Act have an audit submission deadline of the earlier of 30 calendar days after receipt of the audit report, or nine months after the end of the audit period.

Cause: Management did not receive the financial reporting package in a timely manner and appropriate follow up procedures were not performed to ensure the auditor had workpapers to review with sufficient time to issue the audit report prior to the deadline.

Effect or Potential Effect: Noncompliance with the Single Audit Act could result in loss of future funding.

Recommendation: Management should establish a well-defined process for financial reporting that includes overall timing and follow up procedures to ensure the established policies related to timing are adhered.

SECTION IV--- SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2022-001 Ineffective Oversight of Controls and Monitoring

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

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 controls comprises of the plans, methods, and procedures used to meet missions, goals, and objectives.

CITY OF WOODWARD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

SECTION IV--- SCHEDULE OF PRIOR AUDIT FINDINGS-continued

Finding 2022-001 Ineffective Oversight of Controls and Monitoring-continued

Cause: Management override of controls due to turnover in the accounting department.

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

Recommendation: The City should reconcile the fixed assets program to ensure the assets are being properly accounted for and depreciated on an ongoing basis.

Current Status: Reported as finding 2023-001.

SECTION V – CORRECTIVE ACTION PLAN

Management will reconcile the depreciation schedule in a timelier manner to ensure calculated estimates and balances are tracked and properly recorded on an ongoing basis. Management will make arrangements to have their records inspected quicker after year-end to ensure the timely completion of an audit. Additionally, follow-up procedures will be executed to ensure all parties have received the required information to complete audit procedures prior to the deadline.

CITY OF WOODWARD, OKLAHOMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the City of Woodward, Oklahoma (the City) under programs of the federal government for the year ended June 30, 2023. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

To the City Council
City of Woodward, Oklahoma

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Woodward, Oklahoma's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Woodward, Oklahoma's major federal programs for the year ended June 30, 2023. City of Woodward, Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Woodward, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Woodward, Oklahoma and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of City of Woodward, Oklahoma's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City of Woodward, Oklahoma's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Woodward, Oklahoma's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Woodward, Oklahoma's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 City of Woodward, Oklahoma's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City of Woodward, Oklahoma's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Woodward, Oklahoma's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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


Jana A. Walker, CPA, PLLC

Jana A. Walker, CPA, PLLC
Woodward, Oklahoma
May 19, 2025