

Town of Muldrow, Oklahoma

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

June 30, 2023

**Samuel S Alexander
Certified Public Accountant**

Town of Muldrow, Oklahoma
June 30, 2023

BOARD OF TRUSTEES

Mayor

Catherine Jones

Vice Mayor

Darren Keith

Board Members

Patti Rhodes

Anthony Cox

Stephen Michael

Town of Muldrow, Oklahoma
June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Board of Trustees	
Independent Auditor's Report on Financial Statements	1-4
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	7
Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	8
Statement of Net Position-Proprietary Fund	9
Statement of Revenues, Expenses and Changes in Net Fund Position-Proprietary Fund	10
Statement of Cash Flows-Proprietary Fund	11
Notes to Financial Statements	12-28
Required Supplementary Information:	
Budgetary Comparison Schedule-General Fund	29
Schedule of Changes in the Town's Net Pension Liability	30
Schedule of Town Contributions	31

Town of Muldrow, Oklahoma
June 30, 2023

Table of Contents - Continued

	<u>Page</u>
Other Supplementary Information:	
Combining Balance Sheet - Special Revenue Funds	32
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Special Revenue Funds	33
Statement of Fiduciary Net Position- Fiduciary Fund-Meter Deposits	34
Statement of Changes in Fiduciary Net Position- Fiduciary Fund-Meter Deposits	35
Statement of Fiduciary Net Position- Fiduciary Fund-Cemetery Fund	36
Statement of Changes in Fiduciary Net Position- Fiduciary Fund-Cemetery Fund	37
Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	38-39

SAMUEL S. ALEXANDER

Certified Public Accountant

304 South Hayes
Wagoner, Oklahoma 74467
918.485.2733 – Facsimile 918.485.3666
E-mail: ndncpa@samuelalexandercpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Qualified Opinion on the General Fund

In my opinion, except for the effects of the matter described in the Basis for Qualified and Unmodified Opinions section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund of the Town of Muldrow, Oklahoma as of June 30, 2023, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and the Aggregate Remaining Fund Information

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Muldrow, Oklahoma, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Town of Muldrow, Oklahoma, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified and unmodified audit opinions.

Matters Giving Rise to the Qualified Opinion on the General Fund

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 by which this departure would affect the asset, deferred inflows of resources, fund balances, and revenues of the General Fund has not been determined.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise a substantial doubt about the Town of Muldrow, Oklahoma's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise a substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally auditing standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town of Muldrow, Oklahoma's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Muldrow, Oklahoma's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that were identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has elected to omit management's discussion and analysis. My opinion on the basic financial statements is not affected by this omission.

Supplementary 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. Such information is the responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In my opinion, the combining and individual nonmajor fund financial statements, are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2023 on my consideration of the Town of Muldrow, Oklahoma's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Muldrow, Oklahoma's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Muldrow, Oklahoma's internal control over financial reporting and compliance.

December 28, 2023
Wagoner, Oklahoma

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF MULDROW , OKLAHOMA
STATEMENT OF NET POSITION
JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business -Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,987,723	1,662,451	4,650,174
Investments	85,324	179,622	264,946
Accounts receivable	-	107,021	107,021
Taxes receivable	101,445	22,897	124,342
OMAG retention and escrow	15,203	16,261	31,464
Capital assets			-
Land (Note 2)	-	754,738	754,738
Property, plant & equipment, net of depreciation (Note 2)	-	3,286,500	3,286,500
	<u>3,189,695</u>	<u>6,029,490</u>	<u>9,219,185</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred resources related to pensions	<u>290,356</u>	<u>298,910</u>	<u>589,266</u>
Total	<u>3,480,051</u>	<u>6,328,400</u>	<u>9,808,451</u>
<u>LIABILITIES</u>			
Accounts payable	64,128	33,927	98,055
Net pension liability	280,535	280,089	560,624
Long-term liabilities:			
Due within 1 year (Note 4)	66,086	98,398	164,484
Due in more than 1 year (Note 4)	84,579	2,198,974	2,283,553
Total liabilities	<u>495,328</u>	<u>2,611,388</u>	<u>3,106,716</u>
DEFERRED INFLOW OF RESOURCES			
Deferred resources related to pensions	<u>95,744</u>	<u>122,836</u>	<u>218,580</u>
Total	<u>591,072</u>	<u>2,734,224</u>	<u>3,325,296</u>
<u>NET POSITION</u>			
Net investment in capital assets		1,743,865	1,743,865
Contributed capital		334,163	334,163
Restricted	-	98,398	98,398
Unrestricted	2,888,979	1,751,913	4,640,892
Total Net Position	<u>\$ 2,888,979</u>	<u>3,928,339</u>	<u>6,817,318</u>

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

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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	(624,233)	16,093	-	(608,140)	-	(608,140)
Public Safety	(1,118,268)	491,715	10,000	(616,553)	-	(616,553)
Streets	(49,473)		11,000	(38,473)		(38,473)
Library	-			-		-
Parks & Recreation	(53,545)	1,000	-	(52,545)		(52,545)
Total governmental activities	(1,845,519)	508,808	21,000	(1,315,711)	-	(1,315,711)
Business - Type Activities:						
Water, Sewer & Trash	(1,200,422)	1,549,938	-		349,516	349,516
Sanitation	(359,090)	486,668			127,578	127,578
Depreciation - unallocated	(211,192)	-	-		(211,192)	(211,192)
Total business - type activities	(1,770,704)	2,036,606	-		265,902	265,902
Totals	\$ (3,616,223)	2,545,414	21,000	(1,315,711)	265,902	(1,049,809)
General revenues						
Taxes:						
Sales tax				686,880		686,880
Use tax				277,731		277,731
Gas tax				5,859		5,859
Franchise tax				200,033		200,033
Alcoholic beverage tax				41,935		41,935
Commercial vehicle tax				25,600		25,600
Cigarette tax				6,517		6,517
Miscellaneous				78,971		78,971
Reimbursements				33,369		33,369
American Rescue Plan Act				286,594	-	286,594
Interest earnings				39,411	27,968	67,379
Interest expense					(53,838)	(53,838)
Loan administration fees					(12,013)	(12,013)
Transfers internal activities				90,437	(90,636)	(199)
Other deposits						-
Total general revenues				1,773,337	(128,519)	1,644,818
Changes in net position				457,626	137,383	595,009
Net position, beginning of period				2,431,354	3,790,956	6,222,310
Net position, end of period				\$ 2,888,980	\$ 3,928,339	\$ 6,817,319

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, 2023

	Governmental Fund Types		Total
	General Fund	Special Revenue Funds	
ASSETS			
Cash	\$ 2,045,150	942,573	2,987,723
Investments		85,324	85,324
OMAG retention and escrow	15,203		15,203
Taxes receivable	64,598	36,847	101,445
Total assets	2,124,951	1,064,744	3,189,695
LIABILITIES			
Accounts payable	59,850	4,278	64,128
Net pension liability	260,423	20,112	280,535
Current portion of long-term debt		66,086	66,086
Total liabilities	320,273	90,476	410,749
FUND BALANCES			
Unassigned	1,804,678	974,268	2,778,946
Total fund balance	1,804,678	974,268	2,778,946
Non-current reconciling items to Net Position of Governmental activities:			
Deferred outflow of resources			290,356
Deferred inflows of resources			(95,744)
Long-term debt			(84,579)
Net Position of Governmental Activities			2,888,979

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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	June 30, 2022
Revenues:			
Licenses and permits	\$ 10,755	5,338	16,093
Taxes	831,240	413,315	1,244,555
Grant and Tribal proceeds	10,000	11,000	21,000
Narcans Funds		-	-
Fines and Forfeitures	478,901	-	478,901
Fire contracts and runs	-	12,814	12,814
Donations	-	6,165	6,165
Miscellaneous	13,143	17,570	30,713
Reimbursements	23,316	10,053	33,369
American Rescue Plan Act	286,594		286,594
Rentals	-	1,000	1,000
Police-miscellaneous	42,093		42,093
Interest earnings	31,333	8,078	39,411
Total revenues	<u>1,727,375</u>	<u>485,333</u>	<u>2,212,708</u>
Expenditures:			
General government	624,233	-	624,233
Police	1,065,668	-	1,065,668
Parks & recreation	-	48,697	48,697
Fire	-	52,600	52,600
Interest	-	4,848	4,848
Streets	-	49,473	49,473
Total expenditures	<u>1,689,901</u>	<u>155,618</u>	<u>1,845,519</u>
Excess of revenues over (under) expenses	<u>37,474</u>	<u>329,715</u>	<u>367,189</u>
Other financing sources (uses):			
Operating transfers in	127,578	964,041	1,091,619
Operating transfers (out)	<u>(32,413)</u>	<u>(968,769)</u>	<u>(1,001,182)</u>
Total other financing sources (uses)	<u>95,165</u>	<u>(4,728)</u>	<u>90,437</u>
Excess (deficiency) of revenue over expenditures and other financing sources(uses)	132,639	324,987	457,626
Fund balances, beginning of year	<u>1,863,840</u>	<u>567,513</u>	<u>2,431,353</u>
Fund balances, end of year	<u>1,996,479</u>	<u>892,500</u>	<u>2,888,979</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, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 1,662,451
Investments	179,622
Accounts receivable	107,021
Taxes receivable	22,897
OMAG retention and escrow	16,261
Capital assets	
Land	754,738
Plant, property, and equipment (net)	3,286,500
Total assets	6,029,490

DEFERRED OUTFLOW OF RESOURCES

Deferred resources related to pensions	298,910
Total	6,328,400

LIABILITIES

Current liabilities:

Accounts payable	33,927
Net pension liability	280,089
Notes payable-current	98,398
Total current liabilities	412,414

Noncurrent liabilities:

Notes payable - non - current	2,198,974
-------------------------------	-----------

Total Liabilities	2,611,388
-------------------	-----------

DEFERRED INFLOW OF RESOURCES

Deferred resources related to pensions	122,836
Total	2,734,224

NET POSITION

Net investment in capital assets	1,743,865
Contributed capital	334,163
Restricted for debt service	98,398
Unrestricted	1,417,750
	1,417,750

Total Net Position	\$ 3,594,176
--------------------	--------------

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, 2023

Operating Revenues:	
Charges for services:	
Water and Sewer	\$ 1,549,938
Sanitation	486,668
Total revenues	2,036,606
Operating Expenses:	
Salaries	716,206
Maintenance and operation	484,216
Sanitation	359,090
Depreciation expense	211,192
Total expenditures	1,770,704
Operating Income (Loss)	265,902
Non-Operating Revenues (Expenses):	
Investment income	27,968
Interest expense	(53,838)
Loan administration fees	(12,013)
Transfers in	36,942
Sanitation transfers to general fund	(127,578)
Total non-operating revenues (expenses)	(128,519)
Change in net assets	137,383
Net position - beginning of year	3,456,793
Total net position - end of year	\$ 3,594,176

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, 2023

Cash Flows From Operating Activities	
Receipts from customers	\$ 2,073,429
Payments to employees	(716,206)
Payments to suppliers	(595,394)
Net Cash Provided By Operating Activities	<u>761,829</u>
Cash Flows From Noncapital Financing Activities:	
Net changes in deferred inflows and outflows	(265,902)
Transfers to other funds	(90,636)
Total noncapital financing activities	<u>(356,538)</u>
Cash Flows From Capital And Related Financing Activities	
Purchases of capital assets	(14,218)
Principal and expenses paid on debt	(161,604)
Net Cash provided By (Used In) Capital And Related Financing Activities	<u>(175,822)</u>
Cash Flows From Investing Activities	
Increase in investments	(2,110)
Interest	27,968
Net Increase (Decrease) In Cash And Cash Equivalents	<u>255,327</u>
Balance - Beginning of year	<u>1,407,124</u>
Balance - End of year	<u><u>\$ 1,662,451</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating income (loss)	\$ 265,902
Adjustments to reconcile operating income to net cash provided (used) operating activities	
Depreciation	211,192
Decrease in accounts payable	(7,474)
Increase in net pension liability	254,717
Decrease in OMAG retention	668
Decrease in accounts receivable	36,824
Net cash provided by operating activities	<u><u>\$ 761,829</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, 2023

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, 2023

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation – Government-Wide Financial Statements

The Statement of Net Position 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, 2023

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, 2023

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 treated 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, 2023

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 34 through 37.

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, 2023

1. Summary of Significant Accounting Policies (continued)

Net Assets Accounting Policies

Net assets are displayed in two components:

- a. Restricted Net Assets – Consists of net assets with constraints placed on the use either by
 - 1) External groups such as creditors, grantors, contributors, or laws and regulations of other governments, or
 - 2) Law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of “restricted.”

Total Columns on Combined Statements – Overview

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

Transactions Between Funds

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

Pensions

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

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2. Capital Assets

A Summary of changes in general fixed assets for the year ended June 30, 2023, follows:

	<u>Balance</u> <u>06/30/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/23</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	162,419	-	-	162,419
Sanitation	386,914	-	-	386,914
Office Equipment	27,631	-	-	27,631
Utility Structure	201,101	-	-	201,101
Equipment	322,297	14,218	-	336,515
Total capital assets being depreciated:	<u>8,146,532</u>	<u>14,218</u>	<u>-</u>	<u>8,160,750</u>
Less accumulated depreciation:	<u>4,663,058</u>	<u>211,192</u>	<u>-</u>	<u>4,874,250</u>
Total capital assets being depreciated, Net of depreciation	<u>3,483,474</u>	<u>(196,974)</u>	<u>-</u>	<u>3,286,500</u>
Total all business-type activities capital assets, net	<u>\$4,238,212</u>	<u>\$ (196,974)</u>	<u>\$ -</u>	<u>\$4,041,238</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023 was as follows.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
GOVERNMENTAL ACTIVITIES					
Notes payable:					
General obligation debt	217,817		67,152	150,665	66,086
BUSINESS-TYPE ACTIVITIES					
Notes payable:					
General obligation debt	2,297,373		95,655	2,201,718	98,399

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

4. Long-Term Liabilities (continued)

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.

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, 2024	65,847	98,399	
June 30, 2025	67,605	101,483	
June 30, 2026	20,039	104,479	
March 15, 2031		570,352	
March 15, 2036		659,613	
March 15, 2041		667,294	

5. Deposits and Investment Risk

At June 30, 2023, the reporting entity had the following deposits and investments:

<u>Type of Deposits and investments</u>	<u>Carrying Value</u>
Deposits:	
Demand deposits	\$ 4,650,174
Total Deposits	<u>4,650,174</u>
Investments:	
Certificates of deposit	<u>264,946</u>
Total Deposits and Investments	<u>\$ 4,915,120</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, the carrying amount of the Town’s demand deposits was \$4,650,174. Aggregate demand deposit bank balances were \$4,658,530. Of the bank balances \$500,000 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, 2023, investments of certificates of deposit totaled \$264,946 This amount 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, 2023, consisted of \$264,946 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, 2023

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, 2023, 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, 2023.

	Level 1	Level 2	Level 3	Total
Investment type				
Investments accounted for at fair value	-	-	-	-
Certificates of deposit (excluded from fair value measurement)				\$ 264,946
				<u>\$ 264,946</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, 2023

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, 2022, the following employees were covered by the benefit terms:

Nonactive participants receiving benefits	18
Active participants	24
	42

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, 2022, the active employee contribution rate was 4.5% of annual pay, and the Town's average contribution rate was 9.13% of participant payroll.

Net Pension Liability

The Town's net pension liability was measured as of July 1, 2022, 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, 2023

7. Pension Plan (continued)

Actuarial Assumptions The total pension liability in the July 1, 2022 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 by paragraph 26 of GASB 68 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, 2022 valuation were based on the results of actuarial experience study for the period July 1, 2021 to July 1, 2022.

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, 2022 are summarized in the following table.

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023

		Increase (Decrease)	
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 7/1/2021	\$ 2,991,310	2,912,921	73,389
Changes for the year:			
Service cost	100,841		100,841
Interest cost	217,086		217,086
Difference between expected and actual experience	40,586		40,586
Assumptions changes	74,797		74,797
Contributions -- Employer		123,836	(123,836)
Contributions -- Employee		49,505	(49,505)
Net investment income		(361,871)	(361,871)
Benefit payments, including refunds of employee contributions	(197,228)	(197,228)	0
Administrative expense		(4,989)	4,989
Net changes	91,488	(390,747)	482,235
Balance at 7/1/2022	\$ 3,082,798	2,522,174	560,624

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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	\$ 3,476,907	\$ 3,082,798	\$ 2,760,964
Plan Fiduciary Net Position	2,592,174	2,522,174	2,522,174
Net Pension Liability	<u>\$ 954,733</u>	<u>\$ 560,624</u>	<u>\$ 238,790</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, 2023, the Town recognized pension expense of \$ 145,599. At June 30, 2023, 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	\$ 580,006	\$ (336,843)
Net difference between projected and actual earnings on pension plan investments	<u>22,191</u>	<u> </u>
Total	<u>\$ 602,197</u>	<u>\$ (336,893)</u>

TOWN OF MULDROW, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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,

2024	83,997
2025	43,980
2026	25,535
2027	111,792
There after	0

Payable to the Pension Plan The Town had no payable balance to the pension plan for the year ended June 30, 2023.

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, 2023.

9. Subsequent Events

Management has evaluated subsequent events through December 28, 2023, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MULDROW, OKLAHOMA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR YEAR ENDED JUNE 30, 2023

	Original Budget	Final Appropriated Budget	Actual Results	Variance Favorable (Unfavorable)
Revenues				
Sales tax	\$ 265,000	\$ 265,000	276,913	11,913
Use tax	239,000	239,000	277,731	38,731
Gas tax	5,900	5,900	5,859	(41)
Commercial vehicle tax	26,000	26,000	25,600	(400)
Franchise tax	160,000	160,000	200,033	40,033
Alcoholic beverage tax	46,000	46,000	41,935	(4,065)
Cigarette tax	7,500	7,500	6,517	(983)
Grant proceeds other	11,000	11,000	10,000	(1,000)
Licenses, permits and burials	19,000	19,000	10,755	(8,245)
Cares Act			286,594	286,594
Fines and forfeitures	580,000	580,000	478,901	(101,099)
O-EPIC reimbursement	24,000	24,000	23,316	(684)
Miscellaneous	3,900	3,900	9,795	5,895
Police- other	200	200	42,093	41,893
Interest	1,100	1,100	31,333	30,233
Total Revenues	<u>1,388,600</u>	<u>1,388,600</u>	<u>1,727,375</u>	<u>338,775</u>
Expenditures				
General government	286,000	286,000	339,238	(53,238)
Police	997,000	997,000	1,031,467	(34,467)
Capital outlay	252,500	252,500	319,196	(66,696)
Total Expenditures	<u>1,535,500</u>	<u>1,535,500</u>	<u>1,689,901</u>	<u>(154,401)</u>
Excess of revenues over/(under) expenses before adjustments to prior year encumbrances	<u>\$ (146,900)</u>	<u>(146,900)</u>	37,474	<u>184,374</u>
Other financing sources (uses):				
Operating transfers in/out			<u>95,165</u>	
Total other financing sources (uses)			<u>95,165</u>	
Excess of revenues over/(under) expenses			<u>\$ 132,639</u>	

OTHER SUPPLEMENTARY INFORMATION

Town of Muldrow, Oklahoma
June 30, 2023

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

	Fiscal Year ended June 30		2023		2022		2021		2020		2019		2018		2017		2016		2015	
Total Pension Liability																				
Service cost	\$	100,841	\$	97,052	\$	93,593	\$	90,164	\$	87,343	\$	84,472	\$	81,798	\$	79,118	\$	76,091	\$	73,448
Interest cost		217,086		206,049		197,917		176,677		168,472		157,978		144,557		134,779		134,779		132,977
Benefit changes due to plan amendments				0		0		0		0		0		0		0		0		0
Difference between expected and actual experience		45,986		40,653		15,498		79,185		16,392		0		60,046		66,191		20,501		0
Changes of assumptions		(74,797)		0		0		113,626		0		0		38,880		0		0		0
Benefit payments, including refunds of employee contributions		(197,228)		(195,973)		(201,120)		(156,578)		(168,813)		(183,954)		(117,058)		(105,145)		(97,404)		(121,618)
Net change in total pension liability		91,488		147,781		105,888		103,394		103,394		103,394		233,313		179,021		129,967		70,808
Plan pension liability -- beginning		2,991,310		2,843,529		2,737,641		2,432,567		2,329,173		2,142,567		2,095,860		1,916,839		1,786,872		1,716,065
Plan pension liability -- ending		3,082,798		2,991,310		2,843,529		2,737,641		2,432,567		2,142,567		2,329,173		2,095,860		1,916,839		1,786,872
Plan Fiduciary Net Position																				
Contributions -- Employer	\$	123,836	\$	114,749	\$	109,929	\$	107,925	\$	99,383	\$	99,383	\$	104,476	\$	94,888	\$	81,866	\$	73,202
Contributions -- Employee		49,505		45,860		43,973		43,133		39,719		41,790		37,940		37,940		32,706		29,404
Net investment income		(361,871)		(634,862)		(90,650)		(142,318)		(148,814)		(148,814)		(222,462)		(16,465)		(97,609)		(238,193)
Benefit payments, including refunds of employee contributions		(197,228)		(195,973)		(201,120)		(156,578)		(168,813)		(168,813)		(117,058)		(105,145)		(97,404)		(121,618)
Administrative expense		(4,989)		(4,705)		(4,688)		(4,417)		(4,165)		(3,876)		(3,876)		(3,442)		(3,493)		(3,528)
Other				0		0		0		0		0		0		0		0		0
Net change in total pension liability		(390,747)		(594,793)		(38,744)		137,381		114,938		247,794		40,796		61,284		61,284		215,654
Plan fiduciary net position -- beginning		2,912,921		2,318,128		2,279,384		2,142,003		2,027,065		1,779,271		1,738,565		1,738,565		1,677,281		1,461,628
Plan fiduciary net position -- ending		2,522,174		2,912,921		2,318,128		2,279,384		2,142,003		2,027,065		1,779,271		1,738,565		1,677,281		1,677,281
Net pension liability -- ending		\$ 560,624		\$ 78,389		\$ 525,401		\$ 458,257		\$ 290,564		\$ 302,108		\$ 316,589		\$ 178,274		\$ 109,591		\$ 109,591
Plan fiduciary net position as percentage of total pension liability		81.81%		97.38%		81.52%		83.26%		88.06%		87.03%		84.89%		90.70%		93.87%		93.87%
Covered employee payroll		\$ 1,104,560		\$ 999,795		\$ 970,830		\$ 1,183,409		\$ 881,852		\$ 832,786		\$ 894,152		\$ 692,010		\$ 679,449		\$ 679,449
Town's net pension liability position as percentage of covered employee payroll		50.76%		7.84%		54.12%		38.72%		32.95%		36.28%		35.41%		25.76%		16.13%		16.13%

Town of Muldrow, Oklahoma

SCHEDULE OF TOWN CONTRIBUTIONS

Fiscal Year ended June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 123,836	\$ 114,749	\$ 109,929	\$ 107,925	93,383	104,476	94,888	81,866	73,202
Contribution in relation to the actuarially determined amount	123,836	114,749	109,929	107,925	93,383	104,476	94,888	81,866	73,202
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	-	-	-	-
Covered employee payroll	\$ 1,104,560	\$ 999,795	\$ 970,850	\$ 916,795	881,852	832,786	894,152	692,010	679,449
Contributions as a percentage of covered employee payroll	11.21%	11.48%	11.32%	11.77%	19.58%	12.55%	10.61%	11.83%	10.77%

TOWN OF MULDRUP, OKLAHOMA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 JUNE 30, 2023

	Fire Department	Utility Sales Tax	Street Fund	Library	Parks & Recreation	Total
ASSETS						
Cash	\$ 177,222	688	687,022	526	77,115	942,573
Investments		85,324				85,324
Taxes receivable	4,000	-	18,897		13,950	36,847
Total assets	<u>181,222</u>	<u>86,012</u>	<u>705,919</u>	<u>526</u>	<u>91,065</u>	<u>1,064,744</u>
DEFERRED OUTFLOW OF RESOURCES						
Deferred resources related to pensions			7,749			7,749
Total	<u>\$ 181,222</u>	<u>86,012</u>	<u>713,668</u>	<u>526</u>	<u>91,065</u>	<u>1,072,493</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 2,900	-	987	-	391	4,278
Net pension liability			20,112			20,112
Current portion long-term debt					66,086	66,086
Total current liabilities	<u>2,900</u>	<u>-</u>	<u>21,099</u>	<u>-</u>	<u>66,477</u>	<u>90,476</u>
Long-term debt less current maturities					84,579	84,579
Total liabilities	<u>2,900</u>	<u>-</u>	<u>21,099</u>	<u>-</u>	<u>151,056</u>	<u>175,055</u>
DEFERRED INFLOW OF RESOURCES						
Deferred resources related to pensions			4,938			4,938
Total	<u>2,900</u>	<u>-</u>	<u>26,037</u>	<u>-</u>	<u>151,056</u>	<u>179,993</u>
FUND BALANCES						
Fund balances-unrestricted	178,322	86,012	687,631	526	(59,991)	892,500
Total fund balance	<u>178,322</u>	<u>86,012</u>	<u>687,631</u>	<u>526</u>	<u>(59,991)</u>	<u>892,500</u>
Total liabilities and fund equity	<u>\$ 181,222</u>	<u>86,012</u>	<u>713,668</u>	<u>526</u>	<u>91,065</u>	<u>1,072,493</u>

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

TOWN OF MULBROW, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Fire Department	Utility/Sales Tax	Street Fund	Library	Parks & Recreation	Total
Revenues						
Sales Tax	\$ 48,000	-	225,987	-	139,328	413,315
Reimbursements State of Oklahoma	10,053	-	-	-	-	10,053
Burn Permits	5,338	-	-	-	-	5,338
Fire protection contracts	12,814	-	-	-	-	12,814
EODD Grant	-	-	-	-	-	-
Narcan Funds	-	-	-	-	-	-
Cherokee Nation Grant	3,500	-	7,500	-	-	11,000
Rentals	-	1,031	6,696	-	1,000	1,000
Interest	247	-	10,977	-	104	8,078
Other deposits	3,304	-	-	-	3,289	17,570
Donations	5,000	-	-	-	1,165	6,165
Total revenues	88,256	1,031	251,160	-	144,886	485,333
Expenditures						
Streets			49,473		-	49,473
Fire	52,600				48,697	52,600
Parks & Recreation					4,848	48,697
Interest						4,848
Total expenditures	52,600	-	49,473	-	53,545	155,618
Excess of revenues over (under) expenditures	35,656	1,031	201,687	-	91,341	329,715
Other financing sources(uses)						
Operating transfers in	-	964,041	-	-	-	964,041
Operating transfers(out)	(1,127)	(964,041)	(3,491)	-	(110)	(968,769)
Excess revenues and other sources over (under) expenditures and other uses	34,529	1,031	198,196	-	91,231	324,987
Fund balances, beginning of year	143,793	84,981	489,435	526	(151,222)	567,513
Fund balances, end of year	\$ 178,322	86,012	687,631	526	(59,991)	892,500

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, 2023

ASSETS

Cash and demand deposits	\$ 119,978
Investments	<u>50,796</u>
Total assets	<u><u>\$ 170,774</u></u>

LIABILITIES AND FIDUCIARY NET POSITION

Liabilities	
Meter deposit	\$ 134,108
Accounts payable	<u>61</u>
Total liabilities	<u>134,108</u>
Fiduciary Net Position	
Restricted	<u>36,666</u>
Total Fiduciary Net Position	<u>36,666</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 170,774</u></u>

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

TOWN OF MULDROW, OKLAHOMA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - METER DEPOSITS
FOR THE YEAR ENDED JUNE 30, 2023

<u>REVENUES</u>	
Interest income	\$ 771
Other income	<u>1,763</u>
Total revenues	<u>2,534</u>
<u>EXPENDITURES</u>	
Meter supplies	<u>331</u>
Total expenditures	<u>331</u>
Excess of revenue over/(under) expenses	2,203
Other financing sources:	
Transfers	<u>100</u>
Excess of revenue over expenditures and other financing sources	2,303
Fiduciary Net Position - beginning of year	<u>34,363</u>
Fiduciary Net Position - end of year	<u><u>\$ 36,666</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, 2023

ASSETS

Cash and demand deposits	\$ 4,648
Investments	<u>132,960</u>
Total assets	<u><u>\$ 137,608</u></u>

LIABILITIES AND FIDUCIARY NET POSITION

Accounts payable	<u>\$ -</u>
Fiduciary Net Position Restricted	<u>137,608</u>
Total Fiduciary Net Position	<u>137,608</u>
Total Liabilities and Fiduciary Net Position	<u><u>\$ 137,608</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, 2023

<u>REVENUES</u>	
Lot sales	\$ 500
Opening/closing graves	3,000
Other deposits	20
Interest income	<u>1,737</u>
Total revenues	<u>5,257</u>
 <u>EXPENDITURES</u>	
Cemetery expenses	<u>2,870</u>
Total expenditures	<u>2,870</u>
Excess of revenue over/(under) expenses	2,387
Other financing sources(uses)	
Operating transfers in(out)	<u>-</u>
Excess revenues and other sources over/ (under) expenditures and other uses	2,387
Fiduciary Net Position - beginning of year	<u>135,221</u>
Fiduciary Net Position - end of year	<u><u>\$ 137,608</u></u>

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

SAMUEL S. ALEXANDER

Certified Public Accountant

304 South Hayes
Wagoner, Oklahoma 74467
918.485.2733 – Facsimile 918.485.3666
E-mail: ndncpa@samuelalexandercpa.com

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, 2023, 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 December 28, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Mulrow, 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.

December 28, 2023
Wagoner, Oklahoma