City of Woodward

WOODWARD
OKLAHOMA

Annual Financial Statements
And
Independent Auditor's Report

As of And For
The Fiscal Year Ending
June 30, 2015

THE CITY OF WOODWARD, OKLAHOMA

ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Woodward, State of Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, State of Oklahoma (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 the 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 provided us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management discussion and analysis that accounting principles generally accepted in the Unites States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in a an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material aspects, 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 December 30, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance and results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

rs meacham
CPAs | ADVISORS

Clinton, OK

December 30, 2015

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE

Statement of Net Position– June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Equivalents	$ 1,155,397	$ 1,500,218	$ 2,655,615
Restricted cash and cash equivalents	12,646,895	368,358	13,015,253
Investments	2,927,553	-	2,927,553
Internal balances	623,184	(623,184)	-
Deposits with insurance pool	109,295	-	109,295
Receivables:			
Accounts receivables, net	-	938,921	938,921
Due from fiduciary fund	9,311	-	9,311
Accrued interest receivable	6,169	-	6,169
Due from other governments	2,689,496	-	2,689,496
Other receivables	639,926	171,382	811,308
Inventory	722,773	-	722,773
Total current assets	21,529,999	2,355,695	23,885,694
Noncurrent Assets:			
Restricted investments	185,892	-	185,892
Noncurrent Assets:			
Net pension asset	149,809	-	149,809
Land and other nondepreciable assets	11,589,210	456,577	12,045,787
Other Capital Assets, net of depreciation	46,741,700	21,261,475	68,003,175
Total noncurrent assets	58,666,611	21,718,052	80,384,663
Total Assets	80,196,610	24,073,747	104,270,357
Deferred outflows of resources:			
Deferred amounts related to pensions	416,815	-	416,815
LIABILITIES			
Current Liabilities:			
Accounts payable	2,129,515	229,809	2,359,324
Due to depositors	93,366	324,854	418,220
Interest payable	180,121	20,986	201,107
Current portion of:			
Accrued compensated absences	58,454	9,999	68,453
Notes payable	2,301,191	132,227	2,433,418
Capital lease obligation	475,256	-	475,256
Limited obligation notes payable	-	46,810	46,810
Total current liabilities	5,237,903	764,685	6,002,588
Noncurrent liabilities:			
Accrued compensated absences	233,817	39,996	273,813
Notes payable, net	34,691,924	2,266,047	36,957,971
Capital lease obligation	5,438,213	-	5,438,213
Net pension liability	4,260,217	-	4,260,217
Total noncurrent liablilities	44,624,171	2,306,043	46,930,214
Total liabilities	49,862,074	3,070,728	52,932,802
Deferred inflows of resources:			
Deferred amounts related to pensions	1,238,741	-	1,238,741
NET POSITION			
Net investment in capital assets	28,071,221	19,272,968	47,344,189
Restricted for:			
Tourism	326,122	-	326,122
Cemetery	3,489	-	3,489
Debt service	-	1	1
Other purposes	1,354,761	-	1,354,761
Unrestricted	(242,983)	1,730,050	1,487,067
Total net position	$ 29,512,610	$ 21,003,019	$ 50,515,629

See accompanying notes to the financial statements.

Statement of Revenues, Expenses and Change in Net Position – For the Year Ended June 30, 2015

		Program Revenue			Net (Expense) Revenue and Changes in Net Position Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
City Commission	$ 40,461	$ -	$ -	$ -	$ (40,461)	$ -	$ (40,461)
City Attorney	55,030	-	-	-	(55,030)	-	(55,030)
Library	494,235	18,365	16,160	-	(459,710)	-	(459,710)
City Finance	468,539	-	-	-	(468,539)	-	(468,539)
Cemetery	161,061	31,817	-	-	(129,244)	-	(129,244)
Construction	119,296	-	-	-	(119,296)	-	(119,296)
Managerial	506,468	-	-	-	(506,468)	-	(506,468)
City Clerk/Treasurer	257,207	-	-	-	(257,207)	-	(257,207)
Police	2,870,991	917,011	210,231	-	(1,743,749)	-	(1,743,749)
General Government	2,506,021	25,686	31,350	-	(2,448,985)	-	(2,448,985)
Parks and Recreation	1,833,129	79,418	162,918	-	(1,590,793)	-	(1,590,793)
Fire	2,627,415	-	108,703	-	(2,518,712)	-	(2,518,712)
Code Enforement	507,629	50,835	-	-	(456,794)	-	(456,794)
Kid's Inc	192,041	-	-	-	(192,041)	-	(192,041)
Senior Citizens Center	153,700	-	-	-	(153,700)	-	(153,700)
Civil Defense	294,493	-	22,795	17,001	(254,697)	-	(254,697)
Building Maintenance	554,696	-	-	-	(554,696)	-	(554,696)
Motive Maintenance	285,174	-	-	-	(285,174)	-	(285,174)
Street Department	2,027,519	-	119,987	-	(1,907,532)	-	(1,907,532)
Airport	1,414,604	679,150	-	1,730,913	995,459	-	995,459
Museum	44,331	-	-	-	(44,331)	-	(44,331)
Information Services	360,221	-	-	-	(360,221)	-	(360,221)
Tourism	1,347,231	-	-	-	(1,347,231)	-	(1,347,231)
Interest on Long-term debt	1,346,160	-	-	-	(1,346,160)	-	(1,346,160)
Total governmental activities	20,467,652	1,802,282	672,144	1,747,914	(16,245,312)	-	(16,245,312)
Business-type activities:							
Water	3,798,096	3,394,408	-	-	-	(403,688)	(403,688)
Sewer	868,752	1,238,058	-	-	-	369,306	369,306
Sanitation	1,431,748	1,134,600	-	-	-	(297,148)	(297,148)
Economic Development	39,995	574,975	-	-	-	534,980	534,980
Hospital	438,186	729,060	-	-	-	290,874	290,874
Total business-type activities	6,576,777	7,071,101	-	-	-	494,324	494,324
Total primary government	27,044,429	8,873,383	672,144	1,747,914	(16,245,312)	494,324	(15,750,988)
General revenues:							
Taxes:							
Sales and use taxes					$ 14,498,279	$ -	$ 14,498,279
Franchise and public service taxes					646,707	-	646,707
Hotel/motel tax					787,153	-	787,153
Weed abatement					7,943	-	7,943
Intergovernmental revenue not restricted to specific programs					294,753	-	294,753
Investment Income					52,904	15,049	67,953
Miscellaneous					383,893	27,449	411,342
Transfers - Internal activity					2,226,645	(2,226,645)	-
Total general revenues and transfers					18,898,277	(2,184,147)	16,714,130
Change in net position					2,652,965	(1,689,823)	963,142
Net position - beginning, restated					26,859,645	22,692,842	49,552,487
Net position - ending					$ 29,512,610	$ 21,003,019	$ 50,515,629

See accompanying notes to the financial statements.

BASIC FINANCIAL STATEMENTS - GOVERNMENTAL FUNDS

Governmental Funds Balance Sheet – June 30, 2015

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 181,820	$ 13,300,093	$ -	$ 223,426	$ 282,845	$ 13,988,184
Investments	2,927,553	-	-	-	-	2,927,553
Deposit with insurance pool	109,295	-	-	-	-	109,295
Receivables:						
Accrued interest receivable	6,169	-	-	-	-	6,169
Due from other funds	721,910	147,459	1,194,947	10,599	-	2,074,915
Due from other governments	1,275,294	844,586	281,529	208,896	79,191	2,689,496
Court receivables, net	147,407	-	-	-	-	147,407
Other receivables	492,519	-	-	-	-	492,519
Inventory	722,773	-	-	-	-	722,773
Total assets	6,584,740	14,292,138	1,476,476	442,921	362,036	23,158,311
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	468,315	1,416,910	21,205	223,085	-	2,129,515
Due to other funds	1,353,005	8,900	4,450	76,065	-	1,442,420
Due to depositors	73,721	-	-	-	19,680	93,401
Total liabilities	1,895,041	1,425,810	25,655	299,150	19,680	3,665,336
Deferred inflows of resources:						
Deferred revenue	94,862	-	-	124,242	-	219,104
Fund balances:						
Nonspendable	722,773	-	-	-	-	722,773
Restricted for:						
Tourism	-	-	-	-	326,122	326,122
Cemetery	-	-	-	-	2,930	2,930
Capital projects	-	8,922,221	1,354,761	-	-	10,276,982
Committed for:						
Cemetery	-	-	-	-	559	559
Assigned for:						
Capital projects	-	3,944,107	96,060	-	-	4,040,167
Insurance premiums	109,295	-	-	-	-	109,295
Airport	120,331	-	-	-	-	120,331
Cemetery	-	-	-	-	12,745	12,745
Unassigned	3,642,438	-	-	19,529	-	3,661,967
Total fund balances	4,594,837	12,866,328	1,450,821	19,529	342,356	19,273,871
Total liabilities and fund balances	$ 6,584,740	$ 14,292,138	$ 1,476,476	$ 442,921	$ 362,036	$ 23,158,311

See accompanying notes to the financial statements.

Reconciliation of Governmental Fund and Government-Wide Financial Statements:

Fund Balances of Governmental Funds:

Total fund balance, governmental funds	$	19,273,871
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position:		
Governmental capital assets, net of accumulated depreciation of $21,875,848		58,330,910
Certain assets are not available to pay for current fund liabilities and, along with deferred outflows, are deferred in the funds:		
Accounts receivable		219,139
Net pension asset		149,809
Pension related deferred outflows		416,815
Certain long-term liabilities are not accrued in governmental funds, but rather are recognized as an expenditure when due:		
Accrued interest payable		(180,121)
Certain long-term liabilities are not due and payable from current financial resources and, aling with deferred inflows, are not reported in the funds:		
Net pension liability		(4,260,217)
Pension related deferred inflows		(1,238,741)
Notes payable		(36,993,115)
Capital lease obligation		(5,913,469)
Accrued compensated absences		(292,271)
Net Position of Governmental Activities in the Statement of Net Position	$	29,512,610

See accompanying notes to the financial statements.

Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2015

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	$ 8,231,838	$ 5,191,448	$ 1,730,483	$ -	$ 787,153	$ 15,940,922
Intergovernmental	1,144,923	-	-	1,825,884	162,918	3,133,725
Charges for services	1,192,904	-	-	-	7,901	1,200,805
Fines and forfeitures	510,945	-	-	-	-	510,945
Licenses and permits	50,835	-	-	-	-	50,835
Investment earnings	37,143	6,929	6,265	278	2,289	52,904
Miscellaneous	358,231	-	-	17,001	25,630	400,862
Total revenues	11,526,819	5,198,377	1,736,748	1,843,163	985,891	21,290,998
EXPENDITURES						
Current:						
City commission	40,461	-	-	-	-	40,461
City treasurer	68,888	-	-	-	-	68,888
City attorney	55,030	-	-	-	-	55,030
City court	101,570	-	-	-	-	101,570
Library	410,196	-	-	-	-	410,196
City finance	471,228	-	-	-	-	471,228
Cemetery	131,902	-	-	-	-	131,902
Construction	109,767	-	-	-	-	109,767
Managerial	504,228	-	-	-	-	504,228
City Clerk	177,568	-	-	-	-	177,568
Police	2,969,911	-	-	-	-	2,969,911
General Government	1,360,181	-	-	-	-	1,360,181
Parks and recreation	1,057,414	-	-	-	-	1,057,414
Fire	2,747,186	172,000	-	-	-	2,919,186
Code enforcement	322,500	-	-	-	-	322,500
Civil defense	193,565	-	-	-	-	193,565
Kids inc.	141,425	-	-	-	-	141,425
Senior citizen center	118,353	-	-	-	-	118,353
Building maintenance	531,978	-	-	-	-	531,978
Motive maintenance	271,762	-	-	-	-	271,762
Streets	1,027,485	-	-	-	-	1,027,485
Museum	118,100	-	-	-	-	118,100
Information Technology	279,989	-	-	-	-	279,989
Tourism	998,255	-	-	-	-	998,255
Airport	737,821	-	-	-	-	737,821
Capital Outlay	64,420	8,018,732	1,132,236	2,109,962	17,617	11,342,967
Debt Service:						
Principal	-	2,216,232	68,527	-	-	2,284,759
Interest	-	1,308,608	18,492	-	-	1,327,100
Total Expenditures	15,011,183	11,715,572	1,219,255	2,109,962	17,617	30,073,589
Excess (deficiency) of revenues over expenditures	(3,484,364)	(6,517,195)	517,493	(266,799)	968,274	(8,782,591)
OTHER FINANCING SOURCES (USES)						
Proceeds of debt	-	10,000,000	-	-	-	10,000,000
Transfers in	2,859,422	-	-	471,910	-	3,331,332
Transfers out	(204,152)	(668,659)	(267,758)	-	(1,009,422)	(2,149,991)
Total other financing sources and uses	2,655,270	9,331,341	(267,758)	471,910	(1,009,422)	11,181,341
Net change in fund balances	(829,094)	2,814,146	249,735	205,111	(41,148)	2,398,750
Fund balances (deficit) - beginning	5,423,931	10,052,182	1,201,086	(185,582)	383,504	16,875,121
Fund balances - ending	$ 4,594,837	$ 12,866,328	$ 1,450,821	$ 19,529	$ 342,356	$ 19,273,871

See accompanying notes to the financial statements.

Changes in Fund Balances – Changes in Net Position Reconciliation:

Net change in fund balances - total governmental funds:	$	2,398,750
Amounts reported for Governmental Activities in the Statement of Revenues, Expenses and Change in Net Position are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized		10,324,445
Capital asset transfer		1,053,176
Depreciation expense		(3,761,046)
		7,616,575
Governmental funds report revenues earned but not received in time to pay current expenditures are deferred while governmental activities report the revenues as earned:		
Change in deferred revenue		139,379
In the Statement of Activities, the net cost of pension benefits earned is calculated and reported as pension expense. The fund financial statements report pension contributions as pension expenditures. This amount represents the difference between pension contributions and calculated pension expense.		268,160
Governmental funds report debt principal payments as expenditures and debt proceeds as revenue while governmental activities report the payments as a reduction of the debt and proceeds as an increase to the debt:		
Note proceeds		(10,000,000)
Note principal payments		2,202,962
Accrued interest on note payable		34,605
Accrued compensated absences		(7,466)
		(7,769,899)
Change in net position of governmental activities	$	2,652,965

See accompanying notes to the financial statements.

BASIC FINANCIAL STATEMENTS - PROPRIETARY FUND

Proprietary Fund Statement of Net Position – June 30, 2015

	WMA Enterprise Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,500,218
Restricted cash and cash equivalents	368,358
Accounts Receivable, net	1,110,303
Total current assets	2,978,879
Non-current assets:	
Capital Assets:	
Land and other non-depreciable assets	456,577
Other capital assets, net of depreciation	21,261,475
Total non-current assets	21,718,052
Total assets	24,696,931
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued payroll	229,809
Accrued interest payable	20,986
Due to other funds	623,184
Due to depositors	324,854
Current portion of:	
Accrued compensated absences	9,999
Notes payable	132,227
Limited obligation notes payable	46,810
Total current liabilities	1,387,869
Non-current liabilities:	
Accrued compensated absences	39,996
Notes payable	2,266,047
Total non-current liabilities	2,306,043
Total liabilities	3,693,912
NET POSITION	
Net investment in capital assets	19,272,968
Restricted for debt service	1
Unrestricted	1,730,050
Total net position	$ 21,003,019

See accompanying notes to the financial statements.

Proprietary Fund Statement of Revenues, Expenses, and Changes in Net Position – Year Ended June 30, 2015

	WMA Enterprise Fund
REVENUES	
Charges for services:	
Water	$ 3,317,352
Sewer	1,238,058
Sanitation	1,133,985
Penalties	72,529
Rental income	1,070,696
Total Operating Revenues	6,832,620
OPERATING EXPENSES	
Public works	485,227
Utility billing	446,602
Water	1,935,470
Sewer	716,652
Sanitation	1,280,537
Hospital	214,704
Depreciation expense	1,405,767
Total Operating Expenses	6,484,959
Operating income	347,661
NON-OPERATING REVENUES (EXPENSES)	
Investment income	15,049
Miscellaneous income	265,931
Gain (loss) on disposal of capital assets	(1,266,996)
Interest expense and fiscal charges	(93,893)
Total non-operating revenue (expenses)	(1,079,909)
Income (loss) before contributions and transfers	(732,248)
Capital contributions	223,766
Transfers out	(1,181,341)
Change in net position	(1,689,823)
Total net position - beginning, restated	22,692,842
Total net position - ending	$ 21,003,019

See accompanying notes to the financial statements.

Proprietary Funds Statement of Cash Flows – Year Ended June 30, 2015

		WMA Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	6,929,980
Payment to suppliers and employees		(5,106,186)
Refund of customer meter deposits		(51,464)
Receipts of customer meter deposits		71,403
Interfund receipts		7,698
Net Cash Provided by Operating Activities		1,851,431
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds		97,514
Transfers to other funds		(1,278,856)
Net Cash Provided by (Used in) noncapital financing activities		(1,181,342)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on capital debt and notes		(309,735)
Interest and fiscal charges paid on capital debt and notes		(95,014)
Acquistion of capital assets		623,629
Net Cash Provided by Capital and Related Financing Activities		218,880
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends		15,049
Net Cash Provided by Investing Activities		15,049
Net Increase in Cash and Cash Equivalents		904,018
Balances - beginning of the year		964,558
Balances - end of the year	$	1,868,576
Reconcilation to Statement of Net Position:		
Cash	$	1,500,218
Restricted cash		368,358
	$	1,868,576

Reconciliation of operating income to net cash provided by operating activities:		
Operating income		347,661
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense		1,405,767
Miscellaneous revenue		265,932
Change in assets and liabilities:		
Due from other funds		7,698
Accounts receivable		(168,572)
Accounts and other payables		(35,228)
Customer meter deposits payable		19,939
Accrued compensated absences		8,234
Net Cash Provided by Operating Activities	$	1,851,431

See accompanying notes to the financial statements.

BASIC FINANCIAL STATEMENTS – FIDUCIARY FUND

Fiduciary Fund – Statement of Assets and Liabilities-Agency Fund – June 30, 2015

	Municipal Court
ASSETS	
Cash and cash equivalents	$ 61,982
Total assets	61,982
LIABILITIES	
Accounts payable	24,317
Due to other funds	9,311
Amounts held in escrow	28,354
Total liabilities	$ 61,982

See accompanying notes to the financial statements.

FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS

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 as noted below. This annual report includes all activities for which the City of Woodward City Commissioners is fiscally responsible.

The City of Woodward– that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities

The City of Woodward has a population of 12,051 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 mayor elected by the citizens at large and the four commissioners elected by each ward
- Executive – the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial – the Municipal Judge is a practicing attorney appointed by the City Council

The City provides typical municipal services such as public safety, health and welfare, street and alley maintenance, parks and recreation.

Component Units:

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

Related Organizations:

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

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

- The Woodward Industrial Foundation is a non-profit corporation organized under Section 501.(C) (6) of the Internal Revenue Code. The Foundation promotes industrial growth in the City of Woodward and Woodward County. The WIF is not considered a component unit of the City and prepares separately audited financial statements which are available from the Foundation's offices. The City of Woodward has contracted with the Foundation to provide professional assistance to the City in coordinating its economic and industrial development program. For the services provided, the City compensates the WIF at a current rate of $32,000 per month. During the year ended June 30, 2015, the WIF administered lease rental agreements between the Woodward Municipal Authority and industrial occupants and the payment of other economic development expenses.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

- General Fund – accounts for all activities not accounted for in other special-purpose funds

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

- Restricted Sales Tax Fund – capital project fund that accounts for revenues of a one-half cent sales tax legally restricted by voter election for capital improvement purposes

- Grant Fund – capital project fund that accounts for grants of any nature to be accounted for within this fund by department excluding grants in progress prior to establishment of grant fund

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

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

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

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

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

Proprietary Fund:

The City's proprietary fund is:

Major Enterprise Fund:

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

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

For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

Fiduciary funds:

These funds are used to account for assets that are held in a trustee or fiduciary capacity such as pension plan assets, assets held per trust agreements, and similar arrangements. This net position, if any, is not available for the operations of the City. Fiduciary funds report transaction on an accrual basis of accounting and economic resource measurement focus.

The City's fiduciary funds include:

Agency Fund:

- Municipal Court – accounts for municipal court bonds held pending case resolution and state assessed fees held for remittance to the state.

3. Cash, Cash Equivalents, and Investments

For the purposes of the statements of net position, balance sheets, and statement of cash flows, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three-months or less. Trust account investments in open-ended mutual fund shares are also considered cash equivalents for reporting purposes.

At June 30, 2015, the reporting entity held the following deposits and investments:

	Carrying Value		Maturity Date
Deposits:			
Demand deposits	$ 2,860,532		
Cash on hand	1,340		
Time deposits	3,100,916		1 - 3 years
Total deposits	$ 5,962,788		
	Fair Value	**Credit Rating**	**Maturity Date**
Investments:			
Mutual stock fund	12,530	N/A	N/A
Cavanal Hill U.S. Treasury	12,685,085	AAAm	N/A
Total investments	$ 12,697,615		
Total deposits and investments	$ 18,660,403		
Reconciliation to Statement of Net Position and the Fiduciary Fund Statement of Assets and Liabilities:			
Cash and cash equivalents	$ 2,655,615		
Restricted cash and cash equivalents	13,015,253		
Investments	2,927,553		
Fiduciary funds cash	61,982		
	$ 18,660,403		

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, 2015, 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, 2015, the investments held by the City mature in three years or less.

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

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

The City also has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments 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. As noted in the schedule of deposits and investments above, at June 30, 2015, all of the City's investments in debt securities were rated AAAm by Standard & Poors.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any 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, 2015, the City had no concentration of investment credit risk as defined above.

Restricted Cash and Investments - The amounts reported as restricted assets of the statement of net position are comprised of amounts held for utility deposits (refunded upon termination of service or applied to final bill), and amounts held by the trustee bank for debt retirement. The restricted assets as of June 30, 2015 are as follows:

Governmental Activities:		
General Fund Accounts:		
USDA Reserve	$	185,892
Limited Purpose Sales Tax Accounts:		
06 Principal account		259,585
06 Interest account		23,326
07 Principal account		256,667
07 Interest account		25,000
08 Principal account		125,417
08 Interest account		18,155
13 Contruction account		1,884,981
13 Interest account		60,727
13 Principal account		165,007
15 Contruction account		5,404,022
15 Interest account		8
15 Escrow account		4,424,000
Total	$	12,832,787
Restricted cash and cash equivalents		12,646,895
Restricted investments		185,892
	$	12,832,787
Business-Type Activities:		
Deposits subject to refund		330,169
OWRB account		38,189
Total	$	368,358

4. Inventory

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

5. Capital Assets and Depreciation

Capital Assets:

Capital assets consist of land, land improvement, construction in progress, buildings and building improvements, machinery and equipment, and infrastructure. Capital assets are reported at actual or estimated historical cost. Donated capital assets are recorded at their fair value at the date of donation.

For the year ended June 30, 2015, capital assets balances changed as follows:

	Restated Balance at July 1, 2014	Additions	Deductions	Transfer	Balance at June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 790,639	$ -	$ -	$ -	$ 790,639
Construction in progress	6,216,756	9,959,124	5,377,309	-	10,798,571
Total capital assets not being depreciated	7,007,395	9,959,124	5,377,309	-	11,589,210
Other capital assets:					
Buildings	30,877,272	4,512,127	-	2,132,868	37,522,267
Improvements	8,083,038	83,755	-	(11,058)	8,155,735
Infrastructure	10,589,559	778,028	-	-	11,367,587
Machinery, furniture and equipment	13,902,237	368,720	-	(165,978)	14,104,979
Total other capital assets at historical cost	63,452,106	5,742,630	-	1,955,832	71,150,568
Less accumulated depreciation for:					
Buildings	7,100,356	976,331	-	925,509	9,002,196
Improvements	1,530,518	430,615	-	(695)	1,960,438
Infrastructure	4,665,746	241,279	-	-	4,907,025
Machinery, furniture and equipment	6,448,546	2,112,821	-	(22,158)	8,539,209
Total accumulated depreciation	19,745,166	3,761,046	-	902,656	24,408,868
Other capital assets, net	43,706,940	1,981,584	-	1,053,176	46,741,700
Governmental activities capital assets, net	$ 50,714,335	$ 11,940,708	$ 5,377,309	$ 1,053,176	$ 58,330,910

	Restated Balance at July 1, 2014	Additions	Deductions	Transfer	Balance at June 30, 2015
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 428,358	$ -	$ -	$ -	$ 428,358
Construction in progress	58,996	7,401	38,178	-	28,219
Total capital assets not being depreciated	487,354	7,401	38,178	-	456,577
Other capital assets:					
Land improvements	566,045	-	-	11,058	577,103
Buildings	15,485,705	-	-	(2,132,868)	13,352,837
Machinery, furniture and equipment	4,090,259	10,936	-	165,978	4,267,173
Utility Property & Equipment	22,049,224	38,178	-	-	22,087,402
Total other capital assets at historical cost	42,191,233	49,114	-	(1,955,832)	40,284,515
Less accumulated depreciation for:					
Land improvements	8,117	23,408	-	695	32,220
Buildings	4,482,894	290,437	-	(925,509)	3,847,822
Machinery, furniture and equipment	2,058,380	412,018	-	22,158	2,492,556
Utility Property & Equipment	11,970,537	679,903	-	-	12,650,440
Total accumulated depreciation	18,519,928	1,405,766	-	(902,656)	19,023,038
Other capital assets, net	23,671,305	(1,356,652)	-	(1,053,176)	21,261,477
Business-type activities capital assets, net	$ 24,158,659	$ (1,349,251)	$ 38,178	$ (1,053,176)	$ 21,718,054

Depreciation:

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. A capitalization threshold of $1,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows: Buildings 50 years, Improvements other than buildings 20-30 years, Machinery, furniture and equipment 3-24 years, Utility property and improvements and infrastructure 15-50 years.

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

Governmental Activities:		
Library	$	42,707
Cemetery		23,342
Construction		7,836
Managerial		1,380
City Finance		3,094
City Clerk		11,655
Police		289,141
General Government		1,201,229
Parks and Recreation		553,502
Fire		125,190
Code Enforcement		19,382
Building Maintenance		17,718
Motive Maintenance		13,998
Streets		326,484
Airport		678,100
Senior Citizens		32,823
Kid's Inc		43,461
Museum		19,591
Information Technology		23,298
Tourism		327,117
Total	$	3,761,048

Business-Type Activities:		
Water	$	902,408
Sewer		123,045
Sanitation		101,194
Hospital		279,119
Total	$	1,405,766

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2015, the reporting entity's long-term debt changed as follows:

Type of Debt	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities:					
Accrued Compensated Absences	$ 284,805	$ 338,478	$ 331,012	$ 292,271	$ 58,454
Note Payable	33,474,710	5,500,000	1,981,595	36,993,115	2,301,191
Capital Lease	1,634,835	4,500,000	221,366	5,913,469	475,256
Total Governmental Activities	$ 35,394,350	$ 10,338,478	$ 2,533,973	$ 43,198,855	$ 2,834,901
Business-Type Activities:					
Accrued Compensated Absences	$ 41,761	$ 64,267	$ 56,033	$ 49,995	$ 9,999
Notes Payable	2,530,380	-	132,106	2,398,274	132,227
Limited Obligaton Notes Payable	224,439	-	177,629	46,810	46,810
Total Business-Type Activities	$ 2,796,580	$ 64,267	$ 365,768	$ 2,495,079	$ 189,036
Total Long-Term Debt	$ 38,190,930	$ 10,402,745	$ 2,899,741	$ 45,693,934	$ 3,023,937

Governmental activities long-term debt:

Accrued Compensated Absences:	Current portion	$ 58,454
	Non-current portion	233,817
		$292,271

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.	6,685,000
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.	7,340,000
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.	4,230,000
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.	3,562,346
Convention Center Promissory Note with Stock Exchange Bank, dated December 20, 2010, secured by sales tax, original amount of $2,244,290, interest rate 3.75% with a final maturity on December 20, 2020.	1,330,769
2013 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Central Fire Station and 34th Street Enhancement, original issue amount $9,000,000, dated September 1, 2013 secured by sales tax, interest rate of 2.8% with final maturity on December 31, 2032.	8,345,000
2015 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Central Fire Station and 34th Street Enhancement, original issue amount $5,500,000, dated May 1, 2015 secured by sales tax, interest rate of 2.48% with final maturity on April 1, 2029.	5,500,000
	$36,993,115
Current portion	$ 2,301,191
Non-current portion	34,691,924
Total Notes Payable	$36,993,115

Capital Lease Payable:

$850,000 capital lease with MUSCO Financial for lighting for multiple ball fields, payable in monthly installments of $8,950, interest rate of 4.8% with final payment due on May 2018	$292,902
$734,953 capital lease with First National Bank and Trust Co. for a fire truck, payable in monthly installments of $7,252, interest rate of 3.45% with final payment due November 2021	499,881

$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 November 2021	620,686
$4,500,000 capital lease with Branch Banking and Trust for new City Hall improvements, payable in bi-annual installments, interest rate of 2.35% with final payment due May 2028	4,500,000
	$5,913,469
Current portion	$ 475,256
Non-current portion	5,438,213
Total Capital Leases Payable	$5,913,469

Business-type activities long-term debt:

Accrued Compensated Absences:	Current portion	$9,999
	Non-current portion	39,996
		$ 49,995

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.	$1,001,135
Water system improvement Promissory Note with OWRB dated July 1, 2010, original amount of $1,770,000, due in monthly, final installment due March 15, 2031, with 3.08% interest rate.	1,397,139
Total Notes Payable	$2,398,274
Current portion	$ 132,227
Non-current portion	2,266,047
	$2,398,274

Limited Obligation Notes Payable:

The City, through the Woodward Municipal Authority (WMA), has entered into various agreements to issue limited obligation notes payable whose proceeds were used to finance construction of an industrial facility for lease to an industrial occupant. The current industrial occupant (Deepwater Chemicals, Inc.) leases the facility for $20,000 per month. The WMA has assigned the rental income to the debt holders. For the year ended June 30, 2015, the Woodward Industrial Foundation collected the rental income and made the debt service payments on behalf of the WMA.

The WMA original borrowings related to this project were renegotiated in October of 1995 and presently consist of:

- Note payable to the Oklahoma Industrial Finance Authority (OIFA)

The note to OIFA is secured by a first mortgage. Said rental income is sufficient to service and retire the OIFA note. In the event of default by Deepwater in payment of said rental, the remedies of OIFA do not include the right to obtain a deficiency judgment.

Limited Obligation Notes Payable:

Taxable Promissory Note, dated October 11, 1995, payable to the Oklahoma Industrial Finance Authority, original amount of $1,823,447, due in monthly installments of $15,824, final installment due September 2015, with an interest rate of 8.5%, payable from rental income from industrial occupant of $15,824 per month.	$46,810
Current portion	$46,810
Total Notes Payable	$46,810

Long-term debt service requirements to maturity:

	Governmental Activies				Business-Type Activities			
Year Ended June 30,	Notes Payable Principal	Notes Payable Interest	Lease Payable Principal	Lease Payable Interest	Notes Payable Principal	Notes Payable Interest	Limited Obligation Notes Payable Principal	Limited Obligation Notes Payable Interest
2016	$ 2,301,191	$ 1,306,501	$ 475,256	$ 151,465	$ 132,227	$ 61,906	$ 46,810	$ 666
2017	2,496,973	1,235,727	549,576	138,914	136,491	58,332	-	-
2018	2,593,047	1,144,668	560,326	121,868	140,770	54,745	-	-
2019	2,679,547	1,050,170	474,311	106,920	145,185	51,045	-	-
2020	2,771,468	952,364	484,735	93,799	149,646	47,306	-	-
2021-2025	14,096,976	3,268,289	2,189,265	280,805	822,060	174,646	-	-
2026-2030	7,542,565	964,011	1,180,000	48,939	762,826	63,310	-	-
2031-2035	503,533	425,927	-	-	109,069	2,151	-	-
2036-2040	607,199	322,261	-	-	-	-	-	-
2041-2045	732,209	197,251	-	-	-	-	-	-
2046-2050	668,407	50,698	-	-	-	-	-	-
Total	$ 36,993,115	$ 10,917,867	$ 5,913,469	$ 942,710	$ 2,398,274	$ 513,441	$ 46,810	$ 666

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one and a half cents (or 43%) of collected and appropriated sales tax revenues to repay $44,532,995 of Series 2006, 2007, 2008, 2013, 2015 Sales Tax Revenue Notes, Rural Housing Service Promissory Note and 2010 Stock Exchange Bank Note. Proceeds from the notes provided financing for governmental capital assets. The notes are payable from the collected and appropriated sales tax revenues and are payable through 2027, 2028, 2029, 2026, 2029, 2051 and 2021 respectively. The total principal and interest payable for the remainder of the life of these notes is $47,910,982. Pledged sales taxes received in the current year were $6,080,931. Debt service payments of $3,239,187 for the current fiscal year were 53% of the pledged sales taxes.

Utility Net Revenues Pledge – The WMA has also pledged future net water and sewer revenues to repay $3,170,000 of the 2007 Series and 2010 series OWRB Notes Payable. Proceeds from the notes provided financing for utility system capital assets. The notes are payable through 2031. The total principal and interest payable for the remainder of the life of these bonds and notes is $2,911,715. The notes are payable from the above-mentioned utility net revenues. The debt service payments on the notes this year were $206,359 which was 29.1% of pledged net utility revenues of $708,764.

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.
c. Committed – included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
d. Assigned – includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
e. Unassigned – represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Net 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.

Prior Period Adjustment

			Government-Wide			
		WMA Enterprise Fund		Governmental Activities		Business-type Activities
Beginning net position, as previously reported	$	22,781,645	$	32,090,933	$	22,781,645
Implementation of GASB Pension Statements 68 & 71		-		(5,269,703)		-
Under (Over) valuation of Capital Assets		(88,803)		38,415		(88,803)
Beginning net position, restated	$	22,692,842	$	26,859,645	$	22,692,842

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.

Transfers:

Internal transfers between funds and activities for the year ended June 30, 2015 were as follows:

Transfer From	Transfer To	Amount	Nature of Transfer
WMA	General Fund	1,100,000	Operations
General Fund	Grant Fund	204,152	Grant expenses
Hotel/Motel Tax Fund	General Fund	1,009,422	Administration fee
WMA	General Fund	81,341	Operations
Limited Purpose	General Fund	668,659	Operations
Restricted Sales Tax	Grant Fund	267,758	Debt service payments
		$ 3,331,332	

Reconciliation to fund financial statements:

	Transfers In	Transfers Out	Contributed Capital Transfer	Net Transfers
Governmental Funds	$ 3,331,332	$ 2,149,991	1,045,304	$ 2,226,645
Proprietary Funds	-	1,181,341	(1,045,304)	(2,226,645)
Total	$ 3,331,332	$ 3,331,332	$ -	$ -

Balances:

Interfund receivable and payables at June 30, 2015 were comprised of the following:

Due From	Due To	Amount	Nature of Balance
Municipal Court	General Fund	9,311	Police fines
General Fund	Grant Fund	10,599	Grant expenses
General Fund	Resticted Sales Tax Fund	1,183,323	To cover negative cash balances
General Fund	Resticted Sales Tax Fund	11,624	Grant expenses
Resticted Sales Tax Fund	General Fund	4,450	Cigarette tax revenue reclass
Limited Purpose Sales Tax	General Fund	8,900	Cigarette tax revenue reclass
Grant Fund	General Fund	76,065	Grant expenses
General Fund	Limited Purpose Sales Tax	147,459	To cover negative cash balances
WMA	General Fund	623,184	Payroll expenses
Total		$ 2,074,915	

Reconciliation to Statement of Net Assets:

	Due From	Due To	Internal Balances
Governmental Funds	$ 2,074,915	$ 1,442,420	$ 632,495
Proprietary Funds	-	623,184	(623,184)
Fiduciary Fund	-	9,311	(9,311)
Total Interfund Balances	$ 2,074,915	$ 2,074,915	$ -

9. 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.

10. 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 2015, 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.

11. Pension Plan Participation

The City of Woodward participates in four pension or retirement plans:

- Oklahoma Firefighter's Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
- Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan
- Principal Mutual Retirement (PMR) – an agent multiple-employer defined contribution plan
- Oklahoma Municipal Retirement Fund (OkMRF) – an agent multiple-employer defined contribution plan

Oklahoma Firefighter's Pension and Retirement System

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

Benefits provided - FPRS provides retirement, disability, and death benefits to members of the plan. Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 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 of service.

Benefits for members hired after November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have complete 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 of 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 year 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 3 0 months. For volunteer firefighters, the not-in-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-line-of-duty pension is $150.60 with less than 20 years of service, or $7.53 per year of service, with a maximum of 30 years.

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

Contributions - The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% percent 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 $156,145. The State of Oklahoma also made on-behalf contributions to FPRS in the amount of $383,667 during the calendar year and this is reported as both an expenditure and a revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $329,539. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of $4,260,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. 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, 2014. Based upon this information, the City's proportion was 0.41428%.

For the year ended June 30, 2015, the City recognized pension expense of $388,313. At June 30, 2015, 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	
Differences between expected and actual experience	$	101,506	$	-
Net difference between projected and actual earnings on pension plan investments		-		644,880
City contributions subsequent to the measurement date		156,145		-
Total	$	257,651	$	644,880

$156,145 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other 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:		
2016	$	(142,318)
2017		(142,318)
2018		(142,318)
2019		(142,318)
2020		18,902
Thereafter		6,996
Total	$	(543,374)

Actuarial Assumptions- The total pension liability was determined by an actuarial valuation as of July 1, 2014, 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, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2014, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	20%	5.48%
Domestic equity	37%	9.61%
International equity	20%	9.24%
Real estate	10%	7.76%
Other assets	13%	6.88%

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-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability	$ 5,562,945	$ 4,260,218	$ 3,168,025

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 $159,164. The State of Oklahoma also made on-behalf contributions to OPPRS in the amount of $152,740 during the calendar year and this is reported as both an expenditure and a revenue in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. In the government-wide Statement of Activities, revenue is recognized for the state's on-behalf contributions on an accrual basis of $139,398. These on-behalf payments did not meet the criteria of a special funding situation.

Pension Liability (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported an asset of $149,809 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2014. The City's proportion of the net pension asset 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, 2014. Based upon this information, the City's proportion was 0.4449%.

For the year ended June 30, 2015, the City recognized pension expense of $58,567. At June 30, 2015, 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
Differences between expected and actual experience	$ -	$ 67,305
Net difference between projected and actual earnings on pension plan investments	-	526,556
City contributions subsequent to the measurement date	159,164	-
Total	$ 159,164	$ 593,861

$159,164 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other 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:		
2016	$	(145,574)
2017		(145,574)
2018		(145,574)
2019		(145,574)
2020		(11,565)
	$	(593,861)

Actuarial Assumptions-The total pension liability was determined by an actuarial valuation as of July 1, 2014, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation:	3%
Salary increases:	4.5% to 17% average, including inflation
Investment rate of return:	7 .5% net of pension plan investment expense
Mortality rates:	Active employees (pre-retirement) RP-2000 Blue Collar Healthy Combined table with age set back 4 years with fully generational improvement using Scale AA.
	Active employees (post-retirement) and nondisabled pensioners: RP-2000 Blue Collar Healthy Combined table with fully generational improvement using scale AA.
	Disabled pensioners: RP-2000 Blue Collar Healthy Combined table with age set forward 4 years with fully generational improvement using Scale AA.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2007, to June 30, 2012.

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, 2014, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real estate	5.50%
Private Equity	5.96%
Commodities	3.08%

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 (Asset) to Changes in the Discount Rate-*The* following presents the net pension liability of the employers calculated using the discount rate of 7 .5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Employers' net pension liability (asset)	$ 891,343	$ (149,809)	$ (1,027,269)

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

Principal Mutual Retirement

The City provides a pension benefit for all of its full-time employees with the exception of the police and fire departments, through a defined contribution plan with the Principal Mutual Life Insurance Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investments earnings. Employees are eligible to participate upon completion of a probationary period. Employer contributions equal to 7% of the employee's gross pay. The City's contributions for each employee (and interest allocated to the employee's account) are vested at a rate of 20% after completion of three years of service and then 20% per year for the next four years. The employee is fully vested after 7 years of service. City contributions for, and interest forfeited by, employees who leave employment prior to fully vesting are allocated back to remaining eligible participants. The authority to establish and amend the provisions of the plan rest with the City Commission.

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% of gross pay for eligible employees. The City's contributions for each employee (and interest allocated to the employee's account) are vested at 100% upon the employee's employment commencement date. The employee is fully vested upon employment commencement date. The employee's required rate of contribution is 2% with total employee contributions not to exceed 10%. The authority to establish and amend the provisions of the plan rest with the City Commission.

Summary of Contributions:

	Oklahoma Municipal Retirement Fund		Principal Mutual	
Fiscal Year	*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	-

12. Use of Estimates

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

13. Sales Tax Revenue

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

- 2 cents is recorded in the General Fund for operations.
- 1.5 cent is recorded in the Limited Purpose Sales Tax Fund to be used for capital improvements or debt service on certain indebtedness.
- ½ cent is recorded in the Restricted Sales Tax Fund to be used for capital improvements.

14. Construction Commitments

The City had the following construction commitments outstanding at June 30, 2015 with balances left on the contract:

- Central Fire Station – Joe D. Hall Contractors, LLC, original contract $7,227,525; remaining $1,149241
- Gym HVAC – Joe D. Hall Contractors, LLC, original contract 385,796; remaining $366,942
- Airport Grant Project – JLT Contracting, LLC, original contract $1,742,752; remaining $226,079

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule (Budgetary Basis) – Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Beginning Budgetary Fund Balance	$ 818,051	$ 538,976	$ 5,293,439	$ 4,754,463
Resources (Inflows)				
Taxes	8,887,209	8,887,209	8,231,838	(655,371)
Intergovernmental	480,078	620,089	1,144,923	524,834
Charges for services	422,615	669,315	513,754	(155,561)
Fines and Forfeitures	615,097	615,097	510,945	(104,152)
Licenses and permits	56,930	56,930	50,835	(6,095)
Investment Income	48,859	48,859	36,020	(12,839)
Miscellaneous	181,609	418,103	358,016	(60,087)
Other Financing Sources - Transfers In	3,044,452	3,376,580	2,859,422	(517,158)
Total resources (Inflows)	13,736,849	14,692,182	13,705,753	(986,429)
Amounts available for appropriation	14,554,900	15,231,158	18,999,192	3,768,034
Charges to Appropriations (Outflows)				
Current:				
City Commission	46,532	46,532	40,461	6,071
City Manager	624,907	624,907	504,228	120,679
City Attorney	75,240	75,240	55,030	20,210
City Treasurer	62,650	68,890	68,888	2
City Court	103,001	103,001	101,570	1,431
Code Enforcement	373,297	373,297	322,500	50,797
City Clerk	205,366	205,366	177,568	27,798
City Finance	519,676	519,676	471,228	48,448
General Government	1,421,856	1,627,356	1,370,362	256,994
Library	420,267	420,267	410,196	10,071
Construction	141,687	141,687	109,767	31,920
Park	1,097,744	1,097,744	1,057,414	40,330
Cemetery	140,442	140,442	131,902	8,540
Street	1,256,122	1,256,122	1,037,235	218,887
Building Maintenance	610,527	610,527	537,573	72,954
Motive Maintenance	290,600	290,600	271,762	18,838
Police	3,128,809	3,128,809	2,969,911	158,898
Fire	2,281,994	2,493,779	2,761,971	(268,192)
Civil Defense	201,774	201,774	193,654	8,120
Senior Citizens Center	141,833	141,833	118,353	23,480
Kid's Inc.	167,830	167,830	141,425	26,405
Museum	122,331	122,331	118,100	4,231
Information Technology	312,266	312,266	279,989	32,277
Tourism	744,452	997,185	1,022,275	(25,090)
Transfers to Other Funds	63,697	63,697	236,152	(172,455)
Total Charges to Appropriations (Outflows)	14,554,900	15,231,158	14,509,514	721,644
Net change in budgetary fund balance	(818,051)	(538,976)	(803,761)	(264,785)
Ending Budgetary Fund Balance	$ -	$ -	$ 4,489,678	$ 4,489,678

Footnotes to Budgetary Comparison Schedules:

1. The budgetary comparison schedules are reported on a non-GAAP budgetary basis that report revenues on a cash basis and expenditures on a modified cash basis. For budgetary purposes expenditures are reported in the period the invoice is received, except for payroll expenditures that are recorded when paid.

2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation between departments within a fund require the approval of the City Manager. All supplemental appropriations require the approval of the City Commission. Supplemental appropriations must be filed with the Office of the State Auditor and Inspector.

Schedules of Required Supplementary Information
Schedule of the City of Woodward Proprotiante Share of the Net Pension Liability (Asset)
Oklahoma Police Pension & Retirement System
Last 10 Fiscal Years

	2015
City's proportion of the net pension liability (asset)	0.4449%
City's proportionate share of the net pension liability (asset)	$ (149,809)
City's covered-employee payroll	$ 1,244,785
City's proprotionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	12.03%
Plan fiducaiary net position as a percentage of the total pension liability (asset)	101.53%

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA POLICE PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	2015
Statutorially required contribution	$ 159,164
Contribuions in relation to the statutorially required contribution	159,164
Contribution deficiency (excess)	$ -
City's covered-employee payroll	$ 1,224,338
Contribuions as a percentage of covered-employee payroll	13.00%

Notes to Schedule:

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

Schedules of Required Supplementary Information
Schedule of the City of Woodward's Proprortinate Share of the Net Pension Liability
Oklahoma Firefighters Pension & Retirement System
Last 10 Fiscal Years

	2015
City's proportion of the net pension liability	0.414280%
City's proportionate share of the net pension liability	$ 4,260,218
City's covered-employee payroll	$ 1,109,007
City's proprotionate share of the net pension liability as a percentage of its covered-employee payroll	384%
Plan fiducaiary net position as a percentage of the total pension liability	68.12%

Notes to Schedule:

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

SCHEDULE OF CITY CONTRIBUTIONS
OKLAHOMA FIREFIGHTERS PENSION & RETIREMENT SYSTEM
Last 10 Fiscal Years

	2015
Statutorially required contribution	$ 156,145
Contribuions in relation to the statutorially required contribution	156,145
Contribution deficiency (excess)	$ -
City's covered-employee payroll	$ 1,115,317
Contribuions as a percentage of coverd-employee payroll	14.00%

Notes to Schedule:

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

SUPPLEMENTARY INFORMATION

Combining Nonmajor Governmental Funds Balance Sheet – June 30, 2015

	Hotel/Motel Tax	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 246,931	$ 19,680	$ 2,930	$ 13,304	$ 282,845
Due from other governments	79,191	-	-	-	79,191
Total assets	326,122	19,680	2,930	13,304	362,036
LIABILITIES AND FUND BALANCES					
Liabilities:					
Amount held in escrow	-	19,680	-	-	19,680
Total liabilities	-	19,680	-	-	19,680
Fund balances:					
Restricted for:					
Tourism	326,122	-	-	-	326,122
Cemetery	-	-	2,930	-	2,930
Total Restricted	326,122	-	2,930	-	329,052
Committed for:					
Cemetery	-	-	-	559	559
Assigned	-	-	-	12,745	12,745
Total fund balances	326,122	-	2,930	13,304	342,356
Total liabilities and fund balances	$ 326,122	$ 19,680	$ 2,930	$ 13,304	$ 362,036

Combining Nonmajor Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2015

	Hotel/Motel Tax	Miscellaneous Trust Fund	Cemetery Care Fund	Perpetual Care Fund	Total-Other Governmental Funds
REVENUES					
Taxes	$ 787,153	$ -	$ -	$ -	$ 787,153
Intergovernmental	162,918	-	-	-	162,918
Charges for services	-	-	7,901	-	7,901
Investment income	2,197	-	15	77	2,289
Miscellaneous	25,630	-	-	-	25,630
Total revenues	977,898	-	7,916	77	985,891
EXPENDITURES					
Capital Outlay	-	-	17,617	-	17,617
Total Expenditures	-	-	17,617	-	17,617
Excess (deficiency) of revenues over expenditures	977,898	-	(9,701)	77	968,274
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,009,422)	-	-	-	(1,009,422)
Total other financing sources and uses	(1,009,422)	-	-	-	(1,009,422)
Net change in fund balances	(31,524)	-	(9,701)	77	(41,148)
Fund balances - beginning	357,646	-	12,631	13,227	383,504
Fund balances - ending	$ 326,122	$ -	$ 2,930	$ 13,304	$ 342,356

Combining General Fund Accounts Balance Sheet – June 30, 2015

	General Fund	FAA Grant Account	Airport Account	Total General Fund
ASSETS				
Cash and cash equivalents	$ -	$ -	$ 181,820	$ 181,820
Investments	2,927,553	-	-	2,927,553
Deposit with insurance pool	109,295			109,295
Receivables:				
Interest receivable	6,169	-	-	6,169
Due from other funds	793,914	-	-	793,914
Due from other governments	1,275,294	-	-	1,275,294
Court receivables, net	147,407	-	-	147,407
Other receivables	488,244	-	4,275	492,519
Inventory	666,321	-	56,452	722,773
Total assets	6,414,197	-	242,547	6,656,744
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	442,931	-	25,384	468,315
Due to other funds	1,353,005	71,624	380	1,425,009
Due to depositors	33,721	-	40,000	73,721
Total liabilities	1,829,657	71,624	65,764	1,967,045
Deferred inflows of resources:				
Deferred revenue	94,862	-	-	94,862
Fund balances (deficit):				
Nonspendable	666,321	-	56,452	722,773
Assigned for:				
Insurance premiums	109,295	-	-	109,295
Airport	-	-	120,331	120,331
Unassigned (deficit)	3,714,062	(71,624)	-	3,642,438
Total fund balances	4,489,678	(71,624)	176,783	4,594,837
Total liabilities and fund balances	$ 6,414,197	$ -	$ 242,547	$ 6,656,744

Combining General Fund Accounts Schedule of Revenues, Expenditures, and Changes in Fund Balances – Year Ended June 30, 2015

	General Fund	FAA Grant Account	Airport Account	Total General Fund
REVENUES				
Taxes	$ 8,231,838	$ -	$ -	$ 8,231,838
Intergovernmental	1,144,923	-	-	1,144,923
Charges for services	513,754	-	679,150	1,192,904
Fines and forfeitures	510,945	-	-	510,945
Licenses and permits	50,835	-	-	50,835
Investment income	36,020	-	1,123	37,143
Miscellaneous	358,016	-	215	358,231
Total revenues	10,846,331	-	680,488	11,526,819
EXPENDITURES				
Current:				
City commission	40,461	-	-	40,461
City treasurer	68,888	-	-	68,888
City attorney	55,030	-	-	55,030
City court	101,570	-	-	101,570
Library	410,196	-	-	410,196
City finance	471,228	-	-	471,228
Cemetery	131,902	-	-	131,902
Construction	109,767	-	-	109,767
Managerial	504,228	-	-	504,228
City Clerk	177,568	-	-	177,568
Police	2,969,911	-	-	2,969,911
General Government	1,360,181	-	-	1,360,181
Park	1,057,414	-	-	1,057,414
Fire	2,747,186	-	-	2,747,186
Code enforcement	322,500	-	-	322,500
Civil defense	193,565	-	-	193,565
Kids inc.	141,425	-	-	141,425
Senior citizen center	118,353	-	-	118,353
Building maintenance	531,978	-	-	531,978
Motive maintenance	271,762	-	-	271,762
Streets	1,027,485	-	-	1,027,485
Museum	118,100	-	-	118,100
Information Technology	279,989	-	-	279,989
Tourism	998,255	-	-	998,255
Airport	-	-	737,821	737,821
Capital Outlay	64,420	-	-	64,420
Total Expenditures	14,273,362	-	737,821	15,011,183
Excess (deficiency) of revenues over expenditures	(3,427,031)	-	(57,333)	(3,484,364)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,859,422	-	32,000	2,891,422
Transfers out	(236,152)	-	-	(236,152)
Total other financing sources and uses	2,623,270	-	32,000	2,655,270
Net change in fund balances	(803,761)	-	(25,333)	(829,094)
Fund balances (deficit) - beginning	5,293,439	(71,624)	202,116	5,423,931
Fund balances (deficit) - ending	$ 4,489,678	$ (71,624)	$ 176,783	$ 4,594,837

Schedule of Expenditures of State and County Awards – Year Ended June 30, 2015

Grantor/Program Title	Amount	Expended
STATE AWARDS:		
OKLAHOMA AERONAUTICS COMMISSION:		
WWR-13-S	400,000	295
WWR-15-FS	19,026	183,700
TOTAL STATE AWARDS	419,026	183,995
COUNTY AWARDS:		
WOODWARD COUNTY:		
Civil Emergency Management	42,000	42,000
TOTAL COUNTY AWARDS	42,000	42,000

Footnotes to Schedule of Expenditures of State and County Awards:

1. The Schedule of Expenditures of State and County Awards is prepared on an accrual basis of accounting. The expenditures/expesnes are recorded when the liability is incurred regardless of when the award proceeds are received.

SINGLE AUDIT AND INTERNAL CONTROL AND COMPLIANCE

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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, OK

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, OK (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 30, 2015. Our report includes an explanatory paragraph related to the omission of Management's Discussion and Analysis which is supplementary information required by generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to management of City of Woodward, OK in a separate letter dated December 30, 2015.

rsmeacham
CPAs+ADVISORS

Clinton, OK

December 30, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the City Council
City of Woodward, OK

Report on Compliance for Each Major Federal Program

We have audited City of Woodward, OK's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Woodward, OK's (the City) major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Woodward, OK's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Woodward, OK, 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, 2015.

Report on Internal Control Over Compliance

Management of the City of Woodward, OK is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

rsmeacham
CPAs+ADVISORS

Clinton, OK

December 30, 2015

Schedule of Expenditures of Federal Awards – Year Ended June 30, 2015

Federal/State Grantor/Pass Through Agency Grantor/Program Title	Federal CFDA#	Grant #	Award Amount	Awards Expended
FEDERAL AWARDS:				
FEDERAL AVIATION AUTHORITY				
Airport Improvement Program	20.106	AIP-3-40-0108-011-2013	175,252	33,097
Airport Improvement Program	20.106	AIP-3-40-0108-012-2014	1,611,200	1,395,312
			1,786,452	1,428,409
DEPARTMENT OF HOMELAND SECURITY				
Passed Through Oklahoma Department of Homeland Security:				
Tactical Rescue Capabilites	97.073		108,703	108,703
			108,703	108,703
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through Oklahoma Department of Libraries:				
Grants to States	45.310	FY 14-15	16,160	16,160
			16,160	16,160
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed Through Oklahoma Department of Commerce:				
Community Development Block Grant	14.228	15141 CDBG 12	24,350	4,350
Community Development Block Grant	14.228	15684 CDBG-CIP 13	27,000	27,000
			51,350	31,350
TOTAL FEDERAL AWARDS			$ 1,962,665	$ 1,584,622

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

Note 1: Basis of Presentation

General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal and state award program of the City of Woodward, State of OK (the City) for the year ended June 30, 2015. The City's reporting entity is described in Note 1 of the City's Annual Financial Statements. Federal financial awards received directly from federal agencies as well as federal financial awards, if any, passed through other government agencies are included on the Schedule. Required matching contributions, program income, state and private grants, and other nonfederal grants and awards are not included in the Schedule.

Basis of Accounting

The accompanying Schedule is presented using the same basis of accounting as the related funding which the grant activities is reported in the basic financial statements. This basis of accounting is described in Note 1 of the City's Annual Financial Statements.

Note 2: Federal CFDA Numbers

Federal CFDA numbers or other identifying numbers listed on the Schedule were obtained from the respective grant/contract agreement.

City of Woodward
Woodward, Oklahoma

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion of the financials statements of City of Woodward, OK.
2. The independent auditor's report on internal control over financial reporting described no significant deficiencies and no material weaknesses.
3. No instances of noncompliance material to the financial statements of City of Woodward were disclosed during the audit.
4. The independent auditor's report on internal control over compliance with requirements applicable to major federal awards programs described no significant deficiencies. No material weaknesses are reported.
5. The auditor's report on compliance for major federal award programs for City of Woodward expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings required to be reported by OMB Circular A-133.
7. The program tested as major programs is as follows:
   Airport Improve Program, CFDA #20.106
8. The threshold used for distinguishing between Types A and B programs was $300,000.
9. The City of Woodward did not qualify as a low-risk auditee.

Findings- Financial Statement Audit

None

Findings Required to be Reported by OMB Circular A-133

None

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