

Town of Muldrow, Oklahoma

**Annual Financial Statements and Accompanying
Independent Auditor's Reports**

June 30, 2021

**Samuel S Alexander
Certified Public Accountant**

Town of Muldrow, Oklahoma
June 30, 2021

BOARD OF TRUSTEES

Mayor

Catherine Jones

Vice Mayor

Darren Keith

Board Members

Patti Rhodes

Anthony Cox

Stephen Michael

Town of Muldrow, Oklahoma
June 30, 2021

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Town of Muldrow, Oklahoma
June 30, 2021

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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, 2021, 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, 2021, 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 October 15, 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.

October 15, 2021
Wagoner, Oklahoma

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MULDROW , OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,005,750	1,403,094	3,408,844
Investments	84,033	176,804	260,837
Accounts receivable	-	89,736	89,736
Taxes receivable	104,855	23,311	128,166
Escrows	9,992		9,992
Capital assets			-
Land	-	754,738	754,738
Property, plant & equipment (net of depreciation)	-	3,698,130	3,698,130
 Total assets	 <u>2,204,630</u>	 <u>6,145,813</u>	 <u>8,350,443</u>
 DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	<u>149,118</u>	<u>148,942</u>	<u>298,060</u>
 Total	 <u>2,353,748</u>	 <u>6,294,755</u>	 <u>8,648,503</u>
 <u>LIABILITIES</u>			
Accounts payable	75,253	38,605	113,858
Net pension liability	255,648	269,753	525,401
Long-term liabilities:			
Due within 1 year	62,489	126,312	188,801
Due in more than 1 year	<u>220,535</u>	<u>2,393,125</u>	<u>2,613,660</u>
 Total liabilities	 <u>613,925</u>	 <u>2,827,795</u>	 <u>3,441,720</u>
 DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	<u>20,942</u>	<u>28,496</u>	<u>49,438</u>
 Total	 <u>634,867</u>	 <u>2,856,291</u>	 <u>3,491,158</u>
 <u>NET POSITION</u>			
Net investment in capital assets		1,933,431	1,933,431
Contributed capital		334,163	334,163
Restricted	-	126,312	126,312
Unrestricted	<u>1,718,881</u>	<u>1,044,558</u>	<u>2,763,439</u>
 Total Net Position	 <u>\$ 1,718,881</u>	 <u>3,438,464</u>	 <u>5,157,345</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, 2021

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	\$ (327,092)	21,855	37,315	(267,922)	-	(267,922)
Public Safety	(1,064,370)	676,919	15,005	(372,446)	-	(372,446)
Streets	(92,063)		7,500	(84,563)		(84,563)
Library	-			-		-
Parks & Recreation	(43,655)	2,050	1,000	(40,605)		(40,605)
Total governmental activities	(1,527,180)	700,824	60,820	(765,536)	-	(765,536)
Business - Type Activities:						
Water, Sewer & Trash	(1,336,285)	1,493,120	-		156,835	156,835
Sanitation	(281,390)	413,407			132,017	132,017
Depreciation - unallocated	(221,090)	-	-		(221,090)	(221,090)
Total business - type activities	(1,838,765)	1,906,527	-		67,762	67,762
Totals	\$ (3,365,945)	2,607,351	60,820	(765,536)	67,762	(697,774)
General revenues						
Taxes:						
Sales tax				635,752		635,752
Use tax				235,775		235,775
Gas tax				5,624		5,624
Franchise tax				148,563		148,563
Alcoholic beverage tax				46,664		46,664
Commercial vehicle tax				23,792		23,792
Cigarette tax				8,118		8,118
Miscellaneous				33,580		33,580
Naracan funds				8,400		8,400
Cares Act proceeds				250,588		250,588
Interest earnings				2,280	2,806	5,086
Interest expense				(18,504)	(58,314)	(76,818)
Loan administration fees				-	(12,949)	(12,949)
Transfers internal activities				70,404	(68,287)	2,117
Other deposits				19,091		19,091
Total general revenues				1,470,127	(136,744)	1,333,383
Changes in net position				704,591	(68,982)	635,609
Net position, beginning of period				984,956	3,507,446	4,492,402
Prior period adjustment				29,334		29,334
Net position, beginning of period - restated				<u>1,014,290</u>	<u>3,507,446</u>	<u>4,521,736</u>
Net position, end of period				\$ 1,718,881	3,438,464	5,157,345

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, 2021

	Governmental Fund Types		Total
	General Fund	Special Revenue Funds	
ASSETS			
Cash	\$ 1,515,811	489,939	2,005,750
Investments		84,033	84,033
Escrows	9,992		9,992
Taxes receivable	69,884	34,971	104,855
Total assets	<u>1,595,687</u>	<u>608,943</u>	<u>2,204,630</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	141,369	7,749	149,118
Total	<u>1,737,056</u>	<u>616,692</u>	<u>2,353,748</u>
LIABILITIES			
Accounts payable	73,551	1,702	75,253
Net pension liability	235,536	20,112	255,648
Current portion of long-term debt		62,489	62,489
Total current liabilities	<u>309,087</u>	<u>84,303</u>	<u>393,390</u>
Long-term debt less current maturities		220,535	220,535
Total liabilities	<u>309,087</u>	<u>304,838</u>	<u>613,925</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	16,004	4,938	20,942
Total	<u>325,091</u>	<u>309,776</u>	<u>634,867</u>
FUND BALANCES			
Unrestricted	1,411,965	306,916	1,718,881
Total fund balance	<u>1,411,965</u>	<u>306,916</u>	<u>1,718,881</u>
Total Liabilities and Fund Balances	<u>\$ 1,737,056</u>	<u>616,692</u>	

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	<u>1,718,881</u>
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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, 2021

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	June 30, 2021
Revenues:			
Licenses and permits	\$ 19,855	2,610	22,465
Taxes	724,819	381,469	1,106,288
Grant proceeds and contributions	45,315	14,500	59,815
Narcans Funds		8,400	8,400
Fines and Forfeitures	658,123	-	658,123
Fire contracts and runs	-	16,186	16,186
Donations	-	1,005	1,005
Miscellaneous	15,979	17,526	33,505
Reimbursements	14,265	4,826	19,091
Cares Act	250,588		250,588
Rentals	-	2,050	2,050
Police-miscellaneous	75		75
Interest earnings	1,166	1,114	2,280
Total revenues	<u>1,730,185</u>	<u>449,686</u>	<u>2,179,871</u>
Expenditures:			
General government	327,092	-	327,092
Police	985,394	-	985,394
Parks & recreation	-	43,655	43,655
Fire	-	78,976	78,976
Interest	-	18,504	18,504
Streets	-	92,063	92,063
Total expenditures	<u>1,312,486</u>	<u>233,198</u>	<u>1,545,684</u>
Excess of revenues over (under) expenses	<u>417,699</u>	<u>216,488</u>	<u>634,187</u>
Other financing sources (uses):			
Operating transfers in	99,593	901,784	1,001,377
Operating transfers (out)	(25,827)	(905,146)	(930,973)
Total other financing sources (uses)	<u>73,766</u>	<u>(3,362)</u>	<u>70,404</u>
Excess (deficiency) of revenue over expenditures and other financing sources(uses)	<u>491,465</u>	<u>213,126</u>	<u>704,591</u>
Fund balances, beginning of year	920,500	64,456	984,956
Prior period adjustment		29,334	29,334
Fund balance, beginning of year - restated	<u>920,500</u>	<u>93,790</u>	<u>1,014,290</u>
Fund balances, end of year	<u>\$ 1,411,965</u>	<u>306,916</u>	<u>1,718,881</u>

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

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,403,094
Investments	176,804
Accounts receivable	89,736
Taxes receivable	23,311
Total current assets	1,692,945

Capital assets

Land	754,738
Plant, property, and equipment (net)	3,698,130
Total assets	6,145,813

DEFERRED OUTFLOW OF RESOURCES

Deferred resources related to pensions	148,942
Total	6,294,755

LIABILITIES

Current liabilities:

Accounts payable	38,605
Net pension liability	269,753
Notes payable-current	126,312
Total current liabilities	434,670

Noncurrent liabilities:

Notes payable - non - current	2,393,125
Total Liabilities	2,827,795

DEFERRED INFLOW OF RESOURCES

Deferred resources related to pensions	28,496
Total	2,856,291

NET POSITION

Net investment in capital assets	1,933,431
Contributed capital	334,163
Restricted for debt service	126,312
Unrestricted	1,044,558
	3,438,464

Total Net Position	\$ 3,438,464
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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 FUND POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

Operating Revenues:	
Charges for services:	
Water and Sewer	\$ 1,493,120
Sanitation	413,407
Total revenues	1,906,527
Operating Expenses:	
Salaries	746,296
Maintenance and operation	589,989
Sanitation	281,390
Depreciation expense	221,090
Total expenditures	1,838,765
Operating Income (Loss)	67,762
Non-Operating Revenues (Expenses):	
Investment income	2,806
Interest expense	(58,313)
Loan administration fees	(12,949)
Transfers out	29,788
Sanitation transfers to general fund	(98,076)
Total non-operating revenues (expenses)	(136,744)
Change in net assets	(68,982)
Net position - beginning of year	3,507,446
Total net position - end of year	\$ 3,438,464

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, 2021

Cash Flows From Operating Activities	
Receipts from customers	\$ 1,938,815
Payments to employees	(707,134)
Payments to suppliers	(853,520)
Net Cash Provided By Operating Activities	<u>378,161</u>
Cash Flows From Noncapital Financing Activities:	
Net changes in deferred inflows and outflows	2,038
Transfers to other funds	(68,288)
Total noncapital financing activities	<u>(66,250)</u>
Cash Flows From Capital And Related Financing Activities	
Purchases of capital assets	(42,287)
Principal and expenses paid on debt	(195,544)
Net Cash provided By (Used In) Capital And Related Financing Activities	<u>(237,831)</u>
Cash Flows From Investing Activities	
Interest on investments	2,806
Net Increase (Decrease) In Cash And Cash Equivalents	<u>76,886</u>
Balance - Beginning of year	<u>1,503,012</u>
Balance - End of year	<u><u>\$ 1,579,898</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ 67,762
Adjustments to reconcile operating income to net cash provided (used) operating activities	
Depreciation	221,090
Increase in accounts payable	19,897
Increase in net pension liability	37,124
Decrease in accounts receivable	32,288
Net cash provided by operating activities	<u><u>\$ 378,161</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, 2021

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 provides 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 Authority) 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, 2021

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, 2021

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, 2021

I. 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.

Street 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 long-term 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, 2021

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, 2021

I. 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, 2021

2. Capital Assets

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2021</u>
Business - Type activities:				
Capital assets, not being depreciated:				
Land	\$ 754,738	\$ -	\$ -	\$ 754,738
Total capital asset, not being depreciated	<u>754,738</u>	<u>-</u>	<u>-</u>	<u>754,738</u>
Capital assets being depreciated:				
New 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	24,441	-	162,419
Sanitation Truck	375,664	-	-	375,664
Office Equipment	27,631	-	-	27,631
Utility Structure	201,101	-	-	201,101
Equipment	<u>287,206</u>	<u>17,846</u>	<u>-</u>	<u>305,052</u>
Total capital assets being depreciated:	<u>8,075,750</u>	<u>42,287</u>	<u>-</u>	<u>8,118,037</u>
Less accumulated depreciation:	<u>4,198,817</u>	<u>221,090</u>	<u>-</u>	<u>4,419,907</u>
Total capital assets being depreciated, Net of depreciation	<u>3,876,933</u>	<u>(178,803)</u>	<u>-</u>	<u>3,698,130</u>
Total all business-type activities capital assets, net	<u>\$ 4,631,671</u>	<u>\$ (178,803)</u>	<u>\$ -</u>	<u>\$ 4,452,868</u>

Depreciation expense for the current period is \$ 221,090.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 was as follows.

GOVERNMENTAL ACTIVITIES

Notes payable:

General obligation debt	365,383	82,359	283,024	62,489
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BUSINESS-TYPE ACTIVITIES

Notes payable:

General obligation debt	2,576,474	90,341	2,486,133	93,008
Equipment note	65,729	32,425	33,304	33,304

Business-type activities

long-term liabilities	2,642,203	122,766	2,519,437	126,312
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TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 loan was refinanced in April 2021 and bears 2.59% interest with monthly installment payments in the amount of \$5,765 until October 2025.

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. Remaining debt maturity dates are presented in five year increments.

Year Ended	Governmental Activities Note	<u>Business-type Activities</u>	
		Wastewater Loan	Equipment Note
June 30, 2022	62,489	93,008	33,304
June 30, 2023	64,150	95,753	
June 30, 2024	65,847	98,399	
June 30, 2025	67,605	101,483	
June 30, 2026	22,932	104,479	
March 15, 2031		570,352	
March 15, 2036		659,613	
March 15, 2041		763,046	

5. Deposits and Investment Risk

At June 30, 2021, the reporting entity had the following deposits and investments:

<u>Type of Deposits and investments</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 3,408,843
Total Deposits	<u>3,408,843</u>
Investments:	
Certificates of deposit	<u>260,837</u>
Total Deposits and Investments	<u>\$ 3,669,680</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 statutes 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 2021, the carrying amount of the Town's demand deposits was \$3,408,843. Aggregate demand deposit bank balances were \$3,484,074. 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 2021, investments of certificates of deposit totaled \$260,837 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, 2021, consisted of \$260,837 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, 2021

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, 2021, 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)				\$ 260,837
				<u>\$ 260,837</u>

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, 2021

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	24
Deferred vested former employees	5
	41

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, 2020, the active employee contribution rate was 4.5% of annual pay, and the Town's average contribution rate was 10.02% of participant payroll.

Net Pension Liability

The Town's net pension liability was measured as of July 1, 2020, 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, 2021

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, 2020 valuation were based on the results of actuarial experience study for the period July 1, 2019 to July 1, 2020.

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, 2020 are summarized in the following table.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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%
	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 value benefits was the long-term expected rate of return on plan investments, 7.5% as prescribed when the plan's fiduciary net position is projected to be sufficient to make expected benefit payments. The employer has adopted a funding method designed to fund all benefits payable to participants over the course of their working careers. Any differences between actual and expected experience are funded over a fixed period to ensure all funds necessary to pay benefits have been contributed to the trust before those benefits are payable. Thus, evaluations required to determine the sufficiency of pension plan assets can be made without a separate projection of cash flows.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

	Increase (Decrease)	Net Pension Liability
Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/1/2019	\$ 2,737,641	2,279,384
Changes for the year:		
Service cost	93,593	93,593
Interest cost	197,917	197,917
Difference between expected and actual experience	15,498	15,498
Contributions -- Employer	109,929	(109,929)
Contributions -- Employee	43,973	(43,973)
Net investment income	90,650	(90,650)
Benefit payments, including refunds of employee contributions	(201,120)	0
Administrative expense	(4,688)	4,688
Net changes	105,888	38,744
Balance at 7/1/2020	\$ 2,843,529	2,318,128
		525,401

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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	\$ 3,206,204	\$ 2,843,529	\$ 2,548,768
Plan Fiduciary Net Position	2,318,128	2,318,128	2,318,128
Net Pension Liability	<u>\$ 888,076</u>	<u>\$ 525,401</u>	<u>\$ 230,640</u>

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, 2021, the Town recognized pension expense of \$185,572. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Remaining deferred outflows	\$ 71,281	\$ 16,721
Net difference between projected and actual earnings on pension plan investments	<u>15,498</u>	<u> </u>
Total	<u>\$ 86,779</u>	<u>\$ 16,721</u>

TOWN OF MULDROW, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

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,	
2022	73,592
2023	64,336
2024	58,737
2025	18,723
2026	274
Thereafter	0

Payable to the Pension Plan The Town had a current obligation in the amount of \$5,947 to the pension plan for the year ended June 30, 2021.

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, 2021.

9. Correction of an error in previously released financial statements

Bank debt related to the Town's governmental activities was refinanced in April 2021 to take advantage of a more beneficial interest rate. The transaction revealed a difference in book and bank loan balances in the amount of \$29,334. The variance described was corrected currently and treated as an adjustment to net position and fund balance at beginning of period as follows.

	Governmental Activities
Net position, beginning of period	\$ 984,956
Prior period adjustment	<u>29,334</u>
Net position, beginning of period – restated	<u>\$ 1,014,290</u>
	Special Revenue Funds
Fund balances, beginning of year	\$ 64,456
Prior period adjustment	<u>29,334</u>
Fund balances, beginning of year – restated	<u>\$ 93,790</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

10. 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, 2021

	<u>Original Budget</u>	<u>Final Appropriated Budget</u>	<u>Actual Results</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues				
Sales tax	\$ 201,200	\$ 201,200	254,283	53,083
Use tax	167,500	167,500	235,775	68,275
Gas tax	6,000	6,000	5,624	(376)
Commercial vehicle tax	23,500	23,500	23,792	292
Franchise tax	156,000	156,000	148,563	(7,437)
Alcoholic beverage tax	41,500	41,500	46,664	5,164
Cigarette tax	6,700	6,700	8,118	1,418
Grant proceeds other	15,000	15,000	45,315	30,315
Licenses, permits and burials	13,000	13,000	21,855	8,855
Cares Act			250,588	250,588
Fines and forfeitures	695,000	695,000	658,123	(36,877)
O-EPIC reimbursement	12,800	12,800	14,265	1,465
Miscellaneous	8,500	8,500	15,979	7,479
Police- other	100	100	75	(25)
Interest	2,100	2,100	1,166	(934)
Total Revenues	<u>1,348,900</u>	<u>1,348,900</u>	<u>1,730,185</u>	<u>381,285</u>
Expenditures				
General government	265,200	265,200	327,092	(61,892)
Police	944,000	944,000	985,394	(41,394)
Capital outlay	45,500	45,500	-	45,500
Total Expenditures	<u>1,254,700</u>	<u>1,254,700</u>	<u>1,312,486</u>	<u>(57,786)</u>
Excess of revenues over/(under) expenses before adjustments to prior year encumbrances	<u>\$ 94,200</u>	<u>94,200</u>	417,699	<u>323,499</u>
Other financing sources (uses):				
Operating transfers in/out			<u>73,766</u>	
Total other financing sources (uses)			<u>73,766</u>	
Excess of revenues over/(under) expenses			<u>\$ 491,465</u>	

Town of Muldrow, Oklahoma
June 30, 2021

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	103,394	103,394	233,313	179,021	129,967	70,808
Plan pension liability -- beginning	2,432,567	2,329,173	2,095,860	1,916,839	1,786,872	1,716,065
Plan pension liability -- ending	\$ 2,737,641	2,432,567	2,329,173	2,095,860	1,916,839	1,786,872
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	137,381	114,938	247,794	40,706	61,284	215,654
Plan fiduciary net position -- beginning	2,142,003	2,027,065	1,779,271	1,738,565	1,677,281	1,461,628
Plan fiduciary net position -- ending	\$ 2,279,584	2,142,003	2,027,065	1,779,271	1,738,565	1,677,281
Net pension liability -- ending	\$ 458,257	290,564	302,108	316,589	178,274	109,591
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	881,852	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 Muldrow, Oklahoma
June 30, 2021

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	105,677	80,985	104,476	94,888	81,866	73,202
Contribution deficiency (excess)	\$ -	\$ -	-	-	-	-
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, 2021

	Fire Department	Utility Sales Tax	Street Fund	Library	Parks & Recreation	Total
ASSETS						
Cash	\$ 125,216	639	335,057	526	28,501	489,939
Investments		84,033				84,033
Taxes receivable	4,000	-	19,311		11,660	34,971
Total assets	<u>129,216</u>	<u>84,672</u>	<u>354,368</u>	<u>526</u>	<u>40,161</u>	<u>608,943</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred resources related to pensions			7,749			7,749
Total	<u>\$ 129,216</u>	<u>84,672</u>	<u>362,117</u>	<u>526</u>	<u>40,161</u>	<u>616,692</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 326	-	1,216	-	160	1,702
Net pension liability			20,112			20,112
Current portion long-term debt					62,489	62,489
Total current liabilities	<u>326</u>	<u>-</u>	<u>21,328</u>	<u>-</u>	<u>62,649</u>	<u>84,303</u>
Long-term debt less current maturities			-		220,535	220,535
Total liabilities	<u>326</u>	<u>-</u>	<u>21,328</u>	<u>-</u>	<u>283,184</u>	<u>304,838</u>
DEFERRED INFLOW OF RESOURCES						
Deferred resources related to pensions			4,938			4,938
Total	<u>326</u>	<u>-</u>	<u>26,266</u>	<u>-</u>	<u>283,184</u>	<u>309,776</u>
FUND BALANCES						
Fund balances-unrestricted	<u>128,890</u>	<u>84,672</u>	<u>335,851</u>	<u>526</u>	<u>(243,023)</u>	<u>306,916</u>
Total fund balance	<u>128,890</u>	<u>84,672</u>	<u>335,851</u>	<u>526</u>	<u>(243,023)</u>	<u>306,916</u>
Total liabilities and fund balance	<u>\$ 129,216</u>	<u>84,672</u>	<u>362,117</u>	<u>526</u>	<u>40,161</u>	<u>616,692</u>

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

TOWN OF MULDRUP, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Fire Department	Utility Sales Tax	Street Fund	Library	Parks & Recreation	Total
Revenues						
Sales Tax	\$ 48,000	-	206,283	-	127,186	381,469
Reimbursements State of Oklahoma	4,826	-	-	-	4,826	4,826
Burn Permits	2,610	-	-	-	2,610	2,610
Fire protection contracts	16,186	-	-	-	16,186	16,186
Cherokee Nation contributions	7,000	-	7,500	-	-	14,500
Narcan Funds	8,400	-	-	-	8,400	8,400
Rentals	-	-	-	-	2,050	2,050
Interest	115	731	249	-	19	1,114
Other deposits	7,823	-	4,097	-	5,606	17,526
Donations	5	-	-	-	1,000	1,005
Total revenues	<u>94,965</u>	<u>731</u>	<u>218,129</u>	<u>-</u>	<u>135,861</u>	<u>449,686</u>
Expenditures						
Streets						
Fire	78,976	-	92,063	-	-	92,063
Parks & Recreation						
Interest						
Total expenditures	<u>78,976</u>	<u>-</u>	<u>92,063</u>	<u>-</u>	<u>62,159</u>	<u>233,198</u>
Excess of revenues over (under) expenditures	15,989	731	126,066	-	73,702	216,488
Other financing sources(uses)						
Operating transfers in		901,762	22			901,784
Operating transfers(out)	(315)	(901,762)	-		(3,069)	(905,146)
Excess revenues and other sources over/ (under) expenditures and other uses	15,674	731	126,088	-	70,633	213,126
Fund balances, beginning of year	113,216	83,941	209,763	526	(342,990)	64,456
Prior period adjustment					29,334	29,334
Fund balance, beginning of year - restated	<u>113,216</u>	<u>83,941</u>	<u>209,763</u>	<u>526</u>	<u>(313,656)</u>	<u>93,790</u>
Fund balances, end of year	<u>\$ 128,890</u>	<u>\$ 84,672</u>	<u>\$ 335,851</u>	<u>\$ 526</u>	<u>\$ (243,023)</u>	<u>\$ 306,916</u>

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, 2021

ASSETS

Cash and demand deposits	\$ 83,566
Investments	<u>50,028</u>
Total assets	<u>\$ 133,594</u>

LIABILITIES AND FIDUCIARY NET POSITION

Liabilities	
Meter deposit	<u>\$ 99,983</u>
Total liabilities	<u>99,983</u>
Fiduciary Net Position	
Restricted	<u>33,611</u>
Total Fiduciary Net Position	<u>33,611</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 133,594</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, 2021

<u>REVENUES</u>	
Interest income	\$ 463 <u>123</u>
Total revenues	<u>586</u>
<u>EXPENDITURES</u>	
Meter supplies	<u>102</u>
Total expenditures	<u>102</u>
Excess of revenue over/(under) expenses	484
Other financing sources:	
Transfers	<u>-</u>
Excess of revenue over expenditures and other financing sources	484
Fiduciary Net Position - beginning of year	<u>33,127</u>
Fiduciary Net Position - end of year	<u><u>\$ 33,611</u></u>

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, 2021

ASSETS

Cash and demand deposits	\$ 5,048
Investments	<u>130,405</u>
Total assets	<u><u>\$ 135,453</u></u>

LIABILITIES AND FIDUCIARY NET POSITION

Accounts payable	<u>\$ -</u>
Fiduciary Net Position Restricted	<u>135,453</u>
Total Fiduciary Net Position	<u>135,453</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 135,453</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
CEMETERY FUND
FOR THE YEAR ENDED JUNE 30, 2021

<u>REVENUES</u>	
Lot sales	\$ 2,300
Opening/closing graves	4,200
Other deposits	120
Interest income	<u>1,841</u>
Total revenues	<u>8,461</u>
 <u>EXPENDITURES</u>	
Cemetery expenses	<u>4,200</u>
Total expenditures	<u>4,200</u>
Excess of revenue over/(under) expenses	4,261
Other financing sources(uses)	
Operating transfers in(out)	<u>(600)</u>
Excess revenues and other sources over/ (under) expenditures and other uses	3,661
Fiduciary Net Position - beginning of year	<u>131,792</u>
Fiduciary Net Position - end of year	<u><u>\$ 135,453</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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INDEPENDENT AUDITORS 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Governmental activities, the business type activities, and the aggregate remaining fund information of the Town of Muldrow, Oklahoma as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the Town of Muldrow, Oklahoma's basic financial statements, and have issued my report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Muldrow, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Muldrow, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Muldrow, 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.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

October 15, 2021
Wagoner, Oklahoma