

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

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

**FOR THE YEAR ENDED
JUNE 30, 2019**

The City of Woodward, Oklahoma
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Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the City Commissioners
City of Woodward, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Woodward, Oklahoma's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-11 and 44-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2019, on our consideration of the City of Woodward, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Woodward, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Woodward, Oklahoma's internal control over financial reporting and compliance.

FSW&B CPAs-PLLC

FSW&B CPAs-PLLC

Stillwater, Oklahoma
December 11, 2019

This discussion and analysis of the City of Woodward's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2019, and a brief overview of the future projects and economic outlook for the City. This section of the report is intended to inform the users of City's performance along with the accompanying financial statements. This discussion focuses on the City's primary government, consisting of the General Fund, the City of Woodward Municipal Authority, and various smaller funds established by the City Council. Not included in this report is the financial information for the Woodward Hospital & Health Center or the Woodward Industrial Foundation. This information should be read in conjunction with the City's financial statements and related notes which contain greater detail.

HISTORY OF THE CITY OF WOODWARD

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

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

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

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities by \$59,320,509 (net position) for the fiscal year ended June 30, 2019. This is an increase in net position from the previous year when assets exceeded liabilities by \$55,412,246.
- Total net assets are comprised of the following:
 - (1) Net investment in capital assets of \$43,232,103. This includes property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted net assets of \$10,420,840 majority which is restricted by constraints imposed by debt covenants and other State laws or regulations.
 - (3) Unrestricted net assets of \$5,667,566 represent the portion available to maintain the City's continuing obligations to citizens and its creditors.
- The City has total current liabilities of \$4,616,822 which are expected to be paid within the current year. Total noncurrent liabilities of \$41,581,924 represent the notes payable, capital leases, and employee benefit liabilities. The City has total liabilities of \$46,198,746 at June 30, 2019, which is a decrease from prior year's total liabilities of \$51,045,560.
- The City's governmental funds reported total ending fund balance of \$12,472,039 this year. This compares to the prior year ending fund balance of \$10,858,847 showing an increase of \$1,613,192 or 15%.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

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

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

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

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

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

Proprietary Funds Financial Statements

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

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

Fiduciary Funds Financial Statements

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

Footnotes to the Basic Financial Statements

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

Required Supplementary information for Budgets and Pensions

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

Net position

The City's combined net position at June 30, 2019 was \$59,320,509. The City reported positive unrestricted net position for both governmental and business-type activities.

Summary of Net Position								
(in thousands)								
	Governmental Activities		Business-Type Activities		Total		Change	
	2019	2018	2019	2018	2019	2018	\$	%
Current assets	\$ 12,998	\$ 11,476	\$ 7,611	\$ 7,236	\$ 20,609	\$ 18,712	\$ 1,897	10%
Capital assets, net	65,462	67,521	18,661	19,462	84,123	86,983	(2,860)	-3%
Total assets	78,460	78,997	26,272	26,698	104,732	105,695	(963)	-1%
Deferred outflow of resources	1,745	1,871	-	-	1,745	1,871	(126)	-7%
Current liabilities	3,918	3,921	699	639	4,617	4,560	57	1%
Non-current liabilities	31,603	35,982	9,979	10,503	41,582	46,485	(4,903)	-11%
Total liabilities	35,521	39,903	10,678	11,142	46,199	51,045	(4,846)	-9%
Deferred inflow of resources	958	1,109	-	-	958	1,109	(151)	-14%
Net position								
Net investment in capital assets	34,692	33,602	8,540	8,809	43,232	42,411	821	2%
Restricted	6,258	5,885	4,163	4,171	10,421	10,056	365	4%
Unrestricted	2,776	369	2,891	2,576	5,667	2,945	2,722	92%
Total net position	\$ 43,726	\$ 39,856	\$ 15,594	\$ 15,556	\$ 59,320	\$ 55,412	\$ 3,908	7%

The City's overall financial position improved 7% between fiscal year 2019 and 2018. Liabilities noted a decrease of 9% or about \$4,846,000 due to the payments made on outstanding obligations in accordance with scheduled terms, as well as the decrease in pension obligations. Pension obligations are related to the police and fire departments and are calculated by the actuary of the respective state retirement system.

CITY OF WOODWARD, OKLAHOMA
Management Discussion and Analysis
June 30, 2019

Changes in net position

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

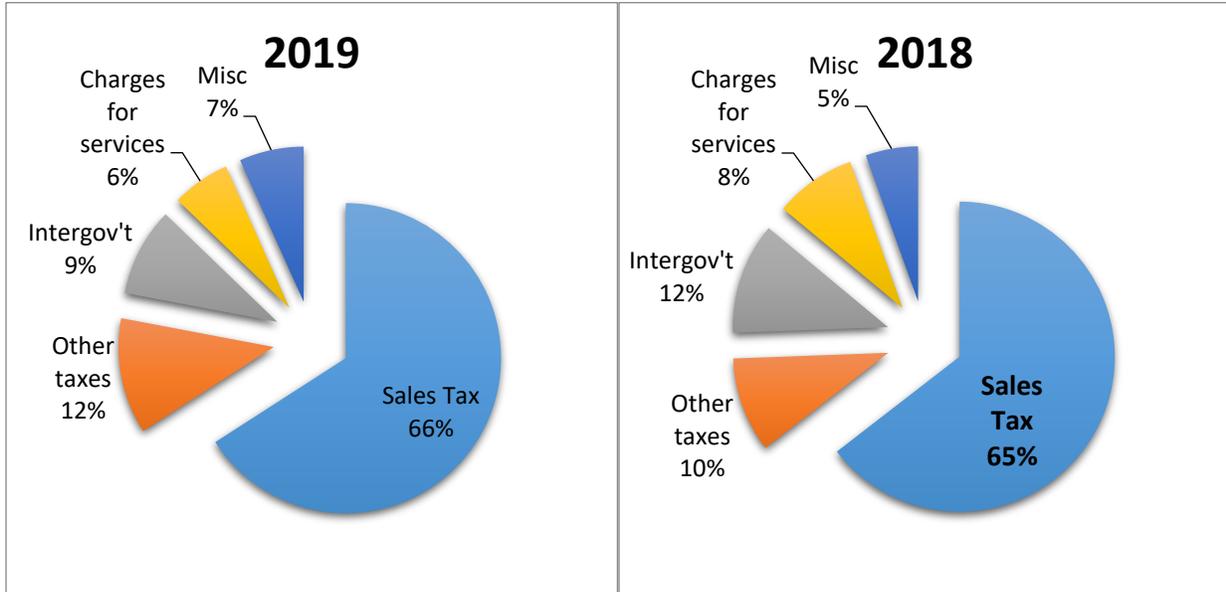
	Summary of Changes in Net Position							
	Governmental Activities		Business-type Activities		Total		Change	
	2019	2018	2019	2018	2019	2018	\$	%
Revenues								
Program revenues	\$ 4,033,466	\$ 4,647,552	\$ 7,645,876	\$ 8,009,268	\$ 11,679,342	\$ 12,656,820	\$ (977,478)	-8%
Taxes and other general revenues	15,196,961	13,843,492	240,898	342,934	15,437,859	14,186,426	1,251,433	9%
Total revenues	19,230,427	18,491,044	7,886,774	8,352,202	27,117,201	26,843,246	273,955	1%
Expenses								
General government	3,828,741	3,463,434	1,403,949	1,175,856	5,232,690	4,639,290	593,400	13%
Public safety/judiciary	6,612,805	6,591,644	-	-	6,612,805	6,591,644	21,161	0%
Transportation	1,754,320	1,826,721	-	-	1,754,320	1,826,721	(72,401)	-4%
Cultural	4,033,404	4,101,589	-	-	4,033,404	4,101,589	(68,185)	-2%
Public services	280,931	290,092	-	-	280,931	290,092	(9,161)	-3%
Economic development	1,051,629	923,510	358,228	237,020	1,409,857	1,160,530	249,327	21%
Water	-	-	1,652,348	2,155,254	1,652,348	2,155,254	(502,906)	-23%
Sewer	-	-	901,592	899,719	901,592	899,719	1,873	0%
Sanitation	-	-	1,116,576	988,490	1,116,576	988,490	128,086	13%
Hospital	-	-	214,415	487,765	214,415	487,765	(273,350)	-56%
Total expenses	17,561,830	17,196,990	5,647,108	5,944,104	23,208,938	23,141,094	67,844	0%
Excess (deficiency) before transfers								
	\$ 1,668,597	\$ 1,294,054	\$ 2,239,666	\$ 2,408,098	\$ 3,908,263	\$ 3,702,152	\$ 206,111	6%
Transfers	2,201,570	6,707,932	(2,201,570)	(6,707,932)	-	-	-	0%
Increase (decrease) in net position	\$ 3,870,167	\$ 8,001,986	\$ 38,096	\$ (4,299,834)	\$ 3,908,263	\$ 3,702,152	\$ 206,111	6%

Revenues for the City remained consistent over prior year with a change of 1% or \$273,955. Program revenues, which include revenues received from other government agencies and utility billing, decreased \$977,478 or 8% over prior year primarily due to the grant proceeds received in the prior fiscal year related to airport improvements. Utility billing revenue for water showed a decrease over prior year of almost \$420,000. Taxes and general revenues reported an increase of 9% or \$1,251,433 which is attributable to an increase in both use tax revenue (\$300,000) and the change in pension obligations (\$1.2 million) by the City.

Operating expenses remained consistent over prior year with a change of only \$67,844 when compared year over year.

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

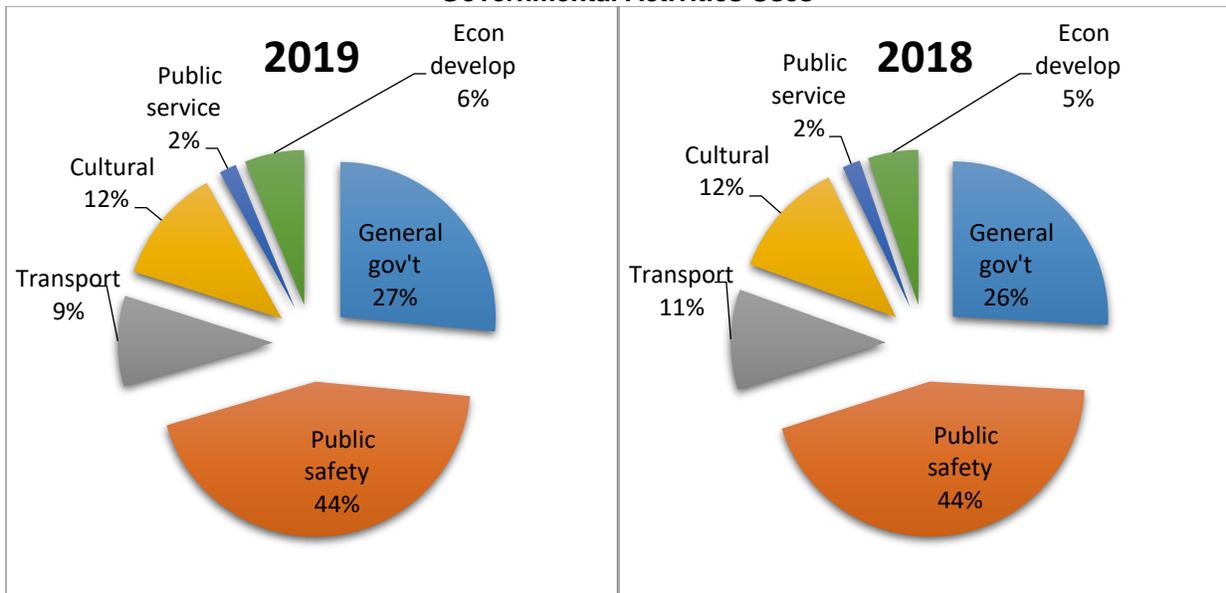
Governmental Activities Sources



Sales tax revenues account for 66% of the total operating revenues of the governmental activities consistent with 65% in prior fiscal year. Other taxes provided for 12% of revenues for the City, showing an increase from prior year of 10%.

Expenditures of the governmental activities by department are reflected below.

Governmental Activities Uses

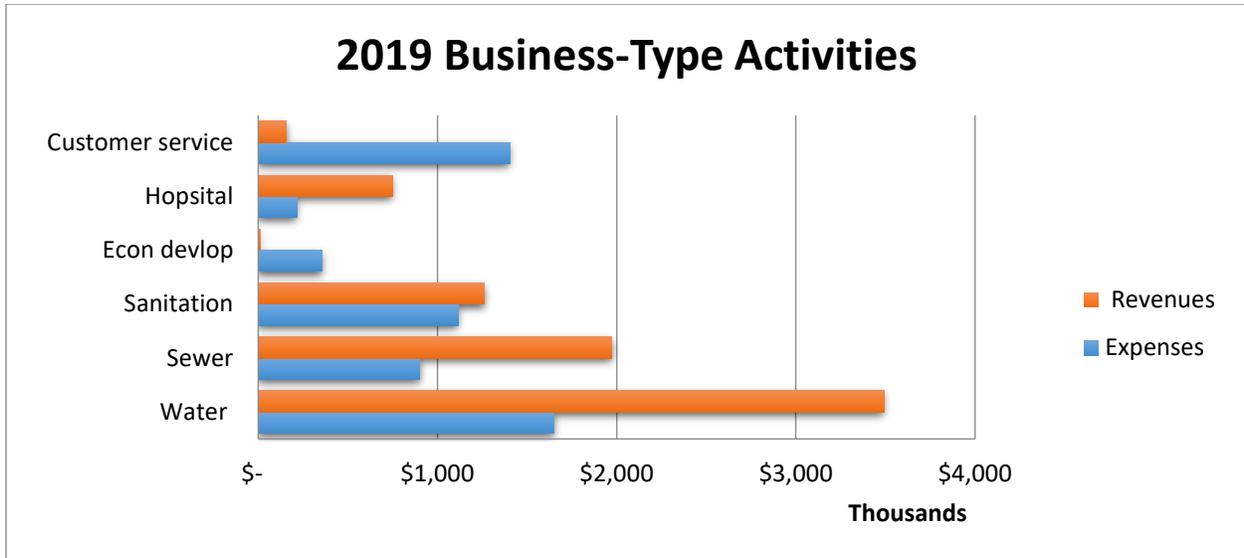


Public safety is the largest use of funds for the City in fiscal year 2019 at 44% or \$5,745,222 which is consistent with prior year at 44% or \$5,664,283. All activities remained consistent between years.

Spending as represented in the above graphic totaled \$13,062,421 in fiscal year 2019 compared to \$12,809,785 in fiscal year 2018.

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

Business-type Activities



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

For the fiscal year ended June 30, 2019, revenues from water, sewer, and sanitation services covered the cost of operating their respective departments.

Capital Assets

	Capital Assets, Net of Accumulated Depreciation					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-Depreciable Assets						
Land	\$ 1,008,639	\$ 790,639	\$ 428,358	\$ 428,358	\$ 1,436,997	\$ 1,218,997
Construction in Process	12,879,751	12,879,751	986,209	986,209	13,865,960	13,865,960
Depreciable Assets						
Buildings	50,824,742	50,532,816	14,562,487	14,394,700	65,387,229	64,927,516
Machinery & equipment	15,684,989	15,376,196	22,087,402	22,087,402	37,772,391	37,463,598
Infrastructure	21,634,741	20,413,756	4,425,500	4,418,118	26,060,241	24,831,874
Accumulated Depreciation	(35,623,268)	(32,472,632)	(23,828,664)	(22,853,217)	(59,451,932)	(55,325,849)
Net Capital Assets	\$ 66,409,594	\$ 67,520,526	\$ 18,661,292	\$ 19,461,570	\$ 85,070,886	\$ 86,982,096

Long-Term Debt

At year-end, the City had \$41,581,924 in noncurrent liabilities. The City's comparative noncurrent liabilities are as follows:

	Primary Government Long-Term Debt			
	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
Notes payable	\$ 26,909,187	\$ 29,590,089	\$ 5,703,381	\$ 4,740,204
Capital leases	3,860,357	4,328,066	4,418,242	5,912,246
Meter deposits	-	-	359,261	343,057
Compensated absences	-	-	46,217	38,050
Pension obligation	4,089,963	5,217,968	-	-
Less current portion	(3,256,203)	(3,153,858)	(548,481)	(530,827)
Total long-term	\$ 31,603,304	\$ 35,982,265	\$ 9,978,620	\$ 10,502,730

2020 AND BEYOND FOR THE CITY OF WOODWARD

Economic Environment

According to the William S. Spears School of Business, Center for Applied Economic Research, noted in July 2019 "The rebound in oil and natural gas prices from their lows in early 2016 spurred growth in the energy sector and the Oklahoma economy more broadly...The rebound in energy sector employment helped turn the overall Oklahoma economy around from the employment declines during 2015-2016. For the first time in several years Oklahoma's total nonfarm employment grew as fast or faster than that of the nation at times during 2017-2018."

The economic environment of the state sheds light on the local economy of the City.

Future Plans

The proposed budget is consistent with our approach for this past fiscal year to find a way to operate within our reduced resources. We are experiencing a flat revenue stream for this coming year. Our sales tax for the last 11 months is down 1.5% as compared to the same period in the prior year which had experienced an 8.3% increase. The proposed budget has a \$740,000 increase in all fund operational spending as compared to the 2018-2019 budget.

The City will continue to fund capital projects solely from the use of Restricted Sales Tax, dedicated by the citizens for capital improvements, grants and donations. Total capital requests funded out of Restricted Sales Tax will be \$945,530; additional capital projects of \$4.1 million will be funded from Grant Revenues and Bond Funds. Major capital projects already underway are not jeopardized due to dedicated funding sources in place.

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

City of Woodward, Oklahoma
Statement of Net Position
June 30, 2019

ASSETS	Governmental Activities	Business-type Activities	Total
Current Assets:			
Cash and cash equivalents	\$ 1,856,448	\$ 2,450,869	\$ 4,307,317
Investments	1,102,995	-	1,102,995
Due from other governments	2,286,146	-	2,286,146
Accounts receivable (net)	720,811	1,619,826	2,340,637
Inventory	693,097	-	693,097
Other assets	193,193	-	193,193
Due from other funds	634,091	(623,184)	10,907
Total current assets	<u>7,486,781</u>	<u>3,447,511</u>	<u>10,934,292</u>
Restricted assets:			
Cash and cash equivalents	5,510,961	4,163,129	9,674,090
Total restricted assets	<u>5,510,961</u>	<u>4,163,129</u>	<u>9,674,090</u>
Noncurrent Assets:			
Land and construction in progress	12,902,579	1,414,567	14,317,146
Other capital assets (net of accumulated depreciation)	52,409,675	17,246,725	69,656,400
Pension asset	149,724	-	149,724
Total noncurrent assets	<u>65,461,978</u>	<u>18,661,292</u>	<u>84,123,270</u>
Total assets	<u>\$ 78,459,720</u>	<u>\$ 26,271,932</u>	<u>\$ 104,731,652</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>1,745,413</u>	<u>-</u>	<u>1,745,413</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 33,965	\$ 32,073	\$ 66,038
Payroll liabilities	348,487	72,476	420,963
Accrued payables	135,537	46,349	181,886
Deferred revenue	143,251	-	143,251
Capital lease, current	484,735	216,020	700,755
Notes payable, current	2,771,468	332,461	3,103,929
Total current liabilities	<u>3,917,443</u>	<u>699,379</u>	<u>4,616,822</u>
Noncurrent liabilities:			
Compensated absences	-	46,217	46,217
Meter deposits	-	359,261	359,261
Pension obligation	4,089,963	-	4,089,963
Capital lease, non-current	3,375,622	4,202,222	7,577,844
Notes payable, non-current	24,137,719	5,370,920	29,508,639
Total noncurrent liabilities	<u>31,603,304</u>	<u>9,978,620</u>	<u>41,581,924</u>
Total liabilities	<u>35,520,747</u>	<u>10,677,999</u>	<u>46,198,746</u>
DEFERRED INFLOW OF RESOURCES			
Deferred charges on pension obligations	<u>957,810</u>	<u>-</u>	<u>957,810</u>
NET POSITION			
Net investment in capital assets	34,692,434	8,539,669	43,232,103
Reserved for restricted purposes	6,257,711	4,163,129	10,420,840
Unrestricted	2,776,431	2,891,135	5,667,566
Total net position	<u>\$ 43,726,576</u>	<u>\$ 15,593,933</u>	<u>\$ 59,320,509</u>

City of Woodward, Oklahoma
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
Governmental activities:					
General government	\$ 3,828,741	\$ 89,051	\$ 980,244	\$ 342,052	\$ (2,417,394)
Public safety and judiciary	6,612,805	868,127	170,037	-	(5,574,641)
Transportation	1,754,320	537,393	2,800	70,434	(1,143,693)
Cultural, parks and recreation	4,033,404	67,704	37,069	-	(3,928,631)
Public service	280,931	35,129	4,800	-	(241,002)
Economic development	1,051,629	164,874	663,752	-	(223,003)
Total governmental activities	<u>17,561,830</u>	<u>1,762,278</u>	<u>1,858,702</u>	<u>412,486</u>	<u>(13,528,364)</u>
Business-type activities:					
Water	1,652,348	3,491,097	-	-	1,838,749
Sewer	901,592	1,444,593	528,336	-	1,071,337
Sanitation	1,116,576	1,263,116	-	-	146,540
Economic development	358,228	11,376	-	-	(346,852)
Hospital	214,415	-	750,000	-	535,585
Customer service	1,403,949	78,110	79,248	-	(1,246,591)
Total business-type activities	<u>5,647,108</u>	<u>6,288,292</u>	<u>1,357,584</u>	<u>-</u>	<u>1,998,768</u>
Total primary government	<u>\$ 23,208,938</u>	<u>\$ 8,050,570</u>	<u>\$ 3,216,286</u>	<u>\$ 412,486</u>	<u>\$ (11,529,596)</u>

City of Woodward, Oklahoma
Statement of Activities (continued)
Year Ended June 30, 2019

Changes in Net Position:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Net (expense)/revenue	\$ (13,528,364)	\$ 1,998,768	\$ (11,529,596)
General revenues:			
Taxes:			
Sales tax	11,687,216	-	11,687,216
Use tax	912,187	-	912,187
Franchise tax	567,374	-	567,374
Other taxes	401,638	-	401,638
Investment income	213,829	139,518	353,347
Other income	112,033	101,380	213,413
Change in pension obligations	1,302,684	-	1,302,684
Transfers internal activity	2,201,570	(2,201,570)	-
Total general revenues and transfers	<u>17,398,531</u>	<u>(1,960,672)</u>	<u>15,437,859</u>
Change in net assets	3,870,167	38,096	3,908,263
Net position-beginning	39,856,409	15,555,837	55,412,246
Net position-ending	<u>\$ 43,726,576</u>	<u>\$ 15,593,933</u>	<u>\$ 59,320,509</u>

**City of Woodward, Oklahoma
Balance Sheet
Governmental Funds
June 30, 2019**

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,044,237	\$ 1,586,963	\$ 2,910,823	\$ 428,544	\$ 396,842	\$ 7,367,409
Investments	1,102,995	-	-	-	-	1,102,995
Due from other governments	1,254,922	773,418	257,806	-	-	2,286,146
Accounts receivable	559,871	-	-	-	160,940	720,811
Due from other funds	795,670	-	17,041	5,183	-	817,894
Inventory	693,097	-	-	-	-	693,097
Other assets	193,193	-	-	-	-	193,193
Total assets	<u>\$ 6,643,985</u>	<u>\$ 2,360,381</u>	<u>\$ 3,185,670</u>	<u>\$ 433,727</u>	<u>\$ 557,782</u>	<u>\$ 13,181,545</u>
LIABILITIES						
Accounts payable	\$ 19,358	\$ -	\$ 11,344	\$ 3,184	\$ 79	\$ 33,965
Payroll liabilities	348,487	-	-	-	-	348,487
Due to other funds	84,890	8,900	4,450	76,225	9,338	183,803
Deferred revenue	127,558	-	-	15,693	-	143,251
Other accrued liabilities	-	-	-	-	-	-
Total liabilities	<u>580,293</u>	<u>8,900</u>	<u>15,794</u>	<u>95,102</u>	<u>9,417</u>	<u>709,506</u>
FUND BALANCES						
Nonspendable	693,097	-	-	-	-	693,097
Restricted	187,989	-	-	-	-	187,989
Committed	-	2,351,481	3,169,876	-	548,365	6,069,722
Assigned	-	-	-	338,625	-	338,625
Unassigned	5,182,606	-	-	-	-	5,182,606
Total fund balances	<u>6,063,692</u>	<u>2,351,481</u>	<u>3,169,876</u>	<u>338,625</u>	<u>548,365</u>	<u>12,472,039</u>
Total liabilities and fund balances	<u>\$ 6,643,985</u>	<u>\$ 2,360,381</u>	<u>\$ 3,185,670</u>	<u>\$ 433,727</u>	<u>\$ 557,782</u>	<u>\$ 13,181,545</u>
Total fund balance- total governmental funds						\$ 12,472,039
Amounts reported for governmental activities in the Statement of Net Position are different because:						
Land and capital assets, net of accumulated depreciation, are not financial resources and, in the funds, and therefore, are not reported						
					12,902,579	
					88,085,221	
					<u>(35,675,546)</u>	65,312,254
Long-term portion of liabilities are not due and payable in the current period and are not reported						
					(26,909,187)	
					(3,860,357)	
					(135,537)	
					787,603	
					<u>(3,940,239)</u>	<u>(34,057,717)</u>
Net position of governmental activities						<u>\$ 43,726,576</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2019

	General Fund	Limited Purpose Sales Tax	Restricted Sales Tax	Grant Fund	Non-Major Funds	Total Governmental Funds
REVENUES						
Sales tax	\$ 5,843,608	\$ 4,382,706	\$ 1,460,902	\$ -	\$ -	\$ 11,687,216
Use tax	912,187	-	-	-	-	912,187
Franchise tax	567,374	-	-	-	-	567,374
Hotel tax	-	-	-	-	663,752	663,752
Licenses and permits	55,033	-	-	-	-	55,033
Rents & royalties	-	-	-	-	164,874	164,874
Fines and forfeitures	463,449	-	-	-	-	463,449
Charges for services	1,043,504	-	-	-	35,417	1,078,921
Intergovernmental revenues	1,489,387	-	-	147,055	-	1,636,442
Donations	191,916	-	-	-	-	191,916
Other revenues	293,041	-	-	-	-	293,041
Interest	82,904	42,723	67,156	9,632	11,414	213,829
Total revenues	<u>10,942,403</u>	<u>4,425,429</u>	<u>1,528,058</u>	<u>156,687</u>	<u>875,457</u>	<u>17,928,034</u>
EXPENDITURES						
General government:						
General government	1,464,452	2,019	55,499	44,699	24,190	1,590,859
City clerk	149,904	-	-	-	-	149,904
Commission	39,234	-	-	-	-	39,234
Building maintenance	328,142	-	-	-	-	328,142
Finance	271,347	-	-	-	-	271,347
Treasurer	22,725	-	-	-	-	22,725
Managerial	421,676	-	-	-	-	421,676
Utility billing	-	-	-	-	-	-
Information technology	268,465	-	-	-	-	268,465
Fleet management	251,118	-	-	-	-	251,118
Construction	115,374	-	-	-	-	115,374
Total general government	<u>3,332,437</u>	<u>2,019</u>	<u>55,499</u>	<u>44,699</u>	<u>24,190</u>	<u>3,458,844</u>
Public safety and judiciary:						
Police	2,595,828	-	15,962	-	-	2,611,790
City attorney	37,399	-	-	-	-	37,399
Municipal court	142,257	-	-	-	-	142,257
Fire	2,519,881	-	-	-	-	2,519,881
Code enforcement	253,322	-	-	-	-	253,322
Civil defense	180,573	-	-	-	-	180,573
Total public safety and judiciary	<u>5,729,260</u>	<u>-</u>	<u>15,962</u>	<u>-</u>	<u>-</u>	<u>5,745,222</u>
Transportation:						
Street	508,514	-	93,940	-	-	602,454
Airport	629,351	-	-	-	-	629,351
Total transportation	<u>1,137,865</u>	<u>-</u>	<u>93,940</u>	<u>-</u>	<u>-</u>	<u>1,231,805</u>
Cultural, parks and recreation:						
Parks	863,415	-	2,555	-	-	865,970
Library	381,897	-	-	-	-	381,897
Event Complex	86,365	-	-	-	-	86,365
Sports and recreation	126,469	-	210	-	-	126,679
Museum	116,659	-	-	-	-	116,659
Total cultural, parks and recreation	<u>1,574,805</u>	<u>-</u>	<u>2,765</u>	<u>-</u>	<u>-</u>	<u>1,577,570</u>
Public service:						
Cemetery	118,251	-	-	-	-	118,251
Senior citizens center	115,710	-	-	-	-	115,710
Total public service	<u>233,961</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,961</u>
Economic development:						
Tourism	815,019	-	-	-	-	815,019
Total economic development	<u>815,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>815,019</u>
Capital outlay	264,922	217,987	343,073	237,384	-	1,063,366
Debt service						
Principal	3,148,611	-	-	-	-	3,148,611
Interest expense	1,242,014	-	-	-	-	1,242,014
Total expenditures	<u>17,478,894</u>	<u>220,006</u>	<u>511,239</u>	<u>282,083</u>	<u>24,190</u>	<u>18,516,412</u>
Excess (deficiency) of revenues over expenditures	<u>(6,536,491)</u>	<u>4,205,423</u>	<u>1,016,819</u>	<u>(125,396)</u>	<u>851,267</u>	<u>(588,378)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	7,989,762	198,863	-	-	-	8,188,625
Transfers out	(85,091)	(4,584,685)	(501,873)	-	(815,406)	(5,987,055)
Total other financing sources and uses	<u>7,904,671</u>	<u>(4,385,822)</u>	<u>(501,873)</u>	<u>-</u>	<u>(815,406)</u>	<u>2,201,570</u>
Net change in fund balances	1,368,180	(180,399)	514,946	(125,396)	35,861	1,613,192
Fund balances - beginning	4,695,512	2,531,880	2,654,930	464,021	512,504	10,858,847
Fund balances - ending	<u>\$ 6,063,692</u>	<u>\$ 2,351,481</u>	<u>\$ 3,169,876</u>	<u>\$ 338,625</u>	<u>\$ 548,365</u>	<u>\$ 12,472,039</u>

City of Woodward, Oklahoma
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2019

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

Net change in fund balances - total governmental funds \$ 1,613,192

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

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

Capital asset purchases capitalized	1,063,366	
Depreciation expense	<u>(3,271,348)</u>	(2,207,982)

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

Principal debt payments	3,148,611	
Accrued interest expense		13,662

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

1,302,684

Change in Net Assets of Governmental Activities \$ 3,870,167

City of Woodward, Oklahoma
Statement of Net Position
Proprietary Funds
June 30, 2019

	Woodward Municipal Authority
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,450,869
Accounts receivable, net	1,619,826
Total current assets	4,070,695
Current assets:	
Restricted assets:	
Cash, including time deposits	4,163,129
Total restricted assets	4,163,129
Noncurrent assets:	
Capital assets (net)	18,661,292
Total noncurrent assets	18,661,292
Total assets	\$ 26,895,116
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 32,073
Payroll liabilities	72,476
Due to other funds	623,184
Accrued interest payable	46,349
Capital lease, current	216,020
Notes payable, current	332,461
Total current liabilities	1,322,563
Noncurrent liabilities:	
Compensated absences	46,217
Meter deposits	359,261
Capital lease, non-current	4,202,222
Notes payable, non-current	5,370,920
Total noncurrent liabilities	9,978,620
Total liabilities	11,301,183
NET POSITION	
Net investment in capital assets	8,539,669
Restricted	4,163,129
Unrestricted	2,891,135
Total net position	\$ 15,593,933

City of Woodward, Oklahoma
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

	Woodward Municipal Authority
<u>Operating revenues:</u>	
Charges for services:	
Water charges	\$ 3,491,097
Sewer charges	1,444,593
Sanitation charges	1,263,116
Golf course	11,376
Penalties	78,110
Total charges for services	<u>6,288,292</u>
Lease and rental income	829,248
Stormwater fee	528,336
Miscellaneous income	101,380
Total operating revenues	<u><u>7,747,256</u></u>
<u>Operating expenses:</u>	
Personal services	2,078,693
Materials and supplies	482,065
Other services and charges	1,615,687
Depreciation and amortization	1,039,746
Total operating expenses	<u>5,216,191</u>
Net operating income	2,531,065
<u>Nonoperating revenue (expense):</u>	
Investment income	139,518
Bad debt	(12,052)
Interest expense	(418,865)
Total nonoperating revenue (expense)	<u>(291,399)</u>
Net income before contributions and transfers	2,239,666
Transfers from other funds	6,357,579
Transfers to other funds	<u>(8,559,149)</u>
Change in net position	38,096
Net position-beginning of year	<u>15,555,837</u>
Net position-end of year	<u><u>\$ 15,593,933</u></u>

City of Woodward, Oklahoma
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

	<u>Woodward Municipal Authority</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 8,031,494
Payments to suppliers	(2,090,653)
Payments to employees	(2,087,784)
Net cash provided (used) by operating activities	<u>3,853,057</u>
<u>Cash flows from non-capital financing activities:</u>	
Transfers from other funds	6,357,579
Transfers to other funds	(8,559,149)
Net cash provided (used) by non-capital financing activities	<u>(2,201,570)</u>
<u>Cash flows from capital and related financing activities:</u>	
Purchase of capital assets	(474,617)
Retirement/sell of capital assets	241,281
Principal paid on capital debt	(530,827)
Interest paid on capital debt	(384,303)
Net cash provided (used) by capital and related financing activities	<u>(1,148,466)</u>
<u>Cash flows from investing activities:</u>	
Investment income	139,518
Net cash provided (used) by investing activities	<u>139,518</u>
Net increase (decrease) in cash and cash equivalents	642,539
Cash & cash equivalents, beginning of year	<u>5,971,459</u>
Cash & cash equivalents, end of the year	<u>\$ 6,613,998</u>
Cash, including time deposits	\$ 2,450,869
Restricted cash, including time deposits	4,163,129
Total cash and cash equivalents, end of year	<u>\$ 6,613,998</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 2,531,065
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,039,746
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	268,034
Increase (decrease) in accounts payable	7,099
Increase (decrease) in payroll liabilities	(9,091)
Increase (decrease) in meter deposits	16,204
Total adjustments	<u>1,321,992</u>
Net cash provided (used) by operating activities	<u>\$ 3,853,057</u>

City of Woodward, Oklahoma
Statement of Fiduciary Net Position - Agency Fund
June 30, 2019

	<u>Municipal Court</u>	
ASSETS		
Cash and cash equivalents	\$	72,683
Total assets	\$	<u>72,683</u>
LIABILITIES		
Accounts payable	\$	48,821
Due to other funds		10,907
Amounts held in escrow		<u>12,955</u>
Total liabilities	\$	<u>72,683</u>

Footnotes to the Basic Financial Statements:

1. Financial Reporting Entity

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

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

The City of Woodward has a population of over 12,000 located in northwestern Oklahoma. The City is a Council/Manager form of government and operates under a home-rule charter that provides for three branches of government:

- Legislative — the City Commission is a five-member governing body with the four commissioners elected by each ward and one commission elected at large. They mayor is elected by the City Commissioners.
- Executive — the City Manager is the Chief Executive Officer and is appointed by the City Council
- Judicial — the Municipal Judge is a practicing attorney appointed by the City Council

Component Units:

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

Related Organizations:

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

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

professional assistance to the City in coordinating its economic and industrial development program. For the services provided, the City compensates the WIF at a current rate of \$28,000 per month. During the year ended June 30, 2019, the WIF approved lease rental agreements between the Woodward Municipal Authority and industrial occupants and the payment of other economic development expenses.

2. Basis of Presentation and Accounting

Government-Wide Financial Statements:

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

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

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

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

Governmental Funds:

The City's governmental funds include:

Major Funds:

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

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

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

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

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

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

Proprietary Fund:

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

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

CITY OF WOODWARD, OKLAHOMA
ANNUAL FINANCIAL REPORT
As of and for the Year Ended June 30, 2019

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.

<u>Types of Investments</u>	<u>Primary Government</u>			
	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Months to Maturity (2)</u>
Primary government				
<u>INVESTMENTS:</u>				
Certificates of deposit	\$ 1,102,995	\$ 1,102,995	N/A	9.7
Total investments	1,102,995	1,102,995		
Total primary government invest	\$ 1,102,995	\$ 1,102,995		

RECONCILIATION TO STATEMENT OF NET POSITION

	<u>Governmental Activities</u>
Investments, unrestricted	\$ 1,102,995
Total investments	\$ 1,102,995

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

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

Custodial Credit Risk — Exposure to custodial credit risk related to deposits exists when the City holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the City holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. The City's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 110% of the uninsured deposits and accrued interest thereon. Collateral is limited to U.S. Treasury securities or direct debt obligations of municipalities, counties, or school districts within the state. At June 30, 2019, 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, 2019, the investments held by the City mature in three years or less.

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

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

The City also has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations—rating agencies—as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. At June 30, 2019, all the City's investments in debt securities were rated AAAM by Standard & Poors.

Concentration of Investment Credit Risk - Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the City (any

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over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The City's investment policy requires diversification of investments. With the exception of U.S. Treasury securities and authorized investment pools, no more than 50% of the City's total investment portfolio may be invested in a single financial institution. At June 30, 2019, the City had no concentration of investment credit risk as defined above.

4. Inventory

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

5. Capital Assets and Depreciation

Capital Assets:

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

For the year ended June 30, 2019, capital assets balances changed as follows:

	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
<i>Governmental Activities</i>				
Land	\$ 790,639	\$ 218,000	\$ -	\$ 1,008,639
Construction in process	12,879,751	-	(1,097,340)	11,782,411
Buildings	50,532,816	291,926	-	50,824,742
Improvements	8,814,938	-	-	8,814,938
Infrastructure	11,598,818	1,220,985	-	12,819,803
Machinery and equipment	15,376,196	377,517	(68,724)	15,684,989
Total assets at cost	<u>99,993,158</u>	<u>2,108,428</u>	<u>(1,166,064)</u>	<u>100,935,522</u>
Less accumulated depreciation	32,472,632	3,219,070	(68,434)	35,623,268
Governmental capital assets, net	<u>\$ 67,520,526</u>	<u>\$ (1,110,642)</u>	<u>\$ (1,097,630)</u>	<u>\$ 65,312,254</u>
<i>Business-type Activities</i>				
Land	\$ 428,358	\$ -	\$ -	\$ 428,358
Construction in process	986,209	-	-	986,209
Buildings	577,103	4,200	-	581,303
Improvements	13,817,597	270,083	(106,496)	13,981,184
Infrastructure	4,418,118	7,382	-	4,425,500
Machinery and equipment	22,087,402	-	-	22,087,402
Total assets at cost	<u>42,314,787</u>	<u>281,665</u>	<u>(106,496)</u>	<u>42,489,956</u>
Less accumulated depreciation	22,853,217	1,039,746	(64,299)	23,828,664
Business-type capital assets, net	<u>\$ 19,461,570</u>	<u>\$ (758,081)</u>	<u>\$ (42,197)</u>	<u>\$ 18,661,292</u>

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Depreciation:

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

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

<i>Governmental Activities</i>		<i>Business-type Activities</i>	
General government	\$ 287,862	Customer service	\$ 344,175
Public safety and judiciary	584,025	Water	390,790
Transportation	522,515	Sewer	255,748
Cultural, parks, and recreation	1,593,366	Hospital	-
Public service	46,970	Sanitation	49,033
Economic development	236,610		
Total depreciation expense	<u>\$ 3,271,348</u>	Total depreciation expense	<u>\$ 1,039,746</u>

6. Long-Term Debt and Debt Service Requirements

For the year ended June 30, 2019, the reporting entity's long-term debt changed as follows:

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Governmental Activities long-term debt:

Notes Payable:

2006 Woodward Municipal Authority Sales tax Revenue Note for the construction of Crystal Beach assets, original issue amount \$9,700,000, dated December 2006, secured by sales tax, interest rates of 4.187%, with final maturity on December 1, 2026.	\$4,800,000
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.	5,465,000
2008 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Crystal Beach assets, original issue amount \$5,300,000, dated October 2008 secured by sales tax, interest rate of 5.15% with final maturity on December 1, 2028.	3,300,000
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.	3,337,026
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.	371,636
2013 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Central Fire Station and 34 th 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.	5,495,000
2015 Woodward Municipal Authority Sales Tax Revenue Note for the construction of Central Fire Station and 34 th 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 December 31, 2032.	4,140,526
Capital Lease Payable:	
\$734,953 capital lease with First National Bank and Trust Co. for a fire truck, payable in monthly installments of \$7,252, interest rate of 3.45% with final payment due November 2021	207,531
\$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	352,825
\$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	3,300,000
Total Governmental Activities long-term debt	<u>\$ 30,769,544</u>

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Business-type activities long-term debt:

Notes Payable:

Sewer line Promissory Note with OWRB dated August 1, 2007, original amount of \$1,400,000, due in semi-annual installments each March 15 and September 15, final installment due March 15, 2028, with 3.10% interest rate. \$718,380

Utility System Revenue Note, Series 2018 dated March 2018, original amount of \$5,120,000 due in semi-annual installments September 1 and September 1, final installment due March 1, 2033 with a 2.845% interest rate. The proceeds of the notes are used to finance a portion of the 34th Street Enhancement project and automated water meter reading system. 4,985,000

\$5,200,000 capital lease with Branch Banking and Trust for stormwater improvements, payable in bi-annual installments, interest rate of 2.26% with final payment due June 2031 4,395,000

\$48,720 capital lease with TCF Equipment Finance for Toro turf equipment, payable in monthly installments, interest rate of 4.10% with final payment due May 2021 23,242

Total Business-type Activities long-term debt \$ 10,121,622

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019	Amounts Due Within One Year
<i>Governmental Activities</i>					
Notes payable	\$ 29,590,089	\$ -	\$ 2,680,902	\$ 26,909,187	\$ 2,771,468
Capital leases	4,328,066	-	467,709	3,860,357	484,735
Total governmental activities	\$ 33,918,155	\$ -	\$ 3,148,611	\$ 30,769,544	\$ 3,256,203
<i>Business-type Activities</i>					
Notes payable	\$ 5,912,245	\$ -	\$ 208,865	\$ 5,703,380	\$ 216,020
Capital leases	4,740,204	-	321,962	4,418,242	332,461
Total business-type activities	\$ 10,652,449	\$ -	\$ 530,827	\$ 10,121,622	\$ 548,481
Total long-term debt	\$ 44,570,604	\$ -	\$ 3,679,438	\$ 40,891,166	\$ 3,804,684

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Long-term debt service requirements to maturity:

Year Ending 30-Jun	Governmental Activities				Business-type Activities			
	Capital Lease Payable		Notes Payable		Capital Lease Payable		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ 484,735	\$ 93,799	\$ 2,771,468	\$ 952,364	\$ 332,461	\$ 98,240	\$ 216,020
2021	500,357	80,364	2,712,533	851,989	340,781	90,434	383,365	154,105
2022	464,461	66,929	2,696,617	755,576	335,000	82,773	395,724	143,055
2023	442,032	55,350	2,789,159	657,095	345,000	75,145	408,157	134,646
2024	413,772	43,794	2,891,797	554,856	350,000	67,292	420,632	119,904
2025-2029	1,555,000	83,308	10,447,720	1,316,772	1,895,000	212,497	2,169,482	413,948
2030-2034	-	-	485,029	444,431	820,000	23,335	1,710,000	123,578
2035-2039	-	-	584,884	344,576	-	-	-	-
2040-2044	-	-	705,301	224,159	-	-	-	-
2045-2049	-	-	824,679	78,982	-	-	-	-
Totals	\$ 3,860,357	\$ 423,544	\$ 26,909,187	\$ 6,180,801	\$ 4,418,242	\$ 649,716	\$ 5,703,380	\$ 1,249,674

Pledge of Future Revenues

Sales Tax Pledge - The City has pledged one and a half cents (or 38%) of collected and appropriated sales tax revenues to repay the outstanding balance of Series 2006, 2007, 2008, 2013, 2015 Sales Tax Revenue Notes, Rural Housing Service Promissory Note and 2010 Stock Exchange Bank Note. As of June 30, 2019, the total outstanding balance of the loans was \$26,909,188. Proceeds from the notes provided financing for governmental capital assets.

Pledged sales taxes for debt service and capital improvements received in the current year were \$4,370,475. Debt service payments of \$2,680,902 for the current fiscal year were 61% of the pledged sales taxes.

Utility Net Revenues Pledge - The WMA has also pledged future net water revenues, sewer revenues, and the stormwater fee to repay \$1,400,000 of the 2007 Series OWRB Notes Payable and \$5,200,000 of the capital lease with Branch Banking and Trust for stormwater improvements. Proceeds from the notes provided financing for utility system capital assets. The total principal and interest payable for the remainder of the life of these bonds and notes is \$5,843,154.

7. Fund Balances and Net Position

Fund Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned. These classifications are defined as:

- a. Nonspendable — includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

- b. Restricted — consists of fund balance with constraints placed on the use of resources either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- e. Committed — included amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city's highest level of decision-making authority. The City's highest level of decision-making authority is made by ordinance.
- d. Assigned — includes amounts that are constrained by the city's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by city council action or management decision when the city council has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
- e. Unassigned — represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

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

Net position is displayed in three components:

- a. *Net investment in capital assets* — Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- b. *Restricted net position* - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted."

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

8. Internal and Interfund Balances and Transfers

The City's policy is to eliminate interfund transfers and balances in the statements of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances and then offset in the total column in the government-wide statements. Interfund transfers and balances between funds are not eliminated in the fund financial statements.

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

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	Due From	Due To
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
LIMITED PURPOSE SALES TAX	\$ 8,900	-
RESTRICTED SALES TAX	-	11,409
GRANT FUND	71,042	1,182
NON-MAJOR FUNDS	81,342	-
PUBLIC WORKS AUTHORITY	623,184	-
MUNICIPAL COURT	10,907	-
<i>LIMITED PURPOSE SALES TAX</i>		
GENERAL FUND	-	8,900
<i>RESTRICTED SALES TAX</i>		
GENERAL FUND	11,409	-
GRANT FUND	1,182	-
<i>GRANT FUND</i>		
GENERAL FUND	5,183	76,225
<i>NON-MAJOR FUNDS</i>		
GENERAL FUND	-	81,342
BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	623,184
FIDUCIARY ACTIVITIES		
MUNICIPAL COURT	-	10,907
	\$ 813,149	\$ 813,149

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	Transfer In	Transfer Out
GOVERNMENTAL ACTIVITIES		
<i>GENERAL FUND</i>		
MUNICIPAL AUTHORITY	\$ 2,700,000	\$ -
GRANT FUND	-	-
NONMAJOR FUNDS	815,406	-
<i>LIMITED PURPOSE SALES TAX</i>		
MUNICIPAL AUTHORITY	-	4,236,275
<i>RESTRICTED SALES TAX</i>		
MUNICIPAL AUTHORITY	-	501,873
<i>GRANT FUND</i>		
GENERAL FUND	-	-
<i>NONMAJOR FUNDS</i>		
GENERAL FUND	-	815,406
 BUSINESS-TYPE ACTIVITIES		
<i>MUNICIPAL AUTHORITY</i>		
GENERAL FUND	-	2,700,000
LIMITED PURPOSE SALES TAX	4,236,275	-
RESTRICTED SALES TAX	501,873	-
	\$ 8,253,554	\$ 8,253,554

9. Budget Policy and Practice

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

Budgetary Control

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

Budget Basis of Accounting

The combined statement of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary

basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the next fiscal year's budget. As a result, no reserve for encumbrances is reported at year-end.

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

10. Risk Management

The City is exposed to various risks of loss related to torts; theft of damage to, or destruction of assets; errors and omissions; injuries to employees; employee health and life; and natural disasters. The City manages these various risks of loss as follows:

- General Liability and Physical Property — Covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Workers' Compensation — Workers' compensation is covered through participation in Oklahoma Municipal Assurance Group risk entity pool, with a transfer of risk to the pool
- Employee's Group Medical — Covered through participation in commercial insurance

Management believes such insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

11. Contingencies

Litigation:

The City is a party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a City Sinking Fund for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

Federal and State Award Programs:

The City of Woodward participates in various federal or state grant/loan programs from year to year. In 2019, the City's involvement in federal and state award programs was material. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

12. Pension Plan Participation

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

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

Oklahoma Firefighter's Pension and Retirement System

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

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

Benefits for members hired prior to November 1, 2013 are determined as 2.5 percent of the employee's final average compensation times the employee's years of service and have reached the age of 50 or have completed 20 years of service, whichever is later. For volunteer firefighters, the monthly pension benefit for normal retirement is \$150.60 per month. Benefits vest with 10 years or more service.

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

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

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

Contributions – The contributions requirements of the Plan are at an established rate determined by Oklahoma Statute and are not based on actuarial calculations. Employees are required to contribute 9% of their annual pay. Participating cities are required to contribute 14% of the employees' annual pay. Contributions to the pension plan from the City were \$147,635 (fiscal year contributions).

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Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$4,089,963 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information the City's proportion was 0.363343%.

For the year ended June 30, 2019, the City recognized pension expense of \$4,451. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 854,278	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	260,109	599,952
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	147,635	-
Total	\$ 1,262,022	\$ 599,952

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

<i>Year ended June 30:</i>		
2019	\$	331,600
2020		139,341
2021		19,756
2022		109,384
2023		61,988

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2018, 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2012.

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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, 2018, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20%	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-percent point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	5,357,035	4,089,963	3,025,810

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 \$121,583.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported an asset of \$149,724 for its proportionate share of the net pension liability. The net pension asset was measured as of July 1, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018. 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, 2018. Based upon this information, the City's proportion was 0.3143%.

For the year ended June 30, 2019, the City recognized pension expense of \$106,094. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 884	\$ 140,292
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	295,534	217,567
Changes in proportion and differences between City contributions and proportionate share of contributions	65,390	-
City contributions subsequent to the measurement date	121,583	-
Total	\$ 483,391	\$ 357,859

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:

2019	\$	200,160
2020		30,934
2021		(82,871)
2022		(26,904)
2023		4,213

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

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

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

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

The actuarial assumptions used in the July 1, 2018, 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

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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, 2018, are summarized in the following table:

<u>Long-Term Expected Asset Class</u>	<u>Real Rate of Return</u>
Fixed income	2.83%
Domestic equity	6.47%
International equity	6.98%
Real Estate	5.50%
Private Equity	5.96%
Other assets	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 to Changes in the Discount Rate – The following presents the net pension liability of the employers calculated using the discount rate of 7.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability/(asset)	694,524	(149,724)	(863,440)

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

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

The City contributed \$341,061 to the Principle defined contribution plan for the year ended June 30, 2019.

Oklahoma Municipal Retirement Fund

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

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

12. Use of Estimates

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

13. Sales Tax Revenue

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

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

City of Woodward, Oklahoma
General Fund
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	<u>Budget</u>	<u>Revisions</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES					
Sales tax	\$ 5,929,575	\$ -	\$ 5,929,575	\$ 5,843,608	\$ (85,967)
Use tax	616,471	-	616,471	912,187	295,716
Franchise tax	715,001	-	715,001	567,374	(147,627)
Other taxes	479,046	-	479,046	401,638	(77,408)
Licenses and permits	38,165	21,000	59,165	55,033	(4,132)
Fines and forfeitures	413,742	-	413,742	463,449	49,707
Charges for services	132,594	-	132,594	1,043,504	910,910
Intergovernmental revenues	337,766	117,000	454,766	1,087,749	632,983
Other revenues	198,290	105,700	303,990	484,957	180,967
Interest	30,258	-	30,258	82,904	52,646
Total revenues	<u>8,890,908</u>	<u>243,700</u>	<u>9,134,608</u>	<u>10,942,403</u>	<u>1,807,795</u>
EXPENDITURES					
General government:					
General government	1,595,156	482,730	2,077,886	1,483,700	594,186
City clerk	167,968	-	167,968	149,904	18,064
Commission	37,319	-	37,319	39,234	(1,915)
Building maintenance	361,100	-	361,100	328,142	32,958
Finance	288,244	-	288,244	271,347	16,897
Treasurer	24,325	-	24,325	22,725	1,600
Managerial	590,545	-	590,545	421,676	168,869
Information technology	306,332	-	306,332	268,465	37,867
Fleet management	260,660	-	260,660	251,118	9,542
Construction	125,325	-	125,325	115,374	9,951
Total general government	<u>3,756,974</u>	<u>482,730</u>	<u>4,239,704</u>	<u>3,351,685</u>	<u>888,019</u>
Public safety and judiciary:					
Police	3,156,458	27,000	3,183,458	2,597,327	586,131
City attorney	82,062	-	82,062	37,399	44,663
Municipal court	153,656	1,500	155,156	142,257	12,899
Fire	2,226,425	32,470	2,258,895	2,519,881	(260,986)
Code enforcement	264,891	-	264,891	253,322	11,569
Civil defense	-	-	-	180,573	(180,573)
Total public safety and judiciary	<u>5,883,492</u>	<u>60,970</u>	<u>5,944,462</u>	<u>5,730,759</u>	<u>213,703</u>
Transportation:					
Street	608,970	-	608,970	508,514	100,456
Total transportation	<u>608,970</u>	<u>-</u>	<u>608,970</u>	<u>508,514</u>	<u>100,456</u>
Cultural, parks and recreation:					
Parks	456,413	69,000	525,413	863,415	(338,002)
Library	412,307	-	412,307	381,897	30,410
Event Complex	1,019,070	-	1,019,070	86,365	932,705
Sports and recreation	633,994	-	633,994	126,469	507,525
Museum	122,994	-	122,994	116,659	6,335
Total cultural, parks and recreation	<u>2,644,778</u>	<u>69,000</u>	<u>2,713,778</u>	<u>1,574,805</u>	<u>1,138,973</u>
Public service:					
Cemetery	132,742	-	132,742	118,251	14,491
Senior citizens center	126,827	-	126,827	115,710	11,117
Total public service	<u>259,569</u>	<u>-</u>	<u>259,569</u>	<u>233,961</u>	<u>25,608</u>
Economic development:					
Tourism	-	-	-	841,519	(841,519)
Total economic development	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,519</u>	<u>(841,519)</u>
Total expenditures	<u>13,153,783</u>	<u>612,700</u>	<u>13,766,483</u>	<u>12,241,243</u>	<u>1,525,240</u>
Revenue over (under) expenditures	<u>(4,262,875)</u>	<u>(369,000)</u>	<u>(4,631,875)</u>	<u>(1,298,840)</u>	<u>282,555</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in/(out)	4,307,583	-	4,307,583	3,430,315	(877,268)
Net other financing sources (uses)	<u>4,307,583</u>	<u>-</u>	<u>4,307,583</u>	<u>3,430,315</u>	<u>(877,268)</u>
Revenues and other financing sources over (under) expenditures and other uses	44,708	(369,000)	(324,292)	2,131,475	(594,713)
Fund balance at beginning of year (Non-GAAP budgetary basis)				<u>5,157,216</u>	
Fund balance at end of year (Non-GAAP budgetary basis)				<u>\$ 7,288,691</u>	
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES					
Revenue and transfer accruals				(1,224,999)	
Fund balance at end of year (GAAP basis)				<u>\$ 6,063,692</u>	

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Police Pension Retirement Plan
 Year Ended June 30, 2019

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

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

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Police Pension Retirement Plan

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

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

Schedules of Required Supplementary Information

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Oklahoma Fire Pension Retirement Plan
 Year Ended June 30, 2019

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

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

SCHEDULE OF CITY CONTRIBUTIONS
Oklahoma Fire Pension Retirement Plan

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

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

**City of Woodward, Oklahoma
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2019**

	<u>Hotel Tax Fund</u>	<u>Miscellaneous Trust Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Non-Major Funds</u>
ASSETS					
Cash and cash equivalents	\$ 322,931	\$ 26,809	\$ 33,044	\$ 14,058	\$ 396,842
Accounts receivable	160,940	-	-	-	160,940
Due from other governments	-	-	-	-	-
Total assets	<u>\$ 483,871</u>	<u>\$ 26,809</u>	<u>\$ 33,044</u>	<u>\$ 14,058</u>	<u>\$ 557,782</u>
LIABILITIES					
Accounts payable	\$ -	\$ 79	\$ -	\$ -	\$ 79
Due to other funds	-	-	9,338	-	9,338
Total liabilities	<u>-</u>	<u>79</u>	<u>9,338</u>	<u>-</u>	<u>9,417</u>
FUND BALANCES					
Restricted	-	-	-	-	-
Committed	483,871	26,730	23,706	14,058	548,365
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>483,871</u>	<u>26,730</u>	<u>23,706</u>	<u>14,058</u>	<u>548,365</u>
Total liabilities and fund balances	<u>\$ 483,871</u>	<u>\$ 26,809</u>	<u>\$ 33,044</u>	<u>\$ 14,058</u>	<u>\$ 557,782</u>

City of Woodward, Oklahoma
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
June 30, 2019

	<u>Hotel Tax Fund</u>	<u>Miscellaneous Trust Fund</u>	<u>Cemetery Care Fund</u>	<u>Perpetual Care Fund</u>	<u>Total Non-Major Funds</u>
<u>REVENUES</u>					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel/motel tax	663,752	-	-	-	663,752
Charges for services	-	26,730	8,687	-	35,417
Rental income	164,874	-	-	-	164,874
Other income	-	-	-	-	-
Interest income	10,365	-	705	344	11,414
Total revenues	<u>838,991</u>	<u>26,730</u>	<u>9,392</u>	<u>344</u>	<u>875,457</u>
<u>EXPENDITURES</u>					
General government	-	24,190	-	-	24,190
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>24,190</u>	<u>-</u>	<u>-</u>	<u>24,190</u>
Excess (deficiency) of revenues over expenditures	<u>838,991</u>	<u>2,540</u>	<u>9,392</u>	<u>344</u>	<u>851,267</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in/(out)	(815,406)	-	-	-	(815,406)
Total other financing sources and uses	<u>(815,406)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(815,406)</u>
Net change in fund balances	23,585	2,540	9,392	344	35,861
Fund balances - beginning	460,286	24,190	14,314	13,714	512,504
Fund balances - ending	<u>\$ 483,871</u>	<u>\$ 26,730</u>	<u>\$ 23,706</u>	<u>\$ 14,058</u>	<u>\$ 548,365</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Commissioners
City of Woodward, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woodward, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Woodward, Oklahoma's basic financial statements, and have issued our report thereon dated December 11, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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Stillwater, Oklahoma

December 11, 2019