

**Town of Muldrow, Oklahoma**

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

June 30, 2019

**Samuel S Alexander  
Certified Public Accountant**

**Town of Muldrow, Oklahoma**  
June 30, 2019

**BOARD OF TRUSTEES**

Mayor

Catherine Jones

Vice Mayor

Darren Keith

Board Members

Carl Mize

Anthony Cox

Stephen Michael

**Town of Muldrow, Oklahoma**  
June 30, 2019

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**Town of Muldrow, Oklahoma**  
June 30, 2019

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# SAMUEL S. ALEXANDER

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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, 2019, 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, 2019, 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, 2019, 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 assets, 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 25, 2019 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, appearing to be 'S. J. ...', located below the main text.

October 25, 2019  
Wagoner, Oklahoma

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



TOWN OF MULDROW , OKLAHOMA  
STATEMENT OF NET ASSETS  
JUNE 30, 2019

	Governmental Activities	Business -Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,048,636	1,189,290	2,237,926
Investments	81,549	170,963	252,512
Accounts receivable	-	90,033	90,033
Taxes receivable	69,859	16,471	86,330
Escrows	21,782		21,782
Capital assets			-
Land	-	754,738	754,738
Property, plant & equipment	-	4,097,160	4,097,160
Total assets	<u>1,221,826</u>	<u>6,318,655</u>	<u>7,540,481</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>			
Deferred resources related to pensions	<u>90,393</u>	<u>90,322</u>	<u>180,715</u>
Total	<u>1,312,219</u>	<u>6,408,977</u>	<u>7,721,196</u>
<u>LIABILITIES</u>			
Accounts payable	63,690	8,888	72,578
Net pension liability	147,366	143,198	290,564
Deferred revenue	31,778		31,778
Notes payable	<u>413,806</u>	<u>2,761,310</u>	<u>3,175,116</u>
Total liabilities	<u>656,640</u>	<u>2,913,396</u>	<u>3,570,036</u>
<u>DEFERRED INFLOW OF RESOURCES</u>			
Deferred resources related to pensions	<u>15,314</u>	<u>22,767</u>	<u>38,081</u>
Total	<u>671,954</u>	<u>2,936,163</u>	<u>3,608,117</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt		2,090,588	2,090,588
Contributed capital		334,163	334,163
Restricted	52,500	119,106	171,606
Unrestricted	<u>587,765</u>	<u>928,957</u>	<u>1,516,722</u>
Total Net Assets	<u>\$ 640,265</u>	<u>3,472,814</u>	<u>4,113,079</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, 2019

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	\$ (250,881)	9,735	4,222	(236,924)	-	(236,924)
Public Safety	(930,564)	680,819	10,000	(239,745)	-	(239,745)
Streets	(114,450)		-	(114,450)		(114,450)
Library	-			-		-
Parks & Recreation	(34,607)	3,000	100	(31,507)		(31,507)
Total governmental activities	<u>(1,330,502)</u>	<u>693,554</u>	<u>14,322</u>	<u>(622,626)</u>	<u>-</u>	<u>(622,626)</u>
Business - Type Activities:						
Water, Sewer & Trash	(997,679)	1,191,337	-		193,658	193,658
Sanitation	(267,078)	324,132			57,054	57,054
Depreciation - unallocated	(234,244)	-			(234,244)	(234,244)
Total business - type activities	<u>(1,499,001)</u>	<u>1,515,469</u>	<u>-</u>		<u>16,468</u>	<u>16,468</u>
Totals	<u>\$ (2,829,503)</u>	<u>2,209,023</u>	<u>14,322</u>	<u>(622,626)</u>	<u>16,468</u>	<u>(606,158)</u>
General revenues						
Taxes:						
Sales tax				484,535		484,535
Use tax				123,882		123,882
Gas tax				5,813		5,813
Franchise tax				149,188		149,188
Alcoholic beverage tax				35,148		35,148
Commercial vehicle tax				22,943		22,943
Cigarette tax				5,688		5,688
Miscellaneous				24,629		24,629
Interest earnings				4,342	2,630	6,972
Interest expense				(17,692)	(66,115)	(83,807)
Loan administration fees				-	(13,832)	(13,832)
Transfers internal activities				(2,895)	2,847	(48)
Other deposits				17,156		17,156
Total general revenues				<u>852,737</u>	<u>(74,470)</u>	<u>778,267</u>
Changes in net assets				230,111	(58,002)	172,109
Net assets, beginning of period				410,154	3,530,816	3,940,970
Net assets, end of period				<u>\$ 640,265</u>	<u>3,472,814</u>	<u>4,113,079</u>

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

**FUND FINANCIAL STATEMENTS**

TOWN OF MULDROW, OKLAHOMA  
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES  
ALL GOVERNMENT FUNDS  
JUNE 30, 2019

	Governmental Fund Types		Total
	General Fund	Special Revenue Funds	
<b>ASSETS</b>			
Cash	\$ 818,175	230,461	1,048,636
Investments		81,549	81,549
Escrows	21,782		21,782
Taxes receivable	45,149	24,710	69,859
Total assets	<u>885,106</u>	<u>336,720</u>	<u>1,221,826</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred resources related to pensions	81,347	9,046	90,393
Total	<u>966,453</u>	<u>345,766</u>	<u>1,312,219</u>
<b>LIABILITIES</b>			
Accounts payable	54,215	9,475	63,690
Deferred revenue	31,778		31,778
Net pension liability	128,478	18,888	147,366
Notes payable	-	413,806	413,806
Total liabilities	<u>214,471</u>	<u>442,169</u>	<u>656,640</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred resources related to pensions	10,581	4,733	15,314
Total	<u>225,052</u>	<u>446,902</u>	<u>671,954</u>
<b>FUND BALANCES</b>			
Restricted	-	52,500	52,500
Unrestricted	741,401	(153,636)	587,765
Total fund balance	<u>741,401</u>	<u>(101,136)</u>	<u>640,265</u>
Total Liabilities and Fund Balances	<u>\$ 966,453</u>	<u>345,766</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 640,265

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	June 30, 2019
Revenues:			
Licenses and permits	\$ 9,735	2,200	11,935
Taxes	541,299	285,898	827,197
Grant proceeds other	10,722	3,500	14,222
Fines and Forfeitures	663,824	-	663,824
Fire contracts and runs	-	14,795	14,795
Donations	-	100	100
Miscellaneous	6,180	16,703	22,883
Reimbursements	13,156	4,000	17,156
Rentals	-	3,000	3,000
Police-miscellaneous	1,746	-	1,746
Interest earnings	2,533	1,809	4,342
Total revenues	<u>1,249,195</u>	<u>332,005</u>	<u>1,581,200</u>
Expenditures:			
General government	250,881	-	250,881
Police	864,292	-	864,292
Parks & recreation	-	34,607	34,607
Fire	-	66,272	66,272
Library	-	-	-
Interest	-	17,692	17,692
Streets	-	114,450	114,450
Total expenditures	<u>1,115,173</u>	<u>233,021</u>	<u>1,348,194</u>
Excess of revenues over (under) expenses	<u>134,022</u>	<u>98,984</u>	<u>233,006</u>
Other financing sources (uses):			
Operating transfers in	26,325	677,694	704,019
Operating transfers (out)	(34,211)	(672,703)	(706,914)
Total other financing sources (uses)	<u>(7,886)</u>	<u>4,991</u>	<u>(2,895)</u>
Excess (deficiency) of revenue over expenditures and other financing sources(uses)	126,136	103,975	230,111
Fund balances, beginning of year	<u>615,265</u>	<u>(205,111)</u>	<u>410,154</u>
Fund balances, end of year	<u><u>741,401</u></u>	<u><u>(101,136)</u></u>	<u><u>640,265</u></u>

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

TOWN OF MULDROW, OKLAHOMA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2019

Public Works  
Authority  
Enterprise  
Fund

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ASSETS

Current assets:

Cash and cash equivalents	\$ 1,189,290
Investments	170,963
Accounts receivable	90,033
Taxes receivable	16,471
Capital assets	
Land	754,738
Plant, property, and equipment (net)	4,097,160
Total assets	<u>6,318,655</u>

DEFERRED OUTFLOW OF RESOURCES

Deferred resources related to pensions	90,322
Total	<u>6,408,977</u>

LIABILITIES

Current liabilities:

Accounts payable	8,888
Net pension liability	143,198
Notes payable-current	119,106
Total current liabilities	<u>271,192</u>

Noncurrent liabilities:

Notes payable - non - current	2,642,204
Total Liabilities	<u>2,913,396</u>

DEFERRED INFLOW OF RESOURCES

Deferred resources related to pensions	22,767
Total	<u>2,936,163</u>

NET ASSETS

Invested in capital assets, net of related debt	2,090,588
Restricted for debt service	119,106
Unrestricted	<u>1,263,120</u>

Total Net Assets	<u><u>\$ 3,472,814</u></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 NET ASSETS - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019

	Public Works Authority Enterprise Fund
Operating Revenues:	
Charges for services:	
Water and Sewer	\$ 1,191,337
Sanitation	324,132
Total revenues	1,515,469
 Operating Expenses:	
Salaries	573,366
Maintenance and operation	424,313
Sanitation	267,078
Depreciation	193,270
Depreciation- Sanitation	40,974
Total expenditures	1,499,001
 Operating Income (Loss)	16,468
 Non-Operating Revenues (Expenses):	
Investment income	2,630
Interest expense	(66,115)
Loan administration fees	(13,832)
Transfers out	29,172
Sanitation transfers to general fund	(26,325)
	(74,470)
 Total non-operating revenues (expenses)	(74,470)
 Change in net assets	(58,002)
 Net assets - beginning of year	3,530,816
 Total net assets - end of year	\$ 3,472,814

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, 2019

	Public Works Authority Enterprise Fund
	Fund
Cash Flows From Operating Activities	
Receipts from customers	\$ 1,553,039
Payments to employees	(573,366)
Payments to suppliers	(456,167)
Sanitation expenditures	(267,078)
Net Cash Provided By Operating Activities	256,428
 Cash Flows From Noncapital Financing Activities:	
Transfers to other funds	2,847
 Cash Flows From Capital And Related Financing Activities	
Purchases of capital assets	(32,540)
Principal and expenses paid on debt	(195,918)
Net Cash provided By (Used In) Capital And Related Financing Activities	(228,458)
 Cash Flows From Investing Activities	
Interest on investments	2,630
Net Increase (Decrease) In Cash And Cash Equivalents	33,447
 Balance - Beginning of year	1,337,553
 Balance - End of year	\$ 1,371,000
 Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ 16,468
Adjustments to reconcile operating income to net cash provided (used) operating activities	
Depreciation expenses	234,244
Decrease in accounts payable	(25,808)
Decrease in net pension liability	(6,046)
Decrease in accounts receivable	37,570
	37,570
Net cash provided by operating activities	\$ 256,428

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, 2019

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, 2019

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, 2019

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, 2019

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, 2019

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

Capital assets records are not maintained for governmental funds and therefore not presented for governmental activities in the government-wide financial statements.

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses.

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.”

TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

1. Summary of Significant Accounting Policies (continued)

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, 2019

2. Capital Assets

A Summary of changes in general fixed assets for the year ended June 30, 2019, follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 201
Business - Type activities:				
Capital assets, not being depreciated:				
Land	\$ 754,738	\$ -	\$ -	\$ 754,73
Total capital assets, not being depreciated	<u>754,738</u>	<u>-</u>	<u>-</u>	<u>754,73</u>
Capital assets being depreciated:				
New Water Treatment Plant	3,670,878	-	-	3,670,87
Water Treatment Plant	2,325,284	-	-	2,325,28
Water System	1,017,468	32,540	-	1,050,00
Vehicles	137,978	-	-	137,97
Sanitation Truck	351,864	-	-	351,86
Office Equipment	27,631	-	-	27,63
Utility Structure	201,101	-	-	201,10
Equipment	287,206	-	-	287,20
Total capital assets being depreciated:	<u>8,019,410</u>	<u>32,540</u>	<u>-</u>	<u>8,051,95</u>
Less accumulated depreciation:	<u>3,720,546</u>	<u>234,244</u>	<u>-</u>	<u>3,954,79</u>
Total capital assets being depreciated, Net of depreciation	<u>4,298,864</u>	<u>(201,704)</u>	<u>-</u>	<u>4,097,16</u>
Total all business-type activities capital assets, net	<u>\$ 5,053,602</u>	<u>\$ (201,704)</u>	<u>\$ -</u>	<u>\$ 4,851,898</u>



TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

3. Sales Tax

The Town is currently receiving sales tax on each dollar. 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 Debt

On March 21, 2017 a loan was taken with Armstrong Bank in the amount of \$157,000 for the purchase of a sanitation vehicle. The note requires monthly payments of \$2,816 per month with interest at a rate of 2.65 % beginning July 10, 2017 with a final payment on June 10, 2022.

The maturities are as follows:

Year ended 6/30/2019	30,729
Year ended 6/30/2020	31,559
Year ended 6/30/2021	32,424
Year ended 6/30/2022	33,306

The unpaid principal balance of this bank debt is \$ 97,289 at June 30, 2019.

TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

5. Deposits and Investment Risk

At June 30, 2019, the reporting entity had the following deposits and investments:

<u>Type of Deposits and investments</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 2,237,926
Total Deposits	<u>2,237,926</u>
Investments:	
Certificates of deposit	<u>252,512</u>
Total Deposits and Investments	<u>\$ 2,512,464</u>

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. As of June 30, 2019, the Town’s bank balances exceed FDIC insurance coverage by \$2,032,874.

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, 2019, consisted of \$252,512 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, 2019

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, 2019, the Town had no concentration of credit risk as defined above.

6. Loan with Oklahoma Water Resources Board (OWRB)

On September 13, 2011, a loan to the Muldrow Public Works Authority for wastewater treatment plant improvements was approved by the OWRB. The loan amount ultimately was \$3,705,000 when the improvements were concluded. The loan bears interest at 2.89% with a final maturity date of March 15, 2041. Security for the loan is future water and sewer revenues and 1% sales tax.

Interest and principal payments are due semi-annually, with principal payments due in March and September. The loan balance is \$2,664,021 at June 30, 2019. The current portion is \$87,547.

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 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](http://www.okmrf.org).

TOWN OF MULDROW, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

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	7
Disabled participants not yet receiving benefits	6
Active participants	26
	39

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, 2018, the active employee contribution rate was 4.5% of annual pay, and the Town's average contribution rate was 9.94% 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, 2019

7. Pension Plan (continued)

Actuarial Assumptions The total pension liability in the July 1, 2018 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, 2018 valuation were based on the results of actuarial experience study for the period July 1, 2017 to July 1, 2018.

Salary increases	Annual rates of pay increase as computed
Investment rate of return	7.50%

Mortality rates were based on mortality tables: Before retirement UP 1994  
After retirement UP 1994, 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, 2018 are summarized in the following table.

TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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/> 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, 2019

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	
		Net Pension Liability	
Balance at 7/1/2017	\$ 2,329,173	2,027,065	302,108
Changes for the year:			
Service cost	87,343		87,343
Interest cost	168,472		168,472
Difference between expected and actual experience	16,392		16,392
Contributions -- Employer		99,383	(99,383)
Contributions -- Employee		39,719	(39,719)
Net investment income		148,814	(148,814)
Benefit payments, including refunds of employee contributions	(168,813)	(168,813)	
Administrative expense		(4,165)	4,165
Net changes	103,394	114,938	(11,544)
Balance at 7/1/2018	\$ 2,432,567	2,142,003	290,564

TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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	\$ 2,728,179	\$ 2,432,567	\$ 2,191,331
Plan Fiduciary Net Position	<u>2,142,003</u>	<u>2,142,003</u>	<u>2,142,003</u>
Net Pension Liability	<u>\$ 586,176</u>	<u>\$ 290,564</u>	<u>\$ 49,328</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](http://www.okmfr.org).

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

For the year ended June 30, 2019, the Town recognized pension expense of \$80,985. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Inflows of	Deferred Outflows of Resources	Deferred Resources
Remaining deferred outflows	\$ 82,494	\$
Changes of assumptions	23,234	
Net difference between projected and actual earnings on pension plan investments	<u>63,888</u>	<u>50,163</u>
Total	<u>\$ 169,616</u>	<u>\$ 50,163</u>



TOWN OF MULDROW, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

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,	
2020	\$ 61,120
2021	41,717
2022	12,919
2023	3,664
2024	33
Thereafter	0

Payable to the Pension Plan The Town reported a payable of \$4,249 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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, 2019.

9. Subsequent Events

Subsequent events have been evaluated through October 25, 2019 with no items noted for reporting.

**REQUIRED SUPPLEMENTARY INFORMATION**

TOWN OF MULDROW, OKLAHOMA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Sales tax	\$ 190,000	\$ 190,000	190,567	567
Use tax	120,000	120,000	123,882	3,882
Gas tax	5,800	5,800	5,813	13
Commercial vehicle tax	22,800	22,800	22,943	143
Franchise tax	169,000	169,000	149,188	(19,812)
Alcoholic beverage tax	34,400	34,400	35,148	748
Cigarette tax	5,800	5,800	5,688	(112)
Grant proceeds other	31,778	4,222	10,722	6,500
Licenses, permits and burials	7,500	7,500	9,735	2,235
Fines and forfeitures	660,000	660,000	663,824	3,824
O-EPIC reimbursement	14,000	14,000	13,156	(844)
Miscellaneous	4,000	4,000	14,250	10,250
Police- other	1,500	1,500	1,746	246
Interest	2,000	2,000	2,533	533
<b>Total Revenues</b>	<u>1,268,578</u>	<u>1,241,022</u>	<u>1,249,195</u>	<u>8,173</u>
<b>Expenditures</b>				
General government	363,778	286,072	250,881	35,191
Police	878,000	819,079	864,292	(45,213)
Capital outlay	19,500	28,321	-	28,321
<b>Total Expenditures</b>	<u>1,261,278</u>	<u>1,133,472</u>	<u>1,115,173</u>	<u>18,299</u>
Excess of revenues over/(under) expenses before adjustments to prior year encumbrances	<u>\$ 7,300</u>	<u>107,550</u>	134,022	<u>26,472</u>
<b>Other financing sources (uses):</b>				
Operating transfers in/out			-	
<b>Total other financing sources (uses)</b>			<u>-</u>	
Excess of revenues over/(under) expenses			<u>\$ 134,022</u>	

**Town of Midtown, Oklahoma**  
June 30, 2019

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

	Fiscal Year ended June 30:				
	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>					
Service cost	\$ 87,343	93,467	73,418	72,091	59,448
Interest cost	168,472	157,978	144,557	134,779	132,977
Benefit changes due to plan amendments	0	0	0	0	0
Difference between expected and actual experience	16,392	60,046	66,191	20,501	0
Changes of assumptions	0	38,880	0	0	0
Benefit payments, including refunds of employee contributions	(168,813)	(117,058)	(105,145)	(97,404)	(121,618)
Net change in total pension liability	103,394	233,313	179,021	129,967	70,808
Plan pension liability -- beginning	2,329,173	2,095,860	1,916,839	1,786,872	1,716,065
Plan pension liability -- ending	\$ 2,432,567	2,329,173	2,095,860	1,916,839	1,786,872
<b>Plan Fiduciary Net Position</b>					
Contributions -- Employer	\$ 99,383	104,476	94,888	81,866	73,202
Contributions -- Employee	39,719	41,790	37,940	32,706	29,404
Net investment income	148,814	222,462	16,465	47,609	238,193
Benefit payments, including refunds of employee contributions	(168,813)	(117,058)	(105,145)	(97,404)	(121,618)
Administrative expense	(4,165)	(3,876)	(3,442)	(3,493)	(3,528)
Other	0	0	0	0	0
Net change in total pension liability	114,938	247,794	40,706	61,284	215,654
Plan fiduciary net position -- beginning	2,027,065	1,779,271	1,638,565	1,677,281	1,461,628
Plan fiduciary net position -- ending	\$ 2,142,003	2,027,065	1,779,271	1,738,565	1,677,281
Net pension liability -- ending	\$ 290,564	302,108	316,589	178,274	109,591
Plan fiduciary net position as percentage of total pension liability	88.06%	87.03%	84.89%	90.70%	93.87%
Covered employee payroll	\$ 881,852	832,786	894,152	692,010	679,449
Town's net pension liability position as percentage of covered employee payroll	32.95%	36.28%	35.41%	25.76%	16.13%

Town of Muldrow, Oklahoma  
June 30, 2019

SCHEDULE OF TOWN CONTRIBUTIONS

	2019	2018	2017	2016	2015
Fiscal Year ended June 30:					
Actuarially determined contribution	\$ 80,985	104,476	94,888	81,866	73,202
Contribution in relation to the actuarially determined amount	80,985	104,476	94,888	81,866	73,202
Contribution deficiency (excess)	\$ -	-	-	-	-
Covered employee payroll	\$ 881,852	832,786	894,152	692,010	679,449
Contributions as a percentage of covered employee payroll	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, 2019

	Fire Department	Utility Sales Tax	Town Sales Tax	Library	Parks & Recreation	Total
<b>ASSETS</b>						
Cash	\$ 90,592	12,588	115,992	526	10,763	230,461
Investments		81,549				81,549
Taxes receivable	4,000		12,471		8,239	24,710
Total assets	94,592	94,137	128,463	526	19,002	336,720
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred resources related to pensions			9,046			9,046
Total	\$ 94,592	\$ 94,137	\$ 137,509	\$ 526	\$ 19,002	\$ 345,766
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 538	-	8,736	-	201	9,475
Net pension liability			18,888			18,888
Current portion long-term debt					56,515	56,515
Total current liabilities	538	-	27,624	-	56,716	84,878
Long-term debt less current maturities	-	-	-	-	357,291	357,291
Total liabilities	538	-	27,624	-	414,007	442,169
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred resources related to pensions			4,733			4,733
Total	538	-	32,357	-	414,007	446,902
<b>FUND BALANCES</b>						
Fund balances	94,054	41,637	105,152	526	(395,005)	(153,636)
Reserved		52,500				52,500
Total fund equity	94,054	94,137	105,152	526	(395,005)	(101,136)
Total liabilities and fund equity	\$ 94,592	94,137	137,509	526	19,002	345,766

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

TOWN OF MULDDROW, OKLAHOMA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2019

	Fire Department	Utility Sales Tax	Town Sales Tax	Library	Parks & Recreation	Total
<b>Revenues</b>						
Sales Tax	\$ 48,016	-	142,566	-	95,316	285,898
Reimbursements State of Oklahoma	4,000	-	-	-	-	4,000
Burn Permits	2,200	-	-	-	-	2,200
Fire protection contracts	14,795	-	-	-	-	14,795
Grants	3,500	-	-	-	-	3,500
Food Truck Rental	-	-	-	-	1,900	1,900
Rentals	-	1,078	-	-	1,100	1,100
Interest	316	-	373	-	42	1,809
Other deposits	7,879	-	3,693	-	5,131	16,703
Donations	-	-	-	-	100	100
<b>Total revenues</b>	<b>80,706</b>	<b>1,078</b>	<b>146,632</b>	<b>-</b>	<b>103,589</b>	<b>332,005</b>
<b>Expenditures</b>						
Streets	-	-	114,450	-	-	114,450
Fire	66,272	-	-	-	34,607	66,272
Parks & Recreation	-	-	-	-	17,692	34,607
Interest	-	-	-	-	-	17,692
<b>Total expenditures</b>	<b>66,272</b>	<b>-</b>	<b>114,450</b>	<b>-</b>	<b>52,299</b>	<b>233,021</b>
<b>Excess of revenues over (under) expenditures</b>	<b>14,434</b>	<b>1,078</b>	<b>32,182</b>	<b>-</b>	<b>51,290</b>	<b>98,984</b>
<b>Other financing sources(uses)</b>						
Operating transfers in	2,926	672,719	1,648	-	401	677,694
Operating transfers(out)	-	(672,703)	-	-	-	(672,703)
<b>Excess revenues and other sources over/ (under) expenditures and other uses</b>	<b>17,360</b>	<b>1,094</b>	<b>33,830</b>	<b>-</b>	<b>51,691</b>	<b>103,975</b>
<b>Fund balances, beginning of year</b>	<b>76,694</b>	<b>93,043</b>	<b>71,322</b>	<b>526</b>	<b>(446,696)</b>	<b>(205,111)</b>
<b>Prior period adjustment</b>						
<b>Fund balances, end of year</b>	<b>\$ 94,054</b>	<b>\$ 94,137</b>	<b>\$ 105,152</b>	<b>\$ 526</b>	<b>\$ (395,005)</b>	<b>\$ (101,136)</b>

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



TOWN OF MULDROW, OKLAHOMA  
STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
FIDUCIARY FUND - METER DEPOSITS  
JUNE 30, 2019

ASSETS

Cash and demand deposits	\$ 76,088
Investments	<u>48,655</u>
Total assets	<u><u>\$ 124,743</u></u>

LIABILITIES AND FUND EQUITY

Liabilities	
Meter deposit	<u>\$ 92,677</u>
Total liabilities	<u>92,677</u>
Fund equity	
Fund Balance - Restricted	<u>32,066</u>
Total Fund Equity	<u>32,066</u>
Total Liabilities and Fund Equity	<u><u>\$ 124,743</u></u>

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 EQUITY  
FIDUCIARY FUND - METER DEPOSITS  
FOR THE YEAR ENDED JUNE 30, 2019

<u>REVENUES</u>	
Interest income	\$ 802
Total revenues	802
 <u>EXPENDITURES</u>	
Meter supplies	205
Total expenditures	205
Excess of revenue over/(under) expenses	597
Other financing sources:	
Transfers	(52)
Excess of revenue over expenditures and other financing sources	545
Fund balance - beginning of year	31,521
Fund balance - end of year	\$ 32,066

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

TOWN OF MULDROW, OKLAHOMA  
STATEMENT OF ASSETS, LIABILITIES AND FUND EQUITY  
CEMETERY FUND  
JUNE 30, 2019

ASSETS

Cash and demand deposits	\$ 4,874
Investments	<u>127,285</u>
Total assets	<u><u>\$ 132,159</u></u>

LIABILITIES AND FUND EQUITY

Accounts payable	<u>\$ -</u>
Fund equity	
Fund Balance - Restricted	<u>132,159</u>
Total Fund Equity	<u>132,159</u>
Total Liabilities and Fund Equity	<u><u>\$ 132,159</u></u>

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 EQUITY  
 CEMETERY FUND  
 FOR THE YEAR ENDED JUNE 30, 2019

<u>REVENUES</u>	
Lot sales	\$ 1,700
Opening/closing graves	3,350
Other deposits	170
Interest income	<u>1,997</u>
Total revenues	<u>7,217</u>
<u>EXPENDITURES</u>	
Cemetery expenses	<u>6,725</u>
Total expenditures	<u>6,725</u>
Excess of revenue over/(under) expenses	492
Other financing sources(uses)	
Operating transfers in	<u>100</u>
Excess revenues and other sources over/ (under) expenditures and other uses	592
Fund balance - beginning of year	<u>131,567</u>
Fund balance - end of year	<u><u>\$ 132,159</u></u>

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

# SAMUEL S. ALEXANDER

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Certified Public Accountant

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## 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, 2019, and have issued my report thereon dated October 25, 2019. 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.

A handwritten signature in black ink, appearing to be "J. John", written in a cursive style.

October 25, 2019  
Wagoner, Oklahoma