

Town of Muldrow, Oklahoma

Annual Financial Statements and Accompanying
Independent Auditor's Reports

June 30, 2020

Samuel S Alexander
Certified Public Accountant

Town of Muldrow, Oklahoma
June 30, 2020

BOARD OF TRUSTEES

Mayor

Catherine Jones

Vice Mayor

Darren Keith

Board Members

Patti Rhodes

Anthony Cox

Stephen Michael

Town of Muldrow, Oklahoma
June 30, 2020

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Town of Muldrow, Oklahoma
June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees
Town of Muldrow, Oklahoma

Report on the Financial Statements

I 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 Town of Muldrow, Oklahoma (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Qualified Opinions on the Governmental Funds

As discussed in Note 1, the financial statements referred to above do not include the fixed assets for the governmental funds. Accounting principles generally accepted in the United States of America require the capitalization and recording of fixed assets, which would increase the assets and fund balances and change the revenues in the governmental funds. The amount that should be recorded for the Town's fixed assets has not been determined.

Qualified Opinion

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinions on Governmental Funds", the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town of Muldrow, Oklahoma as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unqualified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Muldrow, Oklahoma, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Boards, 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. My opinion on the basic financial statements is not affected by this omission.

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Muldrow, Oklahoma's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor funds financial statements, budgetary schedules, and other schedules 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. Except for the effects on the combining and individual statements and schedules of revenues, expenditures, and changes in fund balances, statements of revenues, expenses and changes in net position, and statements of cash flows for management having not recorded fixed assets, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules, in my opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

In accordance with *Government Auditing Standards*, I have also issued my report dated February 10, 2021 on my consideration of the Town's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of this report is to describe the scope of my testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

A handwritten signature in black ink, reading "Samuel S. Chisholm CPA". The signature is written in a cursive style with a large initial "S".

February 10, 2021
Wagoner, Oklahoma

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MULDROW , OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business -Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,337,898	1,327,792	2,665,690
Investments	83,322	175,220	258,542
Accounts receivable	-	124,956	124,956
Taxes receivable	89,800	20,379	110,179
Escrows	11,183		11,183
Capital assets			-
Land	-	754,738	754,738
Property, plant & equipment	-	3,887,178	3,887,178
 Total assets	 <u>1,522,203</u>	 <u>6,290,263</u>	 <u>7,812,466</u>
 DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	<u>154,044</u>	<u>160,225</u>	<u>314,269</u>
 Total	 <u>1,676,247</u>	 <u>6,450,488</u>	 <u>8,126,735</u>
 LIABILITIES			
Accounts payable	71,862	18,708	90,570
Net pension liability	225,628	232,629	458,257
Long-term liabilities:			
Due within 1 year	365,383	122,764	488,147
Due in more than 1 year	-	2,519,439	2,519,439
 Total liabilities	 <u>662,873</u>	 <u>2,893,540</u>	 <u>3,556,413</u>
 DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	<u>28,418</u>	<u>37,741</u>	<u>66,159</u>
 Total	 <u>691,291</u>	 <u>2,931,281</u>	 <u>3,622,572</u>
 NET POSITION			
Net investment in capital assets		1,999,714	1,999,714
Contributed capital		334,163	334,163
Restricted	52,500	119,107	171,607
Unrestricted	932,456	1,066,223	1,998,679
 Total Net Position	 <u>\$ 984,956</u>	 <u>3,519,207</u>	 <u>4,504,163</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
 GOVERNMENT-WIDE STATEMENTS
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2020

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		TOTALS
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business - Type Activities	
Primary Government:						
General Government	\$ (263,294)	18,203	31,778	(213,313)	-	(213,313)
Public Safety	(1,034,659)	736,616	7,500	(290,543)	-	(290,543)
Streets	(59,965)	-	-	(59,965)	-	(59,965)
Library	-	-	-	-	-	-
Parks & Recreation	(41,836)	1,700	6,200	(33,936)	-	(33,936)
Total governmental activities	(1,399,754)	756,519	45,478	(597,757)	-	(597,757)
Business - Type Activities:						
Water, Sewer & Trash	(1,041,982)	1,300,763	-	-	258,781	258,781
Sanitation	(281,200)	377,563	-	-	96,363	96,363
Depreciation - unallocated	(233,781)	-	-	-	(233,781)	(233,781)
Total business - type activities	(1,556,963)	1,678,326	-	-	121,363	121,363
Totals	\$ (2,956,717)	2,434,845	45,478	(597,757)	121,363	(476,394)
General revenues						
Taxes:						
Sales tax				514,751		514,751
Use tax				179,283		179,283
Gas tax				5,758		5,758
Franchise tax				147,718		147,718
Alcoholic beverage tax				40,520		40,520
Commercial vehicle tax				24,674		24,674
Cigarette tax				6,692		6,692
Miscellaneous				28,589		28,589
Interest earnings				4,392	7,380	11,772
Interest expense				(23,577)	(62,414)	(85,991)
Loan administration fees				-	(13,436)	(13,436)
Transfers internal activities				(2,494)	(6,500)	(8,994)
Other deposits				16,140		16,140
Total general revenues				942,446	(74,970)	867,476
Changes in net position				344,689	46,393	391,082
Net position, beginning of period				640,267	3,472,814	4,113,081
Net position, end of period				\$ 984,956	3,519,207	4,504,163

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

TOWN OF MULDROW, OKLAHOMA
BALANCE SHEET GOVERNMENTAL FUNDS
JUNE 30, 2020

	Governmental Fund Types		Total
	General Fund	Special Revenue Funds	
ASSETS			
Cash	\$ 998,051	339,847	1,337,898
Investments		83,322	83,322
Escrows	11,183		11,183
Taxes receivable	59,228	30,572	89,800
Total assets	1,068,462	453,741	1,522,203
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	146,295	7,749	154,044
Total	1,214,757	461,490	1,676,247
LIABILITIES			
Accounts payable	65,260	6,602	71,862
Net pension liability	205,516	20,112	225,628
Notes payable			
Due within 1 year		365,383	365,383
Total liabilities	270,776	392,097	662,873
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	23,480	4,938	28,418
Total	294,256	397,035	691,291
FUND BALANCES			
Restricted	-	52,500	52,500
Unrestricted	920,501	11,955	932,456
Total fund balance	920,501	64,455	984,956
Total Liabilities and Fund Balances	\$ 1,214,757	461,490	

Amounts reported for governmental activities in the statement of net assets is not different because the amount of capital assets is not known. Capital assets are expensed when acquired.

Net Assets of Governmental Activities	984,956
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The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Fund Types</u>		<u>Total</u> <u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>June 30, 2019</u>
Revenues:			
Licenses and permits	\$ 16,955	2,485	19,440
Taxes	611,779	308,865	920,644
Grant proceeds other	39,278	-	39,278
Fines and Forfeitures	718,851	-	718,851
Fire contracts and runs	-	15,280	15,280
Donations	-	6,200	6,200
Miscellaneous	6,960	21,539	28,499
Reimbursements	11,498	4,642	16,140
Rentals	-	1,700	1,700
Police-miscellaneous	90	-	90
Interest earnings	1,999	2,393	4,392
Total revenues	<u>1,407,410</u>	<u>363,104</u>	<u>1,770,514</u>
Expenditures:			
General government	263,294	-	263,294
Police	974,640	-	974,640
Parks & recreation	-	41,836	41,836
Fire	-	60,019	60,019
Library	-	-	-
Interest	-	23,577	23,577
Streets	-	59,965	59,965
Total expenditures	<u>1,237,934</u>	<u>185,397</u>	<u>1,423,331</u>
Excess of revenues over (under) expenses	<u>169,476</u>	<u>177,707</u>	<u>347,183</u>
Other financing sources (uses):			
Operating transfers in	59,951	728,599	788,550
Operating transfers (out)	(50,328)	(740,716)	(791,044)
Total other financing sources (uses)	<u>9,623</u>	<u>(12,117)</u>	<u>(2,494)</u>
Excess (deficiency) of revenue over expenditures and other financing sources(uses)	179,099	165,590	344,689
Fund balances, beginning of year	<u>741,402</u>	<u>(101,135)</u>	<u>640,267</u>
Fund balances, end of year	<u>920,501</u>	<u>64,455</u>	<u>984,956</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
PROPRIETARY FUND
JUNE 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,327,792
Investments	175,220
Accounts receivable	124,956
Taxes receivable	20,379
Capital assets	
Land	754,738
Plant, property, and equipment (net)	3,887,178
Total assets	6,290,263

DEFERRED OUTFLOW OF RESOURCES

Deferred resources related to pensions	160,225
Total	6,450,488

LIABILITIES

Current liabilities:

Accounts payable	18,708
Net pension liability	232,629
Notes payable-current	122,764
Total current liabilities	374,101

Noncurrent liabilities:

Notes payable - non - current	2,519,439
Total Liabilities	2,893,540

DEFERRED INFLOW OF RESOURCES

Deferred resources related to pensions	37,741
Total	2,931,281

NET POSITION

Net investment in capital assets	1,999,714
Restricted for debt service	119,107
Unrestricted	1,400,386

Total Net Position	\$ 3,519,207
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The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

Operating Revenues:	
Charges for services:	
Water and Sewer	\$ 1,300,763
Sanitation	377,563
Total revenues	<u>1,678,326</u>
Operating Expenses:	
Salaries	670,692
Maintenance and operation	371,290
Sanitation	281,200
Depreciation	233,781
Total expenditures	<u>1,556,963</u>
Operating Income (Loss)	121,363
Non-Operating Revenues (Expenses):	
Investment income	7,380
Interest expense	(62,414)
Loan administration fees	(13,436)
Transfers out	34,502
Sanitation transfers to general fund	<u>(41,002)</u>
Total non-operating revenues (expenses)	<u>(74,970)</u>
Change in net assets	46,393
Net position - beginning of year	3,472,814
Total net position - end of year	<u><u>\$ 3,519,207</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

Cash Flows From Operating Activities	
Receipts from customers	\$ 1,639,495
Payments to employees	(670,692)
Payments to suppliers	<u>(553,209)</u>
Net Cash Provided By Operating Activities	<u>415,594</u>
 Cash Flows From Noncapital Financing Activities:	
Net changes in deferred inflows and outflows	(52,726)
Transfers to other funds	<u>(6,500)</u>
Total noncapital financing activities	<u>(59,226)</u>
 Cash Flows From Capital And Related Financing Activities	
Purchases of capital assets	(23,800)
Principal and expenses paid on debt	<u>(197,189)</u>
Net Cash provided By (Used In) Capital And Related Financing Activities	<u>(220,989)</u>
 Cash Flows From Investing Activities	
Interest on investments	<u>7,380</u>
Net Increase (Decrease) In Cash And Cash Equivalents	142,759
 Balance - Beginning of year	<u>1,360,253</u>
 Balance - End of year	<u><u>\$ 1,503,012</u></u>
 Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ 121,363
Adjustments to reconcile operating income to net cash provided (used) operating activities	
Depreciation	233,781
Increase in accounts payable	9,820
Increase in net pension liability	89,461
Increase in accounts receivable	<u>(38,831)</u>
Net cash provided by operating activities	<u><u>\$ 415,594</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town's financial reporting entity includes the primary government (Town of Muldrow) and one component unit.

- The Town of Muldrow – that operates the public safety, health and welfare, streets and highways, parks and recreation, and administrative activities.
- The Muldrow Public Works Authority – that operates the water and wastewater services of the Town.

The Town of Muldrow is an incorporated municipality. The Town is a “Statutory Town Government” under Title II of the Oklahoma Statutes.

The component unit (Public Works) has the Town Trustees as their governing body and the Town is able to impose its will on the Authority through required approval of all debt obligations issued by the entity. The Authority meets criteria of a blended component unit and is presented as such.

The Muldrow Public Works Authority is a public trust created under the provisions of Title 60 Oklahoma Statutes, 2001, Section 176 to 180.03, for the use and benefit of the Town of Muldrow. The authority was created to finance, develop and operate the water, sewer and solid waste activities of the Town. The Authority leases the water and sewer utility system from the Town. The lease rental each year is the revenue remaining after payments have been made to debt service accounts and all operating expenses of the Authority have been paid. The Authority is an enterprise fund.

In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the basis of accounting used, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Government-Wide Financial Statements

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

C. Basis of Presentation – Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e. when they become both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for recognition of all other Governmental Fund revenues. Expenditures are recorded when the related fund liability is incurred.

The revenues susceptible to accrual are sales taxes, use tax, tobacco tax, interest income and intergovernmental revenues. All other governmental fund revenues are recognized when received.

E. Budgetary Control

In accordance with 68 O.S. 2001 § 2483, the Board of Trustees and the Muldrow Public Works Authority Board formally adopt annual budgets, which include the General Fund, the Fire Department Fund, Town Sales Tax Fund, Library Fund, Parks and Recreational Fund and the Enterprise Fund. These annual budgets are adopted on a basis consistent with guidelines established by the Oklahoma Municipal Code (Section 17-201, Municipal Budget Act). This basis differs from U.S. generally accepted accounting principles since it does not recognize accrued revenue.

The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund presents a comparison of budgetary data to actual results. The General Fund utilizes the same basis of accounting for both budgetary purpose and actual results, except for the effect of encumbrances and unrealized investment gains and losses, which are adjusted to the actual results for this comparison.

F. Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The Town has presented the following major governmental funds:

General Fund – the General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds – the special revenue funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purpose or designated to finance particular functions or activities of the Town. The reporting entity includes the following special revenue funds, all of which are recorded as a non-major fund:

Fire Department Fund - this fund accounts for sales tax and grants restricted for volunteer fire department operations.

Utility Sales Tax Fund – this fund accounts for sales tax and interest used for supplementing Town utility operations.

Town Sales Tax Fund – this fund accounts for sales tax and interest used for street department operations.

Library Fund - this fund accounts for interest earnings and grants used for library operations.

Parks & Recreational Fund – this fund accounts for donations and rental income used for the operation of the Town’s parks.

Proprietary Funds

Public Works Authority Fund

Public Works Authority Fund is used to account for the provision of water and sewer services to the residents of the Town. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary, to ensure integrity of the funds.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Fiduciary Funds – 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 Town programs. Fiduciary fund financial statements report similarly to proprietary funds. See pages 32 through 35.

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts, certificates of deposit or short-term investments with an original maturity of three-months or less.

Investments consist of long-term certificates of deposits reported at cost, which approximates market, unless otherwise indicated.

In the Muldrow Public Works Authority, utility revenue and related accounts receivable are reported for utility services provided and billed prior to year-end but not yet collected.

Any amounts due and payable between legal entities, resulting from budgetary basis transactions, are reported as Internal Balances and eliminated in the total column.

Capital Assets

In the government-wide and proprietary fund financial statements, certain acquisitions are accounted for as capital assets. All capital assets are carried at historical cost, net of accumulated depreciation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives is treated as an expense. Depreciation is computed using the straight line method over the assets useful lives.

Capitalization thresholds and estimated useful lives of capital assets are as follows:

Asset Category	Capitalization Threshold	Years
Business type activities		
Utility Structure	\$10,000	30-40
Water treatment infrastructure	\$10,000	30-40
Furniture, fixtures and equipment	\$10,000	5-10
Vehicles	\$10,000	5-10

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Summary of Significant Accounting Policies (continued)

Net Assets Accounting Policies

Net assets are displayed in two components:

- a. Restricted Net Assets – Consists of net assets 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.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

Total Columns on Combined Statements – Overview

Total columns on the Combined Statements – Overview are captioned “Memorandum only” to indicate that they are presented to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Transactions Between Funds

Legally authorized transfers if any, are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Employees Retirement System of Muldrow, Oklahoma, and additions to/deductions from ERS’s fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. Capital Assets

A Summary of changes in general fixed assets for the year ended June 30, 2020, follows:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>
Business - Type activities:				
Capital assets, not being depreciated:				
Land	\$ 754,738	\$ -	\$ -	\$ 754,738
Total capital assets, not being depreciated	<u>754,738</u>	<u>-</u>	<u>-</u>	<u>754,738</u>
Capital assets being depreciated:				
Water Treatment Plant	3,670,878	-	-	3,670,878
Water Treatment Plant	2,325,284	-	-	2,325,284
Water System	1,050,008	-	-	1,050,008
Vehicles	137,978	-	-	137,978
Sanitation Truck	351,864	23,800	-	375,664
Office Equipment	27,631	-	-	27,631
Utility Structure	201,101	-	-	201,101
Equipment	287,206	-	-	287,206
Total capital assets being depreciated:	<u>8,051,950</u>	<u>23,800</u>	<u>-</u>	<u>8,075,750</u>
Less accumulated depreciation:	<u>3,954,790</u>	<u>233,782</u>	<u>-</u>	<u>4,188,572</u>
Total capital assets being depreciated, Net of depreciation	<u>4,097,160</u>	<u>(209,982)</u>	<u>-</u>	<u>3,887,178</u>
Total all business-type activities capital assets, net	<u>\$ 4,851,898</u>	<u>\$ (209,982)</u>	<u>\$ -</u>	<u>\$ 4,641,916</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

3. Sales Tax

The Town is currently receiving sales tax collections monthly from Oklahoma. One third (1/3) of all sales tax proceeds is deposited into the General Fund for the purpose of paying the operation and maintenance costs for the police department incurred by the Town, one third (1/3) is deposited into and then transferred from the Town's Utility Sales Tax Fund to the Muldrow Public Works Authority, one third (1/3), less \$30,000, is deposited into the Town Sales Tax Fund for the operation and maintenance of streets, and \$30,000 is deposited into the Fire Department Fund for the operation of the Volunteer fire department.

4. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
GOVERNMENTAL ACTIVITIES					
Notes payable:					
General obligation debt	413,806		48,423	365,383	365,383
BUSINESS-TYPE ACTIVITIES					
Notes payable:					
General obligation debt	2,664,021		87,547	2,576,474	90,341
Equipment note	97,289		31,560	65,729	32,423
Business-type activities long-term liabilities	2,761,310		119,107	2,642,203	122,764

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

4 Long-Term Liabilities (continue)

Payments on the notes payable that pertain to the Town’s governmental activities are repaid directly from the Parks and Recreation Fund. The bank note bears 6% interest with monthly installment payments in the amount of \$6,000 until April 2021 at which time this note will be renewed at a new interest rate.

Payments on the notes payable that pertain to the Town’s business-type activities are repaid directly from its Public Works Authority operations. The wastewater system improvement loan bears 2.89% interest with semi-annual installments in the amount of \$80,802 until March 15, 2041. The equipment bank note bears 2.65% interest with monthly installment payments in the amount of \$2,816 until June 22, 2022.

In February 2021, the wastewater system loan was allocated \$76,252 of savings generated by a refunding of bonds to which the Town’s loan was pledged. The Town elected to take the reduction of debt service over the remaining life of the loan.

Debt maturity dates over the next five years are as follows.

Year Ended	Governmental Activities Note	<u>Business-type Activities</u>	
		Wastewater Loan	Equipment Note
June 30, 2021	365,383	90,341	32,423
June 30, 2022		93,008	33,306
June 30, 2023		95,753	-
June 30, 2024		98,399	
June 30, 2025		101,483	

5. Deposits and Investment Risk

At June 30, 2020, the reporting entity had the following deposits and investments:

<u>Type of Deposits and investments</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 2,665,690
Total Deposits	<u>2,665,690</u>
Investments:	
Certificates of deposit	<u>258,542</u>
Total Deposits and Investments	<u>\$ 2,924,232</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

5. Deposits and Investment Risk (continued)

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the Town 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 Town’s name collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the Town holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Town’s name.

The Town’s policy, as it relates to custodial credit risk, is to comply with State law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statues and includes U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma, surety bond, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(c), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

At June 30 2020, the carrying amount of the Town’s demand deposits was \$2,669,690. Aggregate demand deposit bank balances were \$2,620,921. Of the bank balances \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining balance was secured by collateral pledged by the Town’s financial institution.

At June 30 2020, investments of certificates of deposit totaled \$258,542 was covered by the FDIC and the remaining balance was secured by collateral pledged by the Town’s financial institution.

Concentration of Investment Credit Risk – The Town has no investment policy that limits its investment choices other than the limitations of State law.

The Town’s only marketable investments at June 30, 2020, consisted of \$258,542 in Certificates of Deposit.

Investment Interest Rate Risk – 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. The Town’s only investments are certificates of deposit.

TOWN OF MULDROW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

5. Deposits and Investment Risk (continued)

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 Town (any over 5% are disclosed). Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The Town places no limit on the amount it may invest in any one issuer. At June 30, 2020, the Town had no concentration of credit risk as defined above.

6. Fair Value Measurement

The Town's investments were measured and reported at fair value and are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based on the pricing transparency of the instrument and should not be perceived as the particular investment's risk. The following table sets forth by level, within the fair value hierarchy, the Town's assets at fair value as of June 30, 2020.

	Level 1	Level 2	Level 3	Total
Investment type				
Investments accounted for at fair value	-	-	-	-
Certificates of deposit (excluded from fair value measurement)				\$ 258,542
Total investments				\$ 258,542

7. Pension Plan

The Town of Muldrow, Oklahoma is a party to a pension or retirement plan.

General Information about the Pension Plan

Plan Description The Town's defined benefit pension plan, Employees Retirement System of Muldrow, Oklahoma (ERS), provides pensions for all regular full time employees of the Town, except police, firefighters and other employees who are covered under an approved system. ERS is a single-employer defined benefit pension plan administered by the Oklahoma Municipal Retirement Fund (OkMRF). OkMRF is authorized by Oklahoma Statutes to pool funds for investment purposes. OkMRF issues a publicly available financial report that can be obtained at www.okmrf.org.

TOWN OF MULDROW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020

7. Pension Plan (continued)

Benefits Provided ERS provides retirement, disability and death benefits. Normal retirement benefits (accrued benefits) are calculated as 2.25% of final average compensation times the employee's years of credited service. Employees with 7 or more years of vesting service are eligible to retire at age 65. Early retirement eligibility begins with termination after age 55, with 80 points and 7 or more years of vesting service, and these benefits equal the accrued benefit payable starting at normal retirement age, or the accrued benefit reduced 5% per year for commencement prior to normal retirement age. Points are equal to age plus completed years of service. All employees are eligible for disability retirement benefits upon total and permanent disability after 7 or more years of service. Disability retirement benefits equal the accrued benefit upon disablement without reduction for years of service. In-service death benefits before vesting are the return of employee contributions with interest. In-service death benefits after vesting for married participants amount to 50% of the accrued benefit payable to the spouse until death or remarriage. Other in-service death benefits after vesting amount to 50% of the accrued benefit payable for 5 years certain. An employee who leaves Town service before vesting receives a return of employee contributions with interest. An employee who leaves Town service after vesting receives the accrued benefit payable starting at normal retirement age, or a reduced benefit payable at early retirement age. The plan has not elected the automatic post-retirement cost of living adjustments.

Employees Covered by Benefit Terms

At July 1, 2019, the following employees were covered by the benefit terms:

Nonactive participants receiving benefits	9
Disabled participants not yet receiving benefits	3
Active participants	23
	35

Contributions OkMRF establishes rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town contributes the difference between the actuarially determined rate and the contribution rate of employees. At July 1, 2019, the active employee contribution rate was 4.5% of annual pay, and the Town's average contribution rate was 6.95% of annual payroll.

Net Pension Liability

The Town's 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 that date.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. Pension Plan (continued)

Actuarial Assumptions The total pension liability in the July 1, 2020 actuarial valuation was determined using the participant census and plan provisions in effect as of the measurement date. Service cost is the portion of the present value of projected benefit payments attributed to the measurement period, which is the twelve-month period ending on the measurement date. Actuarial assumptions and methods adopted by the Oklahoma Municipal Retirement Fund were used. The discount rate used to value benefits was the long-term expected rate of return on plan investments, 7.50%, as prescribed when the plan's fiduciary net position is projected to be sufficient to make projected benefit payments. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of actuarial experience study for the period July 1, 2018 to July 1, 2019.

Salary increases	Annual rates of pay increase as computed
Investment rate of return	7.50%
Mortality rates were based on mortality tables:	Before retirement Pub G - 2010
	After retirement Pub G -2010, with projected mortality improvement.

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 adding expected inflation (2.75%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of July 1, 2019 are summarized in the following table.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. Pension Plan (continued)

<u>Return</u>	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted</u>
Large cap stocks S&P 500	25%	5.80%	1.45%
Small/mid cap stocks Russell 2500	10%	6.40%	.64%
Long/short equity MSCI ACWI	10%	5.00%	.50%
International stocks MSCI EAFE	20%	6.20%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.30%	.69%
Real estate NCREIF	5%	4.60%	.23%
	<hr style="width: 100%; border: 0.5px solid black;"/> 100%		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long term expected return	<u>7.50%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/1/2018	\$ 2,432,567	2,142,003	290,564
Changes for the year:			
Service cost	90,164		90,164
Interest cost	176,677		176,677
Difference between expected and actual experience	79,185		79,185
Assumption changes	115,626		115,626
Contributions -- Employer		107,925	(107,925)
Contributions -- Employee		43,133	(43,133)
Net investment income		147,318	(147,318)
Benefit payments, including refunds of employee contributions	(156,578)	(156,578)	
Benefit changes due to plan amendments	0		0
Administrative expense		(4,417)	4,417
Net changes	305,074	137,381	167,693
Balance at 7/1/2019	\$ 2,737,641	2,279,384	458,257

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. Pension Plan (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate The attached table presents the net pension liability of the Town, calculated using the discount rate of 7.50%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 3,079,118	\$ 2,737,641	\$ 2,458,937
Plan Fiduciary Net Position	2,279,384	2,279,384	2,279,384
Net Pension Liability	\$ 799,734	\$ 458,257	\$ 179,553

Pension Plan Fiduciary Net Position Detailed information about the pension plan's fiduciary net position is available in the separately issued OMRF financial report, which can be located at www.okmfr.org.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the Town recognized pension expense of \$167,894. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred of Resources
Remaining deferred outflows	\$ 34,517	\$ 33,442
Changes of assumptions	115,626	
Net difference between projected and actual earnings on pension plan investments	79,125	
Total	\$ 229,268	\$ 33,442

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

7. Pension Plan (continued)

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,	
2021	\$ 83,666
2022	54,868
2023	45,613
2024	40,014
2025	0

Payable to the Pension Plan The Town is current with contributions to the pension plan for the year ended June 30, 2020.

8. 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. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The Town of Muldrow has available loss funds for both current and post plan year participation, held by the Oklahoma Municipal Assurance Group Workers' Compensation Plan, at June 30, 2020.

9. Subsequent Events

Covid-19 Pandemic At the time of this report's release, citizens and the economies of the United States and other countries have been impacted by the coronavirus (Covid-19) pandemic. The World Health Organization declared a Public Health Emergency on January 30, 2020. The evolution of the virus, the extent of its economic impact and the results of steps taken and yet to be taken by governments and financial institutions are unknown. The significance and the duration of the pandemic's financial impact are indeterminable. These financial statements do not consider the potential financial implications of the pandemic.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MULDROW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Sales tax	\$ 190,000	\$ 190,000	205,886	15,886
Use tax	120,000	120,000	179,283	59,283
Gas tax	5,800	5,800	5,758	(42)
Commercial vehicle tax	22,800	22,800	24,674	1,874
Franchise tax	169,000	169,000	147,718	(21,282)
Alcoholic beverage tax	34,400	34,400	40,520	6,120
Cigarette tax	5,800	5,800	6,692	892
Grant proceeds other	31,778	31,778	39,278	7,500
Licenses, permits and burials	7,500	7,500	18,203	10,703
Fines and forfeitures	660,000	660,000	718,851	58,851
O-EPIC reimbursement	14,000	14,000	11,498	(2,502)
Miscellaneous	4,000	4,000	6,960	2,960
Police- other	1,500	1,500	90	(1,410)
Interest	2,000	2,000	1,999	(1)
Total Revenues	1,268,578	1,268,578	1,407,410	138,832
Expenditures				
General government	363,778	286,072	263,294	22,778
Police	878,000	819,079	974,640	(155,561)
Capital outlay	19,500	28,321	-	28,321
Total Expenditures	1,261,278	1,133,472	1,237,934	(104,462)
Excess of revenues over/(under) expenses before adjustments to prior year encumbrances	\$ 7,300	135,106	169,476	34,370
Other financing sources (uses):				
Operating transfers in/out			9,623	
Total other financing sources (uses)			9,623	
Excess of revenues over/(under) expenses			\$ 179,099	

Town of Muldrow, Oklahoma
June 30, 2020

SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS

	Fiscal Year ended June 30:					
	2020	2019	2018	2017	2016	2015
Total Pension Liability						
Service cost	\$ 90,164	87,343	93,467	73,418	72,091	59,448
Interest cost	176,677	168,472	157,978	144,557	134,779	132,977
Benefit changes due to plan amendments	0	0	0	0	0	0
Difference between expected and actual experience	79,185	16,392	60,046	66,191	20,501	0
Changes of assumptions	11,5626	0	38,880	0	0	0
Benefit payments, including refunds of employee contributions	(156,578)	(168,813)	(117,058)	(105,145)	(97,404)	(121,618)
Net change in total pension liability	<u>103,394</u>	<u>103,394</u>	<u>233,313</u>	<u>179,021</u>	<u>129,967</u>	<u>70,808</u>
Plan pension liability -- beginning	<u>2,432,567</u>	<u>2,329,173</u>	<u>2,095,860</u>	<u>1,916,839</u>	<u>1,786,872</u>	<u>1,716,065</u>
Plan pension liability -- ending	<u>\$ 2,737,641</u>	<u>\$ 2,432,567</u>	<u>\$ 2,329,173</u>	<u>\$ 2,095,860</u>	<u>\$ 1,916,839</u>	<u>\$ 1,786,872</u>
Plan Fiduciary Net Position						
Contributions -- Employer	\$ 107,925	99,383	104,476	94,888	81,866	73,202
Contributions -- Employee	43,133	39,719	41,790	37,940	32,706	29,404
Net investment income	142,318	148,814	222,462	16,465	47,609	238,193
Benefit payments, including refunds of employee contributions	(156,578)	(168,813)	(117,058)	(105,145)	(97,404)	(121,618)
Administrative expense	(4,417)	(4,165)	(3,876)	(3,442)	(3,493)	(3,528)
Other	0	0	0	0	0	0
Net change in total pension liability	<u>137,381</u>	<u>114,938</u>	<u>247,794</u>	<u>40,706</u>	<u>61,284</u>	<u>215,654</u>
Plan fiduciary net position -- beginning	<u>2,142,003</u>	<u>2,027,065</u>	<u>1,779,271</u>	<u>1,738,565</u>	<u>1,677,281</u>	<u>1,461,628</u>
Plan fiduciary net position -- ending	<u>\$ 2,279,384</u>	<u>\$ 2,142,003</u>	<u>\$ 2,027,065</u>	<u>\$ 1,779,271</u>	<u>\$ 1,738,565</u>	<u>\$ 1,677,281</u>
Net pension liability -- ending	<u>\$ 458,257</u>	<u>\$ 290,564</u>	<u>\$ 302,108</u>	<u>\$ 316,589</u>	<u>\$ 178,274</u>	<u>\$ 109,591</u>
Plan fiduciary net position as percentage of total pension liability	83.26%	88.06%	87.03%	84.89%	90.70%	93.87%
Covered employee payroll	\$ 1,183,409	881,832	832,786	894,152	692,010	679,449
Town's net pension liability position as percentage of covered employee payroll	38.72%	32.95%	36.28%	35.41%	25.76%	16.13%

Town of Midrow, Oklahoma
June 30, 2020

SCHEDULE OF TOWN CONTRIBUTIONS

Fiscal Year ended June 30:	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 105,677	80,985	104,476	94,888	81,866	73,202
Contribution in relation to the actuarially determined amount	<u>105,677</u>	<u>80,985</u>	<u>104,476</u>	<u>94,888</u>	<u>81,866</u>	<u>73,202</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 1,183,409	881,852	832,786	894,152	692,010	679,449
Contributions as a percentage of covered employee payroll	8.92%	9.18%	12.55%	10.61%	11.83%	10.77%

OTHER SUPPLEMENTARY INFORMATION

TOWN OF MULDRUP, OKLAHOMA
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Fire Department	Utility Sales Tax	Town Sales Tax	Library	Parks & Recreation	Total
ASSETS						
Cash	\$ 110,424	619	215,321	526	12,957	339,847
Investments		83,322				83,322
Taxes receivable	4,000		16,379		10,193	30,572
Total assets	<u>114,424</u>	<u>83,941</u>	<u>231,700</u>	<u>526</u>	<u>23,150</u>	<u>453,741</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred resources related to pensions			7,749			7,749
Total	<u>\$ 114,424</u>	<u>83,941</u>	<u>239,449</u>	<u>526</u>	<u>23,150</u>	<u>461,490</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,208	-	4,636	-	758	6,602
Net pension liability			20,112			20,112
Current portion long-term debt					365,383	365,383
Total current liabilities	<u>1,208</u>	<u>-</u>	<u>24,748</u>	<u>-</u>	<u>366,141</u>	<u>392,097</u>
Long-term debt less current maturities					-	-
Total liabilities	<u>1,208</u>	<u>-</u>	<u>24,748</u>	<u>-</u>	<u>366,141</u>	<u>392,097</u>
DEFERRED INFLOW OF RESOURCES						
Deferred resources related to pensions			4,938			4,938
Total	<u>1,208</u>	<u>-</u>	<u>29,686</u>	<u>-</u>	<u>366,141</u>	<u>397,035</u>
FUND BALANCES						
Fund balances	113,216	31,441	209,763	526	(342,991)	11,955
Reserved		52,500				52,500
Total fund equity	<u>113,216</u>	<u>83,941</u>	<u>209,763</u>	<u>526</u>	<u>(342,991)</u>	<u>64,455</u>
Total liabilities and fund equity	<u>\$ 114,424</u>	<u>83,941</u>	<u>239,449</u>	<u>526</u>	<u>23,150</u>	<u>461,490</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULBROW, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Fire Department	Utility Sales Tax	Town Sales Tax	Library	Parks & Recreation	Total
Revenues						
Sales Tax	\$ 48,000	-	157,886	-	102,979	308,865
Reimbursements State of Oklahoma	4,642	-	-	-	-	4,642
Burn Permits	2,485	-	-	-	-	2,485
Fire protection contracts	15,280	-	-	-	-	15,280
Food Truck Rental	-	-	-	-	800	800
Rentals	-	-	-	-	900	900
Interest	232	1,804	335	-	22	2,393
Other deposits	7,701	-	7,742	-	6,096	21,539
Donations	-	-	-	-	6,200	6,200
Total revenues	78,340	1,804	165,963	-	116,997	363,104
Expenditures						
Streets	-	-	-	-	-	-
Fire	60,019	-	59,965	-	-	59,965
Parks & Recreation	-	-	-	-	41,836	41,836
Interest	-	-	-	-	23,577	23,577
Total expenditures	60,019	-	59,965	-	65,413	185,397
Excess of revenues over (under) expenditures	18,321	1,804	105,998	-	51,584	177,707
Other financing sources(uses)						
Operating transfers in	840	727,329	-	-	430	728,599
Operating transfers(out)	-	(739,329)	(1,387)	-	-	(740,716)
Excess revenues and other sources over/(under) expenditures and other uses	19,161	(10,196)	104,611	-	52,014	165,590
Fund balances, beginning of year	94,055	94,137	105,152	526	(395,005)	(101,135)
Fund balances, end of year	\$ 113,216	\$ 83,941	\$ 209,763	\$ 526	\$ (342,991)	\$ 64,455

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND - METER DEPOSITS
JUNE 30, 2020

ASSETS

Cash and demand deposits	\$ 80,499
Investments	<u>49,640</u>
Total assets	<u><u>\$ 130,139</u></u>

LIABILITIES AND FIDUCIARY NET POSITION

Liabilities	
Meter deposit	<u>\$ 97,012</u>
Total liabilities	<u>97,012</u>
Fiduciary Net Position	
Restricted	<u>33,127</u>
Total Fiduciary Net Position	<u>33,127</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 130,139</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - METER DEPOSITS
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUES</u>	
Interest income	\$ 1,159
Total revenues	1,159
 <u>EXPENDITURES</u>	
Meter supplies	97
Total expenditures	97
Excess of revenue over/(under) expenses	1,062
Other financing sources:	
Transfers	-
Excess of revenue over expenditures and other financing sources	1,062
Fiduciary Net Position - beginning of year	32,065
Fiduciary Net Position - end of year	\$ 33,127

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF FIDUCIARY NET POSITION
CEMETERY FUND
JUNE 30, 2020

ASSETS

Cash and demand deposits	\$ 3,228
Investments	<u>128,563</u>
Total assets	<u>\$ 131,791</u>

LIABILITIES AND FIDUCIARY NET POSITION

Accounts payable	<u>\$ -</u>
Fiduciary Net Position Restricted	<u>131,791</u>
Total Fiduciary Net Position	<u>131,791</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 131,791</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUES</u>	
Lot sales	\$ 1,800
Opening/closing graves	2,100
Other deposits	20
Interest income	<u>2,912</u>
Total revenues	<u>6,832</u>
<u>EXPENDITURES</u>	
Cemetery expenses	<u>7,200</u>
Total expenditures	<u>7,200</u>
Excess of revenue over/(under) expenses	(368)
Other financing sources(uses)	
Operating transfers in	<u>-</u>
Excess revenues and other sources over/ (under) expenditures and other uses	(368)
Fiduciary Net Position - beginning of year	<u>132,159</u>
Fiduciary Net Position - end of year	<u><u>\$ 131,791</u></u>

The notes to the financial statements are an integral part of this statement.

SAMUEL S. ALEXANDER

Certified Public Accountant

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918.485.2733 – Facsimile 918.485.3666
E-mail: ndncpa@samuelalexandercpa.com

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Town of Muldrow
Muldrow, Oklahoma

I have audited the financial statements of the Town of Muldrow, Oklahoma (the Town) as of and for the year ended June 30, 2020, and have issued my report thereon dated February 10, 2021. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such opinion. The results of my tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness.

This report is intended solely for the information of the Board of Trustees and management of the Town of Muldrow, Oklahoma, and is not intended to be, and should not be, used by anyone other than these specified parties.

Handwritten signature of Samuel S. Chisholm CPA in black ink.

February 10, 2021
Wagoner, Oklahoma