

**TOWN OF LANGLEY, OKLAHOMA**  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2019

**OBER & LITTLEFIELD**  
**CERTIFIED PUBLIC ACCOUNTANTS, PLLC**  
22 S ADAIR STREET, PRYOR, OK 74361  
124 SOUTH MAIN, MIAMI, OK 74354  
918-542-4401

**Town of Langley, Oklahoma  
Town Officials  
June 30, 2019**

**Board of Trustees**

Mayor	Carole Free
Member	Bob Bogle
Member	Tom Hopper
Member	William Long
Member	Ed Prine

**Clerk/Treasurer**

Amanda Witt

**Town of Langley, Oklahoma  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor and Town Council  
Town of Langley  
Langley, OK

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Langley (the "Town"), State Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Langley'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 the modified cash basis of accounting, which is described in Note I; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control, relevant to the preparation, and fair presentation, of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Langley, State of Oklahoma, as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with the basis of accounting described in Note I.

Honorable Mayor and Town Council  
Town of Langley, State of Oklahoma  
Page 2

## **OTHER MATTERS**

### *Basis of Accounting*

We draw attention to Note I.C. of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Langley, State of Oklahoma's basic financial statements. The introductory section, management's discussion and analysis, budgetary comparison information, and schedule of state and federal financial assistance are presented for purposes of additional analysis, and are not a required part of the financial statements.

The schedule of state and federal financial assistance and budgetary comparison information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of state and federal financial assistance, and the budgetary comparison information, is fairly stated, in all material respects, in relation to the basic financial statements, as a whole, on the basis of accounting described in Note I.C.

Management's discussion and analysis, on pages 3-10, and the introductory section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion, or provide any assurance, on such information.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, on our consideration of the Town'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 Town'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 Town's internal control over financial reporting, and compliance.

Sincerely,



**OBER & LITTLEFIELD, CPAS, PLLC**  
MIAMI, OKLAHOMA

**OCTOBER 25, 2019**

**VOLUNTARY SUPPLEMENTARY INFORMATION**

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

Our discussion and analysis of the Town of Langley's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Town's financial statements which begin on page 11.

**FINANCIAL HIGHLIGHTS**

- The Town's Net Position increased by \$40,013 or 2% this fiscal year, resulting in total Net Position of \$1,839,935 as of June 30, 2019.
- Current year general fund revenues totaled \$681,821.
- Current year general fund expenditures were \$641,808.
- The Fire Department purchased a light bar for \$2,443 and a tool box & fenders for \$1,392 as well as overlaying the parking lot for \$10,860. The Police Department purchased a 2015 Ford Explorer for \$19,700. The Library purchased a new copier for \$4,286 and cabinets for \$1,374 which brings general fund asset purchases to a total of \$40,055.
- The Public Works Authority had operating revenues of \$482,530 and an operating loss of \$332,111 for the year. Net non-operating revenues, including \$456,715 in sales tax and \$284,544 in grant income combined with other non-operating revenues and expenses produce a total net income of \$352,936 for the year.
- Asset purchases for the Public Works Authority consisted of completion of the south lift station for a total cost of \$717,032 and purchase of a pump at the water plant for \$13,742 resulting in total proprietary fund asset increases of \$730,774.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis (on pages 11-12) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds.

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Reporting the Town as a Whole**

**The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis**

Our analysis of the Town as a whole begins on page 6. One of the most important questions asked about the Town's finances is, is the Town as a whole better off or worse off as a result of this year's activities? The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis provide information about the Town as a whole and about its activities in a way that helps answer this question. The statements are presented on the modified cash basis of accounting rather than generally accepted accounting principles (GAAP). All of the current year's revenues are recorded as they are received and expenses are recorded as they are paid.

These two statements report the Town's net position and changes in net position. You can think of the Town's net position—the difference between assets and liabilities—as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, we divide the Town into two kinds of activities:

- **Governmental activities** – Most of the Town's basic services are reported here, including the fire, general administration, streets, animal control and police. Sales taxes, franchise fees, fines and state grants finance most of these activities.
- **Business-type activities** – The Town charges a fee to customers to help it cover all or most of the cost of certain services it provides. The Town's water and sewer system is reported here.



**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

## **Reporting the Town's Most Significant Funds**

### **Fund Financial Statements**

Our analysis of the Town's major funds begins on page 8. The fund financial statements begin on page 13 and provide detailed information about the Town's most significant funds—not the Town as a whole. The Town's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental Funds** – Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis) and governmental funds is reconciled in the financial statements of the Governmental Funds.
  
- **Proprietary Funds** – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis. In fact, the Town's enterprise fund is the same as the business-type activities reported in the government-wide statements, but more detail and additional information (such as the Statement of Cash Flows) is provided in the fund financial statements.

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**THE TOWN AS A WHOLE**

The Town's Net Position is reported in the Statement of Net Position – Modified Cash Basis on page 11.

For the year ended June 30, 2019, the net position for the Town's Governmental and Business-type Activities changed as follows:

Summary of Net Position

	Governmental Activities		Differences		Business-type Activities		Differences	
	6/30/2019	6/30/2018			6/30/2019	6/30/2018		
Current Assets	\$ 146,568	\$ 129,185	\$ 17,383	12%	\$ 1,056,799	\$ 1,206,634	\$ (149,835)	-14%
Restricted Assets	133,949	92,893	41,056	31%	147,504	146,184	1,320	1%
Capital Assets	1,580,216	1,635,504	(55,288)	-3%	4,108,950	3,613,146	495,804	12%
Total Assets	<u>1,860,733</u>	<u>1,857,582</u>	<u>3,151</u>	<u>0%</u>	<u>5,313,253</u>	<u>4,965,964</u>	<u>347,288</u>	<u>7%</u>
Current Liabilities	4,827	57,093	(52,266)	-1083%	140,928	142,726	(1,798)	-1%
Noncurrent Liabilities	15,971	567	15,404	-52%	1,415,005	1,418,854	(3,849)	0%
Total Liabilities	<u>20,798</u>	<u>57,660</u>	<u>(36,862)</u>	<u>-177%</u>	<u>1,555,933</u>	<u>1,561,580</u>	<u>(5,647)</u>	<u>0%</u>
Net Investment in Capital Assets	1,559,949	1,580,911	(20,962)	-1%	2,600,715	2,098,339	502,376	19%
Net Position, Restricted	133,949	92,893	41,056	31%	100,424	100,424	-	0%
Net Position, Unrestricted	146,037	126,118	19,920	14%	1,056,181	1,205,621	(149,440)	-14%
Total Net Position	<u>\$ 1,839,935</u>	<u>\$ 1,799,922</u>	<u>\$ 40,013</u>	<u>2%</u>	<u>\$ 3,757,320</u>	<u>\$ 3,404,384</u>	<u>\$ 352,936</u>	<u>9%</u>

This reflects an increase of about 2% for governmental activities and an increase of about 9% for business-type activities.

Unaudited

**Town of Langley, Oklahoma**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2019**

### Governmental Activities

To aid in the understanding of the Statement of Activities – Modified Cash Basis, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Net Position. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the Town's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants. It is important to note that all taxes are classified as general revenue even if restricted for a specific purpose.

Summary of Changes in Net Position

	Governmental Activities		Differences		Business-type Activities		Differences	
	6/30/2019	6/30/2018			6/30/2019	6/30/2018		
<b>Revenues:</b>								
Charges for services	\$ 44,379	\$ 38,092	\$ 6,287	14%	\$ 462,298	\$ 411,483	\$ 50,815	11%
Grants and contributions	14,626	9,400	5,226	36%	284,544	-	284,544	100%
Sales and use taxes	570,936	538,080	32,856	6%	456,715	449,408	7,307	2%
Other taxes	23,650	24,741	(1,091)	-5%	-	-	-	
Franchise taxes	12,576	11,590	986	8%	-	-	-	
Other	15,654	27,699	(12,045)	-77%	26,274	8,423	17,851	68%
<b>Total Revenues</b>	<b>681,821</b>	<b>649,602</b>	<b>32,219</b>	<b>5%</b>	<b>1,229,831</b>	<b>869,314</b>	<b>360,517</b>	<b>29%</b>
<b>Expenses:</b>								
General Government	95,800	80,614	15,186	16%	-	-	-	
Town Management	51,311	51,624	(313)	-1%	-	-	-	
Town Clerk	13,460	13,123	337	3%	-	-	-	
Public Safety and Judiciary								
Animal Control	-	-	-	0%	-	-	-	
Town Attorney	1,340	1,670	(330)	0%	-	-	-	
Fire Department	23,146	23,654	(508)	-2%	-	-	-	
Fire Department Sales Tax	65,003	77,949	(12,946)	-20%	-	-	-	
Municipal Court	3,300	3,300	-	0%	-	-	-	
Police Department	277,205	259,352	17,853	6%	-	-	-	
Transportation								
Street & Alley	18,305	29,082	(10,777)	-59%	-	-	-	
Culture, Parks and Recreation								
Library	72,296	82,226	(9,930)	-14%	-	-	-	
Parks	14,449	21,357	(6,908)	-48%	-	-	-	
(Gain) on Sale or Disposal of Asset	6,193	-	6,193	0%	-	-	-	
Town Utilities	-	-	-	0%	876,895	854,110	22,785	3%
<b>Total Expenses</b>	<b>641,808</b>	<b>643,951</b>	<b>(2,143)</b>	<b>0%</b>	<b>876,895</b>	<b>854,110</b>	<b>22,785</b>	<b>3%</b>
<b>Change in Net Position</b>	<b>40,013</b>	<b>5,651</b>	<b>34,362</b>	<b>86%</b>	<b>352,936</b>	<b>15,204</b>	<b>337,732</b>	<b>96%</b>
<b>Net Position, Beginning</b>	<b>1,799,922</b>	<b>1,794,271</b>	<b>5,651</b>	<b>0%</b>	<b>3,404,384</b>	<b>3,389,180</b>	<b>15,204</b>	<b>0%</b>
<b>Net Position, Ending</b>	<b>\$ 1,839,935</b>	<b>\$ 1,799,922</b>	<b>\$ 40,013</b>	<b>2%</b>	<b>\$ 3,757,320</b>	<b>\$ 3,404,384</b>	<b>\$ 352,936</b>	<b>9%</b>

Unaudited

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Business-type Activities**

In reviewing the departmental Net Revenue/(Expense) the PWA is showing a net operating loss of \$332,111. However, this number does not reflect the income from interest, grants and sales tax. When these income numbers are included, the PWA shows a net income for the year of \$352,936.

**THE TOWN'S FUNDS**

**General Fund**

The general fund balance sheet – modified cash basis is presented on page 13 followed by a reconciliation of governmental funds to the government-wide statement on page 14 and statement of revenues, expenditures and changes in fund balances is presented on page 15 followed by a reconciliation of revenues and expenditures to the government-wide statement on page 16.

General fund revenues of \$681,821 included \$607,162 or 89% in taxes, including sales tax, use tax, franchise tax, occupational tax, motor vehicle collections, alcoholic beverage tax, tobacco tax and gasoline tax.

**Proprietary Fund**

The proprietary fund statements are presented on pages 17-20. The proprietary fund reported an increase in net position of \$352,936, resulting in a balance of net position as of June 30, 2019 of \$3,757,320. The proprietary fund Statement of Cash Flows – Modified Cash Basis on page 19 indicates a total net cash outflow for the year from all proprietary activities of \$149,058.

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Town's budget is prepared according to Oklahoma law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the fiscal year, the Town Council authorizes revisions to the original budget if necessary to accommodate differences from the original budget to the actual expenditures of the Town. A schedule showing the Town's original and final budget amounts compared with amounts actually paid and received is provided on page 37.

In the General Fund, actual revenues were \$120,151 more than budgeted and actual expenditures were held to \$152,002 less than budgeted, resulting in a general fund balance carryover of \$272,153.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2019, the Town had \$10,083,360 invested in a broad range of capital assets, including land, buildings, fire trucks, police cars, equipment and its water distribution and sewer systems. This amount represents an increase of \$717,328 from last year.

More information on the Town's capital assets can be found in Note III C on page 31.

**Town of Langley, Oklahoma  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

**Debt Administration**

At June 30, 2019, the Town had \$1,528,502 in capital leases and notes payable outstanding, with \$97,526 due within one year.

	Governmental Activities	Business-Type Activities	Total
Capital Lease Obligations	\$ 20,267	\$ -	\$ 20,267
Notes Payable	-	1,508,235	1,508,235
Total	<u>\$ 20,267</u>	<u>\$ 1,508,235</u>	<u>\$ 1,528,502</u>

More information on the Town's long-term debt can be found in Note III D on pages 32-34.

The Oklahoma Constitution limits the amount of general obligation debt that municipalities can issue for non-utility or non-street purposes to no more than 10% of the net assessed valuation. For the year ending June 30, 2019, the Town had no outstanding general obligation debt.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Town Council and management considered many factors when setting the fiscal year June 30, 2019 budget, including economic trends and issues, trends in residential growth, and known information about State and Federal grants.

Our Estimate of Needs for General Fund for the year ended June 30, 2019 was \$771,642.

If revenue estimates are realized, we expect to maintain our General Fund balance at the same level as we ended the current fiscal year.

**CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's office at P.O. Box 760, Langley, OK 74350-0760.

Unaudited

**Town of Langley, Oklahoma**  
**Statement of Net Position – Modified Cash Basis**  
**June 30, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 84,932.84	\$ 690,197.43	\$ 775,130.27
Investments	61,634.52	366,601.51	428,236.03
<b>Total Current Assets</b>	<u>146,567.36</u>	<u>1,056,798.94</u>	<u>1,203,366.30</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	147,503.86	147,503.86
Deposit with Third Party Administrator	133,949.20	-	133,949.20
Capital Assets:			
Property, Plant and Equipment, net	1,580,216.01	4,108,950.31	5,689,166.32
<b>Total Noncurrent Assets</b>	<u>1,714,165.21</u>	<u>4,256,454.17</u>	<u>5,970,619.38</u>
<b>TOTAL ASSETS</b>	<u>1,860,732.57</u>	<u>5,313,253.11</u>	<u>7,173,985.68</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Payroll Taxes and Withholding Payable	530.92	617.97	1,148.89
Payable from Restricted Assets:			
Meter Deposits Payable	-	47,080.00	47,080.00
Current Portion of Notes Payable	-	93,230.29	93,230.29
Current Portion of Capitalized Lease Obligation	4,295.73	-	4,295.73
<b>Total Current Liabilities</b>	<u>4,826.65</u>	<u>140,928.26</u>	<u>145,754.91</u>
Noncurrent Liabilities:			
Notes Payable	-	1,415,004.53	1,415,004.53
Capital Lease Obligation	15,970.82	-	15,970.82
<b>Total Noncurrent Liabilities:</b>	<u>15,970.82</u>	<u>1,415,004.53</u>	<u>1,430,975.35</u>
<b>TOTAL LIABILITIES</b>	<u>20,797.47</u>	<u>1,555,932.79</u>	<u>1,576,730.26</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,559,949.46	2,600,715.49	4,160,664.95
Restricted	133,949.20	100,423.86	234,373.06
Unrestricted	146,036.44	1,056,180.97	1,202,217.41
<b>TOTAL NET POSITION</b>	<u>\$ 1,839,935.10</u>	<u>\$ 3,757,320.32</u>	<u>\$ 5,597,255.42</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Activities – Modified Cash Basis**  
**For the Year Ended June 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government:							
Managerial	\$ 51,310.56	\$ 300.00	\$ -	\$ -	\$ (51,010.56)	\$ -	\$ (51,010.56)
City Clerk/Treasurer	13,459.90	-	-	-	(13,459.90)	-	(13,459.90)
Maintenance and Operation	94,739.58	-	3,500.00	-	(91,239.58)	-	(91,239.58)
Capital Outlay	1,060.44	-	-	-	(1,060.44)	-	(1,060.44)
<b>Total General Government</b>	<b>160,570.48</b>	<b>300.00</b>	<b>3,500.00</b>	<b>-</b>	<b>(156,770.48)</b>	<b>-</b>	<b>(156,770.48)</b>
Public Safety and Judiciary:							
City Attorney	1,340.00	-	-	-	(1,340.00)	-	(1,340.00)
Fire	23,146.27	8,904.23	4,000.00	-	(10,242.04)	-	(10,242.04)
Fire - Sales Tax	65,003.11	-	-	-	(65,003.11)	-	(65,003.11)
Municipal Court	3,300.00	-	-	-	(3,300.00)	-	(3,300.00)
Police	277,205.06	33,500.41	-	-	(243,704.65)	-	(243,704.65)
<b>Total Public Safety and Judiciary</b>	<b>369,994.44</b>	<b>42,404.64</b>	<b>4,000.00</b>	<b>-</b>	<b>(323,589.80)</b>	<b>-</b>	<b>(323,589.80)</b>
Transportation:							
Street and Alley	18,304.69	-	-	-	(18,304.69)	-	(18,304.69)
Culture, Parks and Recreation:							
Parks	14,449.14	-	-	-	(14,449.14)	-	(14,449.14)
Library	72,296.23	1,674.40	7,126.00	-	(63,495.83)	-	(63,495.83)
<b>Total Culture, Parks &amp; Recreation</b>	<b>86,745.37</b>	<b>1,674.40</b>	<b>7,126.00</b>	<b>-</b>	<b>(77,944.97)</b>	<b>-</b>	<b>(77,944.97)</b>
<b>Total Governmental Activities</b>	<b>635,614.98</b>	<b>44,379.04</b>	<b>14,626.00</b>	<b>-</b>	<b>(576,609.94)</b>	<b>-</b>	<b>(576,609.94)</b>
<b>Business-Type Activities:</b>							
Utilities	876,894.60	462,297.56	-	284,543.86	-	(130,053.18)	(130,053.18)
<b>Total</b>	<b>\$ 1,512,509.58</b>	<b>\$ 506,676.60</b>	<b>\$ 14,626.00</b>	<b>\$ 284,543.86</b>	<b>(576,609.94)</b>	<b>(130,053.18)</b>	<b>(706,663.12)</b>
<b>General Revenues:</b>							
Taxes:							
Sales and Use Taxes					473,237.52	456,715.14	929,952.66
Fire Dept. Sales Tax					97,698.65	-	97,698.65
Franchise and Public Service Taxes					12,576.32	-	12,576.32
Motor Vehicle Collections					5,819.21	-	5,819.21
Alcoholic Beverage Tax					8,419.65	-	8,419.65
Gasoline Tax					1,506.05	-	1,506.05
Tobacco Tax					7,905.05	-	7,905.05
Investment Income					530.37	6,041.57	6,571.94
Sale/Rent of Property					1,370.00	-	1,370.00
Other Income					10,413.12	5,089.88	15,503.00
Reimbursements					3,340.17	15,142.89	18,483.06
Gain (Loss) on Sale or Disposal of Asset					(6,192.90)	-	(6,192.90)
<b>Total General Revenues and Transfers</b>					<b>616,623.21</b>	<b>482,989.48</b>	<b>1,099,612.69</b>
Change in Net Position					40,013.27	352,936.30	392,949.57
Net Position, Beginning of Year					1,799,921.83	3,404,384.02	5,204,305.85
<b>Net Position, End of Year</b>					<b>\$ 1,839,935.10</b>	<b>\$ 3,757,320.32</b>	<b>\$ 5,597,255.42</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.



**Town of Langley, Oklahoma**  
**Balance Sheet – Governmental Funds – Modified Cash Basis**  
**June 30, 2019**

	<u>General Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 84,932.84
Investments	61,634.52
Deposit with Third Party Administrator	133,949.20
<b>TOTAL ASSETS</b>	<u><u>\$ 280,516.56</u></u>
 <b>LIABILITIES AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Payroll Taxes and Withholdings Payable	<u>\$ 530.92</u>
<b>Fund Balances:</b>	
Cash Fund Balance, Unassigned	146,036.44
Cash Fund Balance, Assigned	133,949.20
<b>Total Fund Balances</b>	<u><u>279,985.64</u></u>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <u><u>\$ 280,516.56</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Reconciliation of Governmental Fund and Government-Wide Statement of Net Position – Modified Cash**  
**Basis**  
**June 30, 2019**

Total Governmental Funds Balance	\$	279,985.64
<p>Amounts reported for governmental activities in the Statement of Net Position - Modified Cash Basis are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$2,478,346.51 and the accumulated depreciation is \$898,130.50 for a net book value of \$1,580,216.01.</p>		
		1,580,216.01
<p>Long-term liabilities, including capitalized lease obligations, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>		
Capitalized Lease Obligations Payable		(20,266.55)
Net Position of Governmental Activities	\$	1,839,935.10

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds –**  
**Modified Cash Basis**  
**For the Year Ended June 30, 2019**

	<u>General Fund</u>
Revenues:	
Taxes	\$ 607,162.45
Grants and Contributions	14,626.00
Charges for Services	10,878.63
Fines and Forfeitures	33,500.41
Investment Income	530.37
Reimbursements	3,340.17
Sale/Lease of Property	3,483.00
Other Revenue	10,413.12
Total Revenues	<u>683,934.15</u>
Expenditures:	
General Government:	
City Clerk/Treasurer	13,459.90
Managerial	51,310.56
Maintenance and Operation	90,016.28
Capital Outlay	1,060.44
Public Safety and Judiciary:	
City Attorney	1,340.00
Fire	23,146.27
Fire Sales Tax	56,642.44
Municipal Court	3,300.00
Police	279,607.17
Transportation:	
Street and Alley	22,451.77
Parks and Recreation:	
Parks	7,900.05
Library	72,724.65
Total Expenditures	<u>622,959.53</u>
Net Change in Fund Balance	60,974.62
Fund Balance, Beginning of Year	219,011.02
Fund Balance, End of Year	<u>\$ 279,985.64</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balances to the Government-Wide Statement of Activities – Modified Cash Basis**  
**For the Year Ended June 30, 2019**

Net Change in Fund Balances - Governmental Funds	\$	60,974.62
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Amounts reported for governmental activities in the Statement of Activities - Modified Cash Basis are different because:

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Capital asset purchases		40,054.86
Depreciation expense		(87,037.12)

Cost of capital assets disposals - Under the current financial resources focus, in the funds disposals of capital assets are unreported. In the government-wide statement, however, the assets disposed of had been capitalized previously and thus have a "book value" that needs to be removed.

		(8,305.90)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements.

Capital lease obligation proceeds		(19,700.00)
Capital lease obligation principal payments		<u>54,026.81</u>

Change in Net Position of Governmental Activities	\$	<u><u>40,013.27</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Net Position – Proprietary Fund – Modified Cash Basis**  
**June 30, 2019**

	Utilities Authority Enterprise Fund
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 690,197.43
Investments	366,601.51
Total Current Assets	1,056,798.94
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	147,503.86
Capital Assets:	
Property, Plant and Equipment, net of Accumulated Depreciation	4,108,950.31
Total Noncurrent Assets	4,256,454.17
<b>TOTAL ASSETS</b>	<b>5,313,253.11</b>
 <b>LIABILITIES</b>	
Current Liabilities:	
Payroll Taxes and Withholdings Payable	617.97
Payable from Restricted Assets:	
Meter Deposits Payable	47,080.00
Current Portion of Notes Payable	93,230.29
Total Current Liabilities	140,928.26
Noncurrent Liabilities:	
Notes Payable	1,415,004.53
<b>TOTAL LIABILITIES</b>	<b>1,555,932.79</b>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	2,600,715.49
Restricted	100,423.86
Unrestricted	1,056,180.97
<b>TOTAL NET POSITION</b>	<b>\$ 3,757,320.32</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund – Modified Cash Basis**  
**For the Year Ended June 30, 2019**

	Utilities Authority Enterprise Fund
Operating Revenues:	
Utility Revenue	\$ 462,297.56
Other Revenues	20,232.77
Total Operating Revenues	482,530.33
Operating Expenses:	
Salaries and Benefits	237,912.95
Depreciation & Amortization	177,969.58
Utilities and Telephone	64,051.97
Insurance	112,763.40
Supplies	101,420.64
Maintenance and Repairs	43,255.77
Other Expenses	23,058.31
Professional Fees	9,000.00
Water Purchased	247.00
Truck Expense	3,260.45
Licenses and Permits	24,154.05
Uniforms	5,728.51
Capital Outlay	6,925.86
Office Supplies and Postage	4,893.23
Total Operating Expenses	814,641.72
Operating Income (Loss)	(332,111.39)
Non-Operating Revenues (Expenses):	
Interest Income	6,041.57
Sales Tax Income	456,715.14
Grant Income	284,543.86
Interest Expense	(62,252.88)
Total Non-Operating Revenues (Expenses)	685,047.69
Change in Net Position	352,936.30
Net Position, Beginning of Year	3,404,384.02
Net Position, End of Year	\$ 3,757,320.32

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Cash Flows – Proprietary Fund – Modified Cash Basis**  
**For the Year Ended June 30, 2019**

	Utilities Authority Enterprise Fund
<b>Cash Flows from Operating Activities</b>	
Cash Inflows:	
Payments Received from Customers	\$ 462,297.56
Other Income	20,232.77
Meter Deposits Received	7,550.00
Total Cash Provided	490,080.33
Cash Outflows:	
Payments for Salaries and Benefits	241,808.28
Payments for Goods and Services	398,759.19
Meter Deposits Refunded	6,230.00
Total Cash Used	646,797.47
Net Cash Provided (Used) by Operating Activities	(156,717.14)
<b>Cash Flows from Non-Capital Financing Activities</b>	
Sales Tax from Town	456,715.14
Net Cash Provided (Used) by Non-Capital Financing Activities	456,715.14
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(673,773.60)
Principal Paid on Capital Debt	(110,596.18)
Proceeds from Capital Debt	107,524.00
Grants Received	284,543.86
Interest Paid on Capital Debt	(62,252.88)
Net Cash Provided (Used) by Capital and Related Financing Activities	(454,554.80)
<b>Cash Flows from Investing Activities</b>	
Interest	5,498.67
Net Cash Inflow (Outflow) from All Activities	(149,058.13)
Cash and Cash Equivalents, Beginning of Year	986,759.42
<b>Cash and Cash Equivalents, End of Year</b>	\$ 837,701.29
Unrestricted	\$ 690,197.43
Restricted	147,503.86
Cash and Cash Equivalents, End of Year	\$ 837,701.29

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Langley, Oklahoma**  
**Statement of Cash Flows – Proprietary Fund – Modified Cash Basis**  
**For the Year Ended June 30, 2019**

	Utilities Authority Enterprise Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (332,111.39)
Depreciation	177,969.58
Increase (Decrease) in:	
Payroll Taxes and Withholdings Payable	(3,895.33)
Meter Deposits Payable	1,320.00
Net Cash Provided (Used) by Operating Activities	\$ (156,717.14)

The accompanying Notes to the Financial Statements are an integral part of this statement.



**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies**

The following notes to the financial statements are an integral part of the Town's financial statements.

The Town's financial statements are prepared on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

**A. Reporting Entity**

The Town's financial reporting entity is comprised of the following:

Primary Government: Town of Langley

Blended Component Unit: Langley Public Works Authority

These financial statements present the activities of the Town and includes all component units of which the Town appointed a voting majority of the units' board and the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

*Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's fund is blended into those of the Town's by appropriate activity type to comprise the primary government presentation.

Component units that are blended into the reporting activity types of the Town's reports are presented below:

<b>Component Unit</b>	<b>Brief Description/Inclusion Criteria</b>	<b>Reporting</b>
Langley Public Works Authority	Created to finance, develop and operate the water and sewer services activities.	Enterprise Fund

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The Statement of Net Position – Modified Cash Basis and the Statement of Activities – Modified Cash Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**B. Basis of Presentation (continued)**

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditure/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditure/expenses of that individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

*General Fund*

The General Fund is the primary operating fund of the Town and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Proprietary Fund**

*Enterprise Fund*

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund:

Langley Public Works Authority	Accounts for activities of the public trust in providing water and sewer services to the public.
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The funds of the financial reporting entity are described below (continued):

**Major and Non-Major Funds**

<i>Major:</i>	General Fund
	Proprietary Fund: Langley Public Works Authority

<i>Non-Major:</i>	None
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**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applied to them.

**Basis of Accounting**

In the government-wide Statement of Net Position – Modified Cash Basis and Statement of Activities – Modified Cash Basis, both governmental activities and business-type activities are presented using the modified cash basis of accounting. Under the modified cash basis of accounting nearly all elements of the income statement are recorded using the cash basis, and accounts receivable and inventory are not recorded in the balance sheet.

In the fund financial statements, governmental funds and proprietary funds are presented on the modified cash basis of accounting. Under this modified cash basis of accounting, revenues are recognized when they are received. Expenditures (including capital outlay) are recorded when they are paid rather than when the obligation is incurred.

**D. Assets, Liabilities and Equity**

**Cash and Investments**

For the purpose of the Statement of Net Position – Modified Cash Basis, “cash, including time deposits” includes all demand, savings accounts and certificates of deposit of the Town. For the purposes of the proprietary fund Statement of Cash Flows – Modified Cash Basis, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

**Encumbrances**

Encumbrance accounting, under which purchase orders, contract, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds.

**Deposits with Third-Party Administrator**

Certain sales tax revenues designated for the Fire Department are received and disbursed by the Mayes County Clerk. For the year ended June 30, 2019, \$97,698.65 was received and \$54,089.02 was disbursed by Mayes County on behalf of the Town of Langley Fire Department. The cash fund balance as of June 30, 2019 was \$133,949.20.

**Receivables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due from other/due to other funds”.

**Fixed Assets**

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities – Modified Cash Basis, with accumulated depreciation reflected in the Statement of Net Position – Modified Cash Basis. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation.

Fixed assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

Management determines on an item-by-item basis whether to capitalize or expense.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

**Fixed Assets (continued)**

*Government-Wide Statements (continued)*

The range of estimated useful lives by type of asset is as follows:

Buildings	20-60 years
Improvements	20-60 years
Machinery and Equipment	3-20 years
Utility System	20-60 years
Infrastructure	20-60 years

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Restricted Assets**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Restricted assets include funds on deposit representing utility customer meter deposits which are refundable to the customer and funds on deposit required to be reserved by terms of promissory notes.

**Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of note payable and capitalized lease obligations.

Long term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

**Compensated Absences**

The Town's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences (when material) is recorded as long-term debt in the government-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

**Equity Classifications**

*Net Position/Fund Balance*

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on its use changes the nature or normal understanding of the availability of the asset.

Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

***Restricted*** fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

***Committed*** fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts) but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision making authority of the Town.

***Assigned*** fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

***Unassigned*** fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**D. Assets, Liabilities and Equity (continued)**

**Equity Classifications (continued)**

*Resource Use Policy*

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

**E. Revenues, Expenditures and Expenses**

**Sales Tax**

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

**Use Tax**

The Town levies a use-tax on personal property purchased outside the town limits but stored, used or consumed within the Town. The use tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors.

**Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function)

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**I. Summary of Significant Accounting Policies (continued)**

**E. Revenues, Expenditures and Expenses (continued)**

**Inter-fund Transfers**

Permanent re-allocations of resources between funds of the reporting entity are classified as inter-fund transfers. For the purposes of the Statement of Activities – Modified Cash Basis, all inter-fund transfers between individual governmental funds have been eliminated.

**II. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

**A. Fund Accounting Requirements**

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the Town include the following:

<u>Fund</u>	<u>Required By</u>
Public Works Authority Fund	Trust Indenture

**B. Deposit and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2019, the Town and its public trusts complied, in all material respects, with these investment restrictions.

**C. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Special Sales Tax	Fire Department Purposes
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Water and Sewer Revenue	Debt Service and Utility Operations

For the year ended June 30, 2019, the Town complied, in all material respects, with these revenue restrictions.



**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**II. Stewardship, Compliance and Accountability (continued)**

**D. Debt Restrictions and Covenants**

**General Obligation Debt**

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2019, the Town had no outstanding general obligation debt.

**Other Long-Term Debt**

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2019, the Town incurred no such indebtedness.

**Notes Payable**

The various loan agreements relating to the notes payable issuances of Langley Public Works Authority contain some financial restrictions or covenants. These include covenants such as the required reserve account balances.

The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2019.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement (OWRB Loan Agreements) Account balances should be equal to \$100,423.86	Account balances at June 30, 2019 are \$102,407.49

The Langley Public Works Authority has over funded the reserve account by \$1,983.63.

**Meter Deposits Payable**

The Langley Public Works Authority is required to have reserved funds available for the amount of meter deposits held. The following is a brief summary of the requirements and the Authority's level of compliance thereon as of June 30, 2019.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement Account balance should be equal to the total meter deposits payable of \$47,080.00.	Account balance at June 30, 2019 is \$90,110.55.

The Langley Public Works Authority has over funded the reserve account by \$43,030.55.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**II. Stewardship, Compliance and Accountability (continued)**

**E. Fund Equity Restrictions**

**Deficit Prohibition**

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2019.

**III. Detailed Notes on Transaction Classes/Accounts**

**A. Cash and Investments**

Authorized Investments

Town policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits are maintained in financial institutions. As of June 30, 2019, none of the deposits were exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**B. Restricted Assets**

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

The restricted assets as of June 30, 2019 are as follows:

Meter Deposits	\$ 47,080.00
Reserve Accounts	100,423.86
Total	<u>\$ 147,503.86</u>

**Town of Langley, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**C. Capital Assets**

Capital asset activity for the year was as follows:

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 521,230.05	\$ -	\$ -	\$ 521,230.05
Depreciable assets:				
Buildings/Improvements	649,034.72	10,860.30	-	659,895.02
Machinery and Equipment	1,312,453.88	29,194.56	44,427.00	1,297,221.44
Total Depreciable Assets	1,961,488.60	40,054.86	44,427.00	1,957,116.46
Accumulated Depreciation	(847,214.48)	(87,037.12)	(36,121.10)	(898,130.50)
Net Depreciable Assets	1,114,274.12	(46,982.26)	8,305.90	1,058,985.96
Net Capital Assets	<u>\$ 1,635,504.17</u>	<u>\$ (46,982.26)</u>	<u>\$ 8,305.90</u>	<u>\$ 1,580,216.01</u>
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 110,364.10	\$ -	\$ -	\$ 110,364.10
Construction in Progress	53,500.00	-	53,500.00	-
Total Non-depreciable assets	163,864.10	-	53,500.00	110,364.10
Depreciable assets:				
Sewer System	2,989,744.62	-	-	2,989,744.62
Water System	3,318,564.58	730,773.60	-	4,049,338.18
Machinery and Equipment	230,555.72	-	-	230,555.72
Buildings/Improvements	180,583.75	-	-	180,583.75
Total Depreciable Assets	6,719,448.67	730,773.60	-	7,450,222.27
Accumulated Depreciation	(3,273,666.48)	(177,969.58)	-	(3,451,636.06)
Net Depreciable Assets	3,445,782.19	552,804.02	-	3,998,586.21
Net Capital Assets	<u>\$ 3,609,646.29</u>	<u>\$ 552,804.02</u>	<u>\$ 53,500.00</u>	<u>\$ 4,108,950.31</u>

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 4,723.30
Public Safety and Judiciary	
Fire	55,385.74
Police	12,634.31
Culture, Parks and Recreation	
Library	5,231.62
Parks	6,549.09
Street & Alley	2,513.06
Total Depreciation Expense	<u>\$ 87,037.12</u>

**Town of Langley, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. Detailed Notes on Transaction Classes/Accounts (continued)**

**D. Long-Term Debt**

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**Governmental Activities**

As of June 30, 2019, the governmental long-term debt of the financial reporting entity consisted of the following:

The Town executed a lease to purchase a 2008 International Fire Truck on September 23, 2008. The truck was purchased for \$294,627.00. The amount of the lease is \$294,627.00 with interest at 5.12%, payable in annual installments of \$33,986.61 and maturing August 18, 2018. The payments will be made using the sales tax money held by a third-party administrator. This lease was paid off during the fiscal year.

The Town executed a lease to purchase two 2015 Ford Explorers for the Police Department on June 3, 2015. The vehicles were purchased for \$75,559.18. The amount of the lease is \$63,759.18 with interest at 1.89%, payable in monthly installments of \$1,379.83 and maturing May 20, 2019. This lease was paid off during the fiscal year.

The Town executed a lease to purchase a 2015 Kioti Tractor with Loader. The tractor was purchased for \$25,700.00. The amount of the lease is \$25,900.00 with interest at 2%, payable in monthly installments of \$561.95 and maturing July 9, 2019. Future payments are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 566.55	\$ 0.87	\$ 567.42

The Town executed a lease to purchase a 2015 Ford Explorer for the Police Department on June 16, 2018. The vehicle was purchased for \$19,700.00. The amount of the lease is \$19,700.00 with interest at 2.75%, payable in annual installments of \$4,270.93 and maturing July 16, 2023. Future payments are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,729.18	\$ 541.75	\$ 4,270.93
2021	3,831.73	439.20	4,270.93
2022	3,937.11	333.82	4,270.93
2023	4,045.38	225.55	4,270.93
2024	4,156.60	114.33	4,270.93
	<u>\$ 19,700.00</u>	<u>\$ 1,654.65</u>	<u>\$ 21,354.65</u>

**Town of Langley, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. Detailed Notes Concerning the Funds (continued)**

**D. Long-Term Debt (continued)**

**Governmental Activities (continued)**

The annual debt service requirements to maturity, including principal and interest are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,295.73	\$ 542.62	\$ 4,838.35
2021	3,831.73	439.20	4,270.93
2022	3,937.11	333.82	4,270.93
2023	4,045.38	225.55	4,270.93
2024	4,156.60	114.33	4,270.93
	<u>\$ 20,266.55</u>	<u>\$ 1,655.52</u>	<u>\$ 21,922.07</u>

**Business-Type Activities**

As of June 30, 2019, the long-term debt payable from proprietary fund resources consisted of the following:

A note payable due to the Oklahoma Water Resources Board, in the principal amount of \$1,840,000.00. The note bears a variable interest rate.

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 53,462.00	\$ 55,731.34	\$ 109,193.34
2021	55,689.00	53,503.99	109,192.99
2022	57,918.00	51,220.49	109,138.49
2023	60,155.00	48,847.23	109,002.23
2024	62,403.00	46,344.82	108,747.82
2025-2029	353,223.00	189,688.66	542,911.66
2030-2034	434,378.00	108,474.04	542,852.04
2035-2037	299,288.00	19,016.36	318,304.36
	<u>\$ 1,376,516.00</u>	<u>\$ 572,826.93</u>	<u>\$ 1,949,342.93</u>

The PWA secured a loan in the amount of \$500,000.00 on November 27, 2015 for improvements to the water and wastewater systems. As of June 30, 2019, a total of \$297,498.00 has been drawn down on the construction loan. Payments are due in monthly installments of \$3,598.00 with interest at 3%, any excess payment is applied to principal. This loan will mature September 27, 2022. Future payments are as follows:

**Town of Langley, Oklahoma**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2019**

**III. Detailed Notes Concerning the Funds (continued)**

**D. Long-Term Debt (continued)**

**Business-Type Activities (continued)**

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 39,768.29	\$ 3,407.71	\$ 43,176.00
2021	40,977.88	2,198.12	43,176.00
2022	42,224.25	951.75	43,176.00
2023	8,748.40	38.77	8,787.17
	<u>\$ 131,718.82</u>	<u>\$ 6,596.35</u>	<u>\$ 138,315.17</u>

The annual debt service requirements to maturity, including principal and interest are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 93,230.29	\$ 59,139.05	\$ 152,369.34
2021	96,666.88	55,702.11	152,368.99
2022	100,142.25	52,172.24	152,314.49
2023	68,903.40	48,886.00	117,789.40
2024	62,403.00	46,344.82	108,747.82
2025-2029	353,223.00	189,688.66	542,911.66
2030-2034	434,378.00	108,474.04	542,852.04
2035-2037	299,288.00	19,016.36	318,304.36
	<u>\$ 1,508,234.82</u>	<u>\$ 579,423.28</u>	<u>\$ 2,087,658.10</u>

**E. Changes in Long-Term Debt**

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2019:

	<u>Balance June 30, 2018</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities Lease Obligations	<u>\$ 54,593.36</u>	<u>\$ 19,700.00</u>	<u>\$ 54,026.81</u>	<u>\$ 20,266.55</u>	<u>\$ 4,295.73</u>
Business-Type Activities Notes Payable	<u>\$ 1,511,307.00</u>	<u>\$ 107,524.00</u>	<u>\$ 110,596.18</u>	<u>\$ 1,508,234.82</u>	<u>\$ 93,230.29</u>

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**IV. Other Information**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**B. Proprietary Fund Rates and Charges**

Water Rates and Charges

Residential Base Rate first 1,000 gallons-Inside City Limits	\$	22.50
Residential Base Rate first 1,000 gallons-Outside City Limits		24.50
Use From 1,001-3,000 Gallons - per 1,000		3.90
Use from 3,001-5,000 Gallons - per 1,000		4.10
Use from 5,001 Gallons - per 1,000		4.50
Use from 5,001 Gallons - per 1,000 Outside City Limits		4.50
Industrial Base Rate first 1,000 gallons		26.50
Use From 1,001-3,000 Gallons - per 1,000		3.95
Use from 3,001-5,000 Gallons - per 1,000		4.55
Use from 5,001 Gallons - per 1,000		5.20

Sewer Rates and Charges

Residential Base Rate first 3,000 gallons	\$	16.00
Use from 1,001-3,000 gallons - per 1,000		2.50
Use from 3,001-5,000 gallons - per 1,000		3.00
Use from 5,001-10,000 gallons - per 1,000		3.50
Industrial Base Rate first 1,000 gallons		20.00
Use from 1,001-3,000 gallons - per 1,000		2.50
Use from 3,001-5,000 gallons - per 1,000		3.00
Use from 5,001 gallons - per 1,000		3.50

**C. Contingent Liabilities**

The governing board of the Town is not aware of any pending or threatened legal actions against it. However, any such actions would probably be covered by insurance.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**Town of Langley, Oklahoma  
Notes to the Financial Statements  
For the Year Ended June 30, 2019**

**IV. Other Information (continued)**

**D. Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

**E. Employee Retirement System and Plan**

The Town and PWA have a savings incentive match plan for employees (Simple IRA) with nine employees participating. Employees are deferring between 3 and 9 percent of wages with the Town matching 3 percent of wages. All employees are eligible after 30 days. The Town and PWA matched with \$10,569.90 in 2018-19.

All Town fire department employees hired before age 45 are covered by a statewide cost sharing multi-employer defined benefit plan adopted under Oklahoma Statutes. This plan is operated and administered by the Oklahoma Firefighters Pension and Retirement System (OFPRS). Under this plan, fire department personnel contribute 8% of base salary and the Town contributes an additional 13.0%. The OFPRS issue publicly available financial reports that include financial statements and required supplementary information for the fund. These reports may be obtained by writing to the Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414 or by calling 1-800-525-7461. The required contribution from the Town for this plan was \$1,320.00 in 2017-18. The required contribution was fully contributed.

**F. Construction in Progress**

The Public Works Authority is in the process of making water and wastewater system improvements. At the beginning of fiscal year 2019, the balance of the Construction in Progress account was \$57,000.00 and expenses totaling \$660,031.60 were incurred in the current fiscal year. Construction projects were completed in the current fiscal year for a total of \$717,031.60 which was recorded in the capital assets.

**G. Correction of an Error**

During the current year, it was determined that the beginning net position for Governmental Activities was understated by \$121,302.60. This was due to a donation of a Fire Department asset and a new savings account that were not reported in the prior years. To correct this error, the beginning net position of \$1,678,619.23 as originally reported on July 1, 2018 has been increased to \$1,799,921.83.

Beginning fund balance for the General Fund was understated by \$552.60. This was due to a savings account opened in the prior year that was not reported. To correct this error, the beginning fund balance of \$218,458.42 as originally reported on July 1, 2018 has been increased to \$219,011.02.

Beginning net position for the Enterprise Fund was understated by \$3,500.00. This was due to engineering fees that were expensed in prior years. To correct this error, the beginning net position of \$3,400,884.02 as originally reported on July 1, 2018 has been increased to \$3,404,384.02.



**VOLUNTARY SUPPLEMENTARY INFORMATION**

**Town of Langley, Oklahoma**  
**Combined Statement of Revenues Collected, Expenditures Paid and**  
**Changes in Fund Balances - Budget and Actual -**  
**Regulatory Basis - General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
<b>Revenues:</b>					
Charges for Services	\$ 4,387.43	\$ 4,387.43	\$ 9,204.23	\$ -	\$ 4,816.80
Local Sources	40,112.91	40,112.91	46,673.81	-	6,560.90
State Sources	516,305.29	516,305.29	609,212.13	-	92,906.84
Miscellaneous	1,900.15	1,900.15	17,766.66	-	15,866.51
<b>Total Revenues Collected</b>	<b>562,705.78</b>	<b>562,705.78</b>	<b>682,856.83</b>	<b>-</b>	<b>120,151.05</b>
<b>Expenditures:</b>					
Managerial	65,982.00	65,982.00	62,809.04	-	3,172.96
City Clerk	13,700.00	13,700.00	13,459.90	-	240.10
Municipal Court	3,600.00	3,600.00	3,300.00	-	300.00
City Attorney	4,150.00	4,150.00	1,340.00	-	2,810.00
Library	80,600.00	80,600.00	72,557.64	-	8,042.36
General Government	109,417.57	94,417.57	80,164.06	(15,000.00)	14,253.51
Street and Alley	27,000.00	27,000.00	22,173.81	-	4,826.19
Animal Control	200.00	200.00	-	-	200.00
Park	12,200.00	12,200.00	7,629.87	-	4,570.13
Police	269,000.00	284,000.00	280,650.18	15,000.00	3,349.82
Fire Department	27,000.00	27,000.00	21,758.36	-	5,241.64
Fire Dept. Sales Tax	158,792.12	158,792.12	53,797.20	-	104,994.92
<b>Total Expenditures Paid</b>	<b>771,641.69</b>	<b>771,641.69</b>	<b>619,640.06</b>	<b>-</b>	<b>152,001.63</b>
Excess (Deficit)	(208,935.91)	(208,935.91)	63,216.77	-	272,152.68
<b>Cash Fund Balance</b>					
Beginning of Year	208,935.91	208,935.91	208,935.91	-	-
Cash Fund Balance	\$ -	\$ -	\$ 272,152.68	\$ -	\$ 272,152.68
End of Year					

The accompanying Notes to the Financial Statements are an integral part of this statement.

**OTHER SUPPLEMENTARY INFORMATION**

**Town of Langley, Oklahoma**  
**Schedule of State and Federal Financial Assistance**  
**For the Year Ended June 30, 2019**

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Program or Award Amount</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>
<b>State of Oklahoma Programs:</b>			
Passed through the Oklahoma Department of Agriculture Rural Fire Defense Grant	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00
Passed through the Oklahoma Department of Libraries			
Edge 2018 Library Grant	4,286.00	4,286.00	4,286.00
Continuing Education Library Grant	174.00	174.00	174.00
State Library Grant	2,666.00	2,666.00	2,666.00
Total Library Grants	<u>7,126.00</u>	<u>7,126.00</u>	<u>7,126.00</u>
Passed through the Oklahoma Department of Commerce			
CDBG Grant	284,543.86	284,543.86	284,543.86
CDBG/CIP Grant	3,500.00	3,500.00	3,500.00
Total Oklahoma Department of Commerce	<u>288,043.86</u>	<u>288,043.86</u>	<u>288,043.86</u>
Total Expenditures of State Awards	<u>\$ 299,169.86</u>	<u>\$ 299,169.86</u>	<u>\$ 299,169.86</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.



**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***

Honorable Mayor and Town Council  
Town of Langley, State of 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 modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of Town of Langley, State of Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Langley, State of Oklahoma's basic financial statements and have issued our report thereon dated October 25, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning, and performing, our audit of the financial statements, we considered Town of Langley, State of 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 Town of Langley, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Langley, State of Oklahoma's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weakness. Findings 2019-1 and 2019-2.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Town of Langley, State of 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*.

Honorable Mayor and Town Council  
Town of Langley, State of Oklahoma  
Page 2

**PURPOSE OF THIS REPORT**

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

A handwritten signature in cursive script that reads "Ober & Littlefield, PLLC".

**OBER & LITTLEFIELD, CPAS, PLLC**  
MIAMI, OKLAHOMA

**OCTOBER 25, 2019**

**Town of Langley, Oklahoma  
Schedule of Findings  
For the Year Ended June 30, 2019**

**A. Audit Findings – Current Year**

**Internal Control over Financial Reporting**

**2019-1: Governance over Donated Assets**

*Condition* – Donated assets were not accounted for in the financial statements according to accounting principles generally accepted in the United States.

*Criteria* – Management is responsible for establishing and maintaining effective internal control over financial reporting so that all donated assets received are properly recorded to the financial statements.

*Cause* – There are no procedures in place to account for assets donated to Town.

*Effect* – Because of the failure to record donated assets, capital assets and net assets in the government-wide financial statements could be understated. Also, in the Town’s general fund statements, net assets and revenues could be understated due to the failure to record donated assets.

*Recommendation* – Management should review donated assets and approve/deny acceptance of the donated assets at the board meetings and review financial statements to determine that such assets have been properly accounted for. A policy should be drafted outlining the process and procedures for accepting and recording donated assets.

*View of Responsible Officials and Planned Corrective Action* – Management understands this recommendation and will take appropriate steps to remedy the finding.

**Internal Control over Financial Reporting**

**2019-2: Reporting of Cash Accounts**

*Condition* – A bank account was opened during fiscal year 2018 which was not reported in financial statements.

*Criteria* – Management is responsible for establishing and maintaining effective internal control over financial reporting so that all bank account deposits are properly recorded in the accounting system.

*Cause* – There is not an internal control process in place ensuring that all deposits are entered into the accounting software prior to making the deposit at the bank.

*Effect* – Assets are not being adequately safeguarded. Because of the failure to account for all new bank accounts, assets/net assets and revenues/expenses could be understated.

*Recommendation* – Management should implement a policy documenting the procedure surrounding cash receipts to ensure that all deposits are made into the accounting system prior to physically taking the deposit to the bank.

*View of Responsible Officials and Planned Corrective Action* – Management understands this recommendation and will work to create an appropriate policy.