

**Town of Hulbert, Oklahoma**

Annual Financial Statements and Accompanying  
Independent Auditor's Reports

June 30, 2020

**Samuel S Alexander**  
**Certified Public Accountant**

Town of Hulbert, Oklahoma

June 30, 2020

**BOARD OF TRUSTEES**

Mayor

Kenneth Fore

Members

Amanda Hakes

Tristan Brave

Clerk/Treasurer

Seth Welch

Public Works Superintendent

Justin Hamby

Town Attorney

Grant T. Lloyd

Town of Hulbert, Oklahoma  
June 30, 2020

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Town of Hulbert, Oklahoma  
June 30, 2020

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SAMUEL S. ALEXANDER  
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Board of Trustees  
Town of Hulbert, 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 Hulbert, Oklahoma, (the Town) as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of 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 opinion.

## **Basis for Qualified Opinion on Governmental Activities**

As discussed in Note A, the financial statements referred to above do not include complete 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 balance, 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 Opinion on Governmental Activities", the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Hulbert, Oklahoma, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Unqualified Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Hulbert, Oklahoma, as of June 30, 2020, 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.

## **Other Matters**

### *Required Supplementary Information*

Management has elected to omit Management's Discussion and Analysis. Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The omission of this information does not affect the opinions expressed on the financial statements taken as a whole.

### *Supplementary and Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Hulbert, 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 related 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 July 30, 2021, on my consideration of the Town's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of this report is to describe the scope of my testing of internal control over financial reporting and compliance. 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.

July 30, 2021  
Wagoner, Oklahoma

TOWN OF HULBERT, OKLAHOMA  
STATEMENT OF NET ASSETS  
JUNE 30, 2020

	Governmental Activities	Business -Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 140,645	\$ 2,044,372	\$ 2,185,017
Accounts receivable	32,398	91,049	123,447
Prepaid insurance	17,700	40,930	58,630
Capital assets:	-		-
Land	-	104,500	104,500
Property, plant & equipment	1,114,140	2,275,923	3,390,063
<b>Total Assets</b>	<b>1,304,883</b>	<b>4,556,774</b>	<b>5,861,657</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred resources related to pensions	50,615	71,135	121,750
<b>Total</b>	<b>1,355,498</b>	<b>4,627,909</b>	<b>5,983,407</b>
<b>LIABILITIES</b>			
Accounts payable	32,435	89,784	122,219
Net pension liability	81,737	139,655	221,392
Customer deposits payable	-	154,583	154,583
Notes payable-current	10,183	200,000	210,183
Notes payable-long term	108,709	1,675,000	1,783,709
<b>Total Liabilities</b>	<b>233,064</b>	<b>2,259,022</b>	<b>2,492,086</b>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred resources related to pensions	48,840	73,518	122,358
<b>Total</b>	<b>281,904</b>	<b>2,332,540</b>	<b>2,614,444</b>
<b>NET POSITION</b>			
Unrestricted	(40,546)	1,926,230	1,885,684
Restricted	1,114,140	369,139	1,483,279
<b>Total Net Position</b>	<b>\$ 1,073,594</b>	<b>\$ 2,295,369</b>	<b>\$ 3,368,963</b>

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



TOWN OF HULBERT, OKLAHOMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business Type Activities	TOTALS
Primary Government:						
General Government	\$ 163,733	\$ 2,394	\$ 15,000	\$ (146,339)	\$ -	\$ (146,339)
Grant CDBG expenditures	-	-	-	-	-	-
Public Safety	316,713	120,504	4,642	(191,567)	-	(191,567)
Total government activities	480,446	122,898	19,642	(337,906)	-	(337,906)
Business - Type Activities:						
Water, Sewer, Gas & Trash	1,309,272	\$ 1,860,605	-	-	551,333	551,333
Debt Service	171,818	-	-	-	(171,818)	(171,818)
New Service	-	8,715	-	-	8,715	8,715
Penalties	-	31,828	-	-	31,828	31,828
Depreciation - unallocated	233,790	-	-	-	(233,790)	(233,790)
Total business - type activities	1,714,880	1,901,148	-	-	186,268	186,268
Totals	\$ 2,195,326	\$ 2,024,046	\$ 19,642	(337,906)	186,268	(151,638)
General revenues						
Taxes:						
Sales tax				251,191		251,191
Gasoline tax				1,309		1,309
Franchise tax				762		762
Alcoholic beverage tax				8,363		8,363
Commercial vehicle tax				3,845		3,845
Rent revenue					6,000	6,000
Insurance claim					27,929	27,929
Miscellaneous				15,231	138	15,369
Interest				911	13,489	14,400
Transfers - internal activity				119,194	(119,194)	-
Total general revenues and transfers				400,806	(71,638)	329,168
Changes in net position				62,900	114,630	177,530
Net position, beginning of period				1,010,694	2,180,739	3,191,433
Net position, end of period				\$ 1,073,594	\$ 2,295,369	\$ 3,368,963

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

**FUND FINANCIAL STATEMENTS**

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

	General Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash equivalents	\$ 112,878	21,860	5,907	140,645
Accounts receivable	31,999	399	-	32,398
Prepaid Insurance	17,700	-	-	17,700
Total Assets	162,577	22,259	5,907	190,743
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred resources related to pensions	50,615	-	-	50,615
Total	213,192	22,259	5,907	241,358
<b>LIABILITIES</b>				
Accounts payable	32,435	-	-	32,435
Net pension liability	81,737	-	-	81,737
Note payable	118,892	-	-	118,892
Total liabilities	233,064	-	-	233,064
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred resources related to pensions	48,840	-	-	48,840
Total	281,904	-	-	281,904
<b>FUND BALANCES</b>				
Restricted	-	22,259	5,907	28,166
Unrestricted	(68,712)	-	-	(68,712)
Total fund balance	(68,712)	22,259	5,907	(40,546)
Total Liabilities and Fund Balances	\$ 213,192	22,259	5,907	
Net Assets of Governmental Activities				(40,546)
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$1,114,140				1,114,140
There is no accumulated depreciation.				1,114,140
Net Assets of Governmental Activities				1,073,594

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

TOWN OF HULBERT, OKLAHOMA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Street and Alley Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 260,316	5,154	-	265,470
License and permits	2,394			2,394
Fines and forfeitures	119,504			119,504
Tribal resources	19,642	-	-	19,642
Fire runs	1,000			1,000
Miscellaneous	15,231	-		15,231
Interest earnings	762	122	27	911
Total revenues	<u>\$ 418,849</u>	<u>5,276</u>	<u>27</u>	<u>424,152</u>
Expenditures:				
General government	146,713	17,020		163,733
Public safety:				
Police	292,040		-	292,040
Fire	20,633	-	-	20,633
Interest expense	4,040			4,040
Capital outlay	13,541		-	13,541
Total expenditures	<u>476,967</u>	<u>17,020</u>	<u>-</u>	<u>493,987</u>
Excess (deficiency) of revenues over expend:	(58,118)	(11,744)	27	(69,835)
Other Financing sources (Uses):				
Operating transfers in/(out) - HPWA	102,194	17,000	-	119,194
Total Other Financing Sources (Uses)	<u>102,194</u>	<u>17,000</u>	<u>-</u>	<u>119,194</u>
Excess (deficiency) of revenue over expenditures and other financing sources (uses)	44,076	5,256	27	49,359
Fund balances - beginning of year	<u>(112,788)</u>	<u>17,003</u>	<u>5,880</u>	<u>(89,905)</u>
Fund balances - end of year	<u>\$ (68,712)</u>	<u>22,259</u>	<u>5,907</u>	<u>(40,546)</u>

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

TOWN OF HULBERT, OKLAHOMA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - governmental funds \$ 22,873

Amounts reported for governmental activities in the statement of revenues, expenditures, and changes in net assets are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for business type activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expenses in the statement of revenues, expenditures, and changes in net assets. This is the amount by which depreciation exceeds capital outlays in the period.

Capital outlay expenditures - 2019-2020	13,541
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Changes in net assets of governmental activities	\$ 36,414
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The accompanying notes to the financial statements are an integral part of this statement.

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

	Public Works Authority Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,331,728
Restricted cash	369,139
Investment - Certificates of Deposit	343,505
Accounts receivable	91,049
Prepaid insurance	40,930
Capital assets	
Land	104,500
Property, plant & equipment (net)	2,275,923
Total Assets	4,556,774
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred resources related to pensions	71,135
Total	4,627,909
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	89,784
Net pension liability	139,655
Customer deposits payable	154,583
Current portion of long-term liabilities	200,000
Total current liabilities	584,022
Noncurrent liabilities:	
Long-term liabilities	1,675,000
Total Liabilities	2,259,022
 <b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred resources related to pensions	73,518
Total	2,332,540
 <b>NET POSITION</b>	
Unrestricted	1,926,230
Restricted for other purposes	232,970
Restricted for debt service	136,169
Total Net Position	\$ 2,295,369

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

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

	Public Works Authority Enterprise Fund
Operating Revenues:	
Charges for services:	
Utilities - water, sewer, trash, gas	\$ 1,860,605
Penalties	31,828
Rent revenue	6,000
Miscellaneous	138
Insurance claim	27,929
New service	8,715
Total revenues collected	1,935,215
Operating Expenses:	
Personnel compensation and burden	495,729
Materials and supplies	754,614
Other services and charges	58,929
Depreciation	233,790
Total operating expenses	1,543,062
Operating Income (Loss)	392,153
Non-Operating Revenues (Expenses):	
Investment income	13,489
New bond fees and premium	(81,950)
Interest expense	(89,868)
Total Non-Operating Revenues (Expenses)	(158,329)
Net Income (Loss) Before Contributions and Transfers	233,824
Transfer out	(119,194)
Change in net position	114,630
Total net position - beginning of year	2,180,739
Total net position - end of year	\$ 2,295,369

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

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

	Public Works Authority Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,933,491
Payments to employees	(495,729)
Payments to suppliers	(960,802)
Net Cash Provided by Operating Activities	<u>476,960</u>
Cash Flows from Noncapital Financing Activities:	
Increase in prepaid insurance	(3,489)
Decrease in customer deposits	(14,497)
Increase in deferred outflows related to pensions	(6,691)
Increase in deferred inflows related to pensions	44,074
Transfers to other funds	(119,194)
	<u>(99,797)</u>
Cash Flows from Capital and Related Financing Activities	
Purchases of capital assets net of disposals	(81,851)
Principal paid on debt	(405,000)
Interest and fees paid on debt	(171,818)
Net Cash Provided(used by) Capital and Related Financing Activities	<u>(658,669)</u>
Cash Flows from Investing Activities	
Interest on investments	<u>13,489</u>
Net increase (decrease) in cash and cash equivalents	(268,017)
Balance - beginning of period	<u>2,312,389</u>
Balance - end of period	<u>\$ 2,044,372</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	392,153
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	233,790
Change in assets and liabilities:	
Increase in accounts receivable	(1,724)
Decrease in accounts payable	(93,292)
Decrease in net pension liability	(53,967)
Net cash provided by operating activities	<u>\$ 476,960</u>

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



**NOTES TO FINANCIAL STATEMENTS**

TOWN OF HULBERT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

Note A – Summary of Significant Accounting Policies

The Town of Hulbert, Oklahoma, is a “Statutory Town Government” under Title 11, Oklahoma Statutes.

The Town provides the following services: Public safety (fire and police), streets and highways, public improvements, planning and zoning, and general administrative services.

As discussed further in Note A (2), these financial statements are presented on the accrual basis of accounting. This basis of accounting complies with accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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.

The Town of Hulbert is the primary government and the Hulbert Public Works Authority is a blended component unit, both of which comprise the financial reporting entity in conformity with the provisions of Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity.”

The Hulbert Public Works Authority is presented as a blended component unit. The Authority is a public trust created under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes, 2001, Section 176 to 180.03, for the use and benefit of the Town of Hulbert, Oklahoma. The authority was created to finance, develop and operate the gas, water, sewer and solid waste activities of the Town. The Authority leases the gas, 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 accounted for as an enterprise fund.

TOWN OF HULBERT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

Note A – Summary of Significant Accounting Policies - Continued

1. 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 in part by fees charged to external parties for goods or services.

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. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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 reported as nonmajor funds:

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

Note A – Summary of Significant Accounting Policies - Continued

<i>Fund</i>	<i>Brief Description</i>
Street and Alley Fund	Accounts for gasoline, excise and commercial vehicle taxes legally restricted for street and alley improvements.
Special Projects Fund	Accounts for any revenues and expenditures of grant funds.

Proprietary Funds

Enterprise Fund

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

<i>Fund</i>	<i>Brief Description</i>
Public Works Authority Fund	Accounts for the activities of the public trust in providing gas, water, wastewater, and sanitation services to the public.

Fiduciary Funds

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Town. Agency funds are generally used to account for assets that the Town holds on the behalf of others as their agent.

2. Measurement focus and Basis of Accounting

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

Measurement Focus

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, as defined in item (b) below.

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

Note A – Summary of Significant Accounting Policies - Continued

In the fund financial statement, the “current financial resources” measurement focus or the “economic resources” measurement focus is used, as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental, business-like, and component unit activities are presented using the accrual basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from measurable and awardable transactions without a provision for depreciation in the government-wide statements, but with depreciation in the proprietary fund statements, and the similar discretely presented component unit statements. This basis is in compliance with accounting principles generally accepted in the United States of America.

The Town utilizes the modified accrual basis of accounting for its governmental funds and the proprietary fund types use the accrual basis of accounting. All government-wide financials are presented on the accrual basis of accounting.

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 value, unless otherwise indicated.

In the Hulbert 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.

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

Note A – Summary of Significant Accounting Policies - Continued

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 asset's 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

Net Assets Policy

Net assets are displayed in two components:

Restricted Net Assets – Consists of net assets with constraints placed on the use of 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.

Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted”.

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

Note A – Summary of Significant Accounting Policies - Continued

Total Columns on Combined Statements

Total columns on the Combined Statements are captioned “Memorandum Only” to indicate 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 HULBERT, OKLAHOMA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

Note B - Capital Assets

Capital asset activity for the year ended June 30, 2020 is presented below.

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2020</u>
Governmental activities:				
Machinery and equipment	\$ 647,426	\$ 13,541	\$ -	\$ 660,967
Park	135,439			135,439
Building	212,423			212,423
Streets	<u>105,311</u>			<u>105,311</u>
Total governmental activities	<u>\$ 1,100,599</u>	<u>\$ 13,541</u>	<u>\$ -</u>	<u>\$ 1,114,140</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 104,500	\$ -	\$ -	\$ 104,500
Other capital assets:				
Utility property and improvements	8,359,946	81,850		8,441,796
Less accumulated depreciation for:				
Utility property and improvements	<u>(5,932,083)</u>	<u>(233,790)</u>		<u>(6,165,873)</u>
Business-type activities capital assets, net	<u>\$ 2,532,363</u>	<u>\$ (151,940)</u>	<u>\$ -</u>	<u>\$ 2,380,423</u>



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

Note C – Sales Tax

The Town is currently receiving a sales tax on each dollar of sales. All sales tax proceeds are deposited into the general fund for the purpose of paying the operation and maintenance costs incurred by the Town.

Note D - Long-Term Liabilities

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

	Beginning			Ending	Amounts
	Balance	Additions	Reductions	Balance	Due within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
Lease purchase obligation:					
General obligation debt	128,740		9,848	118,892	10,183
<b>BUSINESS-TYPE ACTIVITIES</b>					
Notes payable:					
General obligation debt	2,280,000		2,280,000	-	-
General obligation debt	-	1,970,000	95,000	1,875,000	200,000
	<u>2,280,000</u>	<u>1,970,000</u>	<u>2,375,000</u>	<u>1,875,000</u>	<u>200,000</u>

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

Note D - Long-Term Liabilities (Continued)

Payments on the notes payable that pertain to the Town's governmental activities are paid directly from the General Fund. This obligation bears 3.25% interest with annual installments in the amount of \$14,222 until April 30, 2029.

Payments on the notes payable that pertain to the Town's business-type activities are paid directly from its Public Works Authority operations. The utility system loan was made in 2009 and bears interest at rates ranging from 4.6 to 5.6% with annual installment payments in the amounts ranging from \$160,000 to \$265,000 annually until December 1, 2029. This loan was repaid in full during the current period with proceeds from a 2019 utility system loan/bond issuance.

The 2019 utility system loan is in the initial amount of \$1,970,000 dated November 1, 2019. The loan bears 2.5% interest with semi-annual installment payments ranging from \$95,000 initially to \$120,000 until December 1, 2028.

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

<u>Activities</u>	<u>Governmental Activities</u>	<u>Business-Type</u>
Year ended	Building lease/purchase	Utility system loan
June 30, 2021	\$10,183	\$200,000
June 30, 2022	10,258	205,000
June 30, 2023	10,886	210,000
June 30, 2023	11,256	220,000
June 30, 2023	11,639	220,000

Note E - Deposits and Investment Risk

On June 30, 2020, the reporting entity had the following deposits and investments.

<u>Type of Deposits and Investments</u>	<u>Carrying Value</u>
Demand deposits	\$1,831,513
Investments - certificates of deposit	<u>353,505</u>
Total Deposits and Investments	<u>\$2,185,018</u>

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

Note E – Deposits and Investment Risk(continued)

Custodial Credit Risk – Exposure to custodial credit risk 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 investment 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 last 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.

On June 30, 2020, the carrying amount of the Town’s demand deposits was \$1,831,513. Aggregate Demand deposit bank balances were \$1,861,723. Of the bank balances, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and the remaining balance of \$1,611,723 unsecured.

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

Exposure to concentration of credit risk is considered to exist when investments in any one issuer represents 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. On June 30, 2020, the Town had no concentration of credit risk as defined above.

The Town’s marketable investments on June 30, 2020 consisted of \$353,505 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 HULBERT, OKLAHOMA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

Note F – 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 investment’s risk. The following table sets forth by level, within the fair value hierarchy, the Town’s assets at fair value as of June 30, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investment Type				
Investments accounted for at fair value	-	-	-	-
Certificates of deposit (excluded from fair value measurement)				<u>\$353,505</u>
Total investments				<u>\$353,505</u>

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

Note G – Employee Retirement System

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

General Information about the Pension Plan

The Employee Retirement System of Hulbert, Oklahoma (ERS), provides pensions for all permanent full time employees of the Town. 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).

Benefits Provided

ERS provides retirement, disability and death benefits. Normal retirement benefits (accrued benefits) are calculated as 1.5% of final average compensation times the employee's years of credited service. Employees with 10 or more years of vesting service are eligible to retire at age 65. Early retirement eligibility begins with termination after age 55, with 10 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. All employees are eligible for disability retirement benefits upon total and permanent disability after 10 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.

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

Note G – Employee Retirement System-continued

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	2
Active employees	12
	17

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. For the year ended June 30, 2020, the active employee contribution rate was 3.75% of annual pay, and the Town’s average contribution rate was 9.72% of annual payroll.

Net Pension Liability

The Town’s net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total pension liability in the July 1, 2019 actuarial valuation is 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

TOWN OF HULBERT, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note G – Employee Retirement System-continued

payments. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of actuarial experience study for the period July 1, 2018 to July 1, 2019.

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

Mortality rates were based on mortality tables: Before retirement 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, 2019 are summarized in the following table.

	<u>Target Allocation</u>	<u>Real Return</u>	<u>Weighted Return</u>
Large cap stocks S&P 500	25%	5.8%	1.45%
Small/mid cap stocks Russell 2500	10%	6.4%	.64%
Long/short equity MSCI ACWI	10%	5.0%	.50%
International stocks MSCI EAFE	20%	6.2%	1.24%
Fixed income bonds Barclay's Capital Aggregate	30%	2.3%	.69%
Real estate NCREIF	5%	4.6%	.23%
	100%		
		Average Real Return	4.75%
		Inflation	<u>2.75%</u>
		Long term expected return	<u>7.50%</u>

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

Note G – Employee Retirement System-continued

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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balance at 7/1/2018</b>	\$962,356	\$ 650,537	\$ 311,819
<b>Changes for the year:</b>			
Service cost	23,478		23,478
Interest cost	70,697		70,697
Difference between expected and actual experience	(91,663)		(91,663)
Contributions - Employer		50,385	18,068
Contributions - Employee		15,654	(50,385)
Net investment income		46,337	(15,654)
Benefit payments, including refunds of contributions	(40,198)	(40,198)	(46,337)
Benefit changes due to plan amendments	0		0
Administrative expenses		(1,369)	1,369
Other changes			0
<b>Net Changes</b>	(19,618)	70,809	(90,427)
<b>Balance at 7/1/2019</b>	\$942,738	721,346	221,392

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	\$ 1,080,037	\$ 942,738	\$ 832,873
Plan Fiduciary Net Position	721,346	721,346	721,346
<b>Net Pension Liability</b>	<b>\$ 358,691</b>	<b>\$ 221,392</b>	<b>\$ 111,527</b>



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

Note G – Employee Retirement System-continued

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, 2020, the Town recognized pension expense of \$28,462. At June 30, 2020, 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	\$ 52,636	\$ (119,615)
Changes of assumptions	18,068	
Net difference between projected and actual earnings on pension plan investments	<u>(91,663)</u>	<u>                    </u>
Total	<u>\$ (20,959)</u>	<u>\$ (119,615)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows.

Year ended June 30,	
2021	\$ (7,720)
2022	(17,594)
2023	(15,431)
2024	(15,541)
2025	(10,693)

Payable to the Pension Plan The Town has a liability of \$3,112 in contributions to the pension plan for the year ended June 30, 2020.

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

Note H – Risk Management

The Town is exposed to various risk 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.

Note I – Subsequent Events

Subsequent events have been evaluated through the financial statement issuance date of July 30, 2021 with no items noted for reporting.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	GENERAL FUND			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Fund Balance, beginning of year	\$ (112,788)	\$ (112,788)	\$(112,788)	\$ -
Revenues				
Sales tax	210,000	210,000	251,191	41,191
Franchise tax	500	500	762	262
Alcoholic beverage tax	7,500	7,500	8,363	863
Licenses and permits	1,250	1,250	2,394	1,144
Fire department grant	2,000	2,000	4,642	2,642
Cherokee/UKB grant	15,000	15,000	15,000	-
REAP grant	30,000	30,000	-	(30,000)
LREC grant	-	-	-	-
Fines and forfeitures	85,000	85,000	119,504	34,504
Fire runs	1,500	1,500	1,000	(500)
Miscellaneous	24,000	24,000	15,231	(8,769)
Interest	1,400	1,400	762	(638)
Total Revenues	378,150	378,150	418,849	40,699
Expenditures				
General government	185,045	185,045	144,533	40,512
Capital outlay	44,000	44,000	13,541	30,459
Interest expense			4,040	(4,040)
Police	302,395	302,395	318,206	(15,811)
Fire	23,970	23,970	23,133	837
Total Expenditures	555,410	555,410	503,453	51,957
Excess of revenues over (under) expenditures before other sources (uses) of funds	(177,260)	(177,260)	(84,604)	92,656
Other financing sources:				
Operating transfers in-HPWA	100,000	100,000	102,194	2,194
Excess of revenues over (under) expenditures and other financing sources	(77,260)	(77,260)	17,590	\$ 94,850
Fund balances - end of period			\$ (95,198)	

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

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF HULBERT  
 BUDGETARY COMPARISON SCHEDULE  
 STREET AND ALLEY FUND  
 FOR YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fund Balance, beginning of year	\$ 17,003	\$ 17,003	\$ 17,003	\$ -
Revenues				
Commercial vehicle tax	4,000	4,000	3,845	(155)
Gasoline excise tax	1,100	1,100	1,309	209
Interest	200	200	122	(78)
Total Revenues	<u>5,300</u>	<u>5,300</u>	<u>5,276</u>	<u>(24)</u>
Expenditures paid:				
Maintenance and operation			17,020	(17,020)
Transfer to/(from HPWA)	-	2,000	(17,000)	19,000
Total Expenditures	<u>-</u>	<u>2,000</u>	<u>20</u>	<u>1,980</u>
Excess of revenues over expenses before adjustments to prior year encumbrances	<u>\$ 5,300</u>	<u>\$ 3,300</u>	<u>5,256</u>	<u>\$ 1,956</u>
Fund balances, end of period			<u>\$ 22,259</u>	

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

TOWN OF HULBERT  
 BUDGETARY COMPARISON SCHEDULE  
 SPECIAL PROJECTS - CDBG FUND  
 FOR YEAR ENDED JUNE 30, 2020

	SPECIAL PROJECTS - CDBG FUND			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Fund Balance, beginning of year	\$ 5,880	\$ 5,880	\$ 5,880	\$ -
Revenues				
Taxes				
Interest	-	-	27	27
Total Revenues	-	-	27	27
Expenditures paid:				
Personal services				
Maintenance and operation				
Capital outlay				
Total Expenditures	-	-	-	-
Excess of revenues over expenses before adjustments to prior year encumbrances	\$ -	\$ -	27	27
Fund balances, end of period			\$ 5,907	

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

TOWN OF HULBERT  
 COMBINED BALANCE SHEET - SPECIAL REVENUE FUNDS  
 FOR YEAR ENDED JUNE 30, 2020

	<u>SPECIAL PROJECTS</u>	<u>STREET AND ALLEY</u>	<u>TOTALS</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,907	\$ 21,860	\$ 27,767
Accounts receivable	-	399	399
Total Assets	<u>\$ 5,907</u>	<u>\$ 22,259</u>	<u>\$ 28,166</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	-	-	-
<b>Fund Balances</b>			
Reserved for special purpose	5,907	22,259	28,166
Unreserved	-	-	-
Total fund balances	<u>5,907</u>	<u>22,259</u>	<u>28,166</u>
Total Liabilities and Fund Balances	<u>\$ 5,907</u>	<u>\$ 22,259</u>	<u>\$ 28,166</u>

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



TOWN OF HULBERT  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR YEAR ENDED JUNE 30, 2020

	<u>SPECIAL PROJECTS CDBG</u>	<u>STREET AND ALLEY</u>	<u>TOTALS</u>
Revenues			
Taxes	\$ -	5,154	5,154
Interest earnings	<u>27</u>	<u>122</u>	<u>149</u>
Total revenues	<u>27</u>	<u>5,276</u>	<u>5,303</u>
Expenditures			
Maintenance and operation	-	17,020	17,020
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>17,020</u>	<u>17,020</u>
Excess (deficiency) of revenues over expenses	27	(11,744)	(11,717)
Other financing sources (uses)			
Operating transfers in (out)	<u>-</u>	<u>17,000</u>	<u>17,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	27	5,256	5,283
Fund balances, beginning of year	<u>5,880</u>	<u>17,003</u>	<u>22,883</u>
Fund balances, end of year	<u><u>\$ 5,907</u></u>	<u><u>22,259</u></u>	<u><u>28,166</u></u>

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

TOWN OF HULBERT, OKLAHOMA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND - MUNICIPAL COURT  
June 30, 2020

ASSETS

Cash and demand deposits	<u>\$ 21,753</u>
 Total Assets	 <u><u>\$ 21,753</u></u>

LIABILITIES AND FUND EQUITY

Liabilities	<u>\$ -</u>
 Fiduciary Net Position	
Cash Fund Balance - Restricted	<u>21,753</u>
 Total Fiduciary Net Position	 <u>21,753</u>
 Total Liabilities and Fiduciary Net Position	 <u><u>\$ 21,753</u></u>

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

TOWN OF HULBERT, OKLAHOMA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND - MUNICIPAL COURT  
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUES</u>	
Bond refunds	\$ 160,862
Interest Income	146
	161,008
Total revenues	161,008
 <u>EXPENDITURES</u>	
CLEET	7,825
Fingerprint fee	14,301
Fines and bonds refunded	122,280
Miscellaneous	11,701
	156,107
Total expenditures	156,107
Excess of revenue over/(under) expenses	4,901
Fiduciary Net Position - beginning of year	16,852
Fiduciary Net Position - end of year	\$ 21,753

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

Town of Hulbert, Oklahoma

Supplementary Information  
June 30, 2020

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
SINCE INITIAL APPLICATION

	Fiscal year 2020	Fiscal year 2019	Fiscal year 2018	Fiscal year 2017	Fiscal year 2016	Fiscal year 2015
<b>Total Pension Liability</b>						
Service cost	23,478	\$ 21,588	\$ 21,207	\$ 22,187	\$ 22,967	\$ 21,846
Interest cost	70,697	69,933	58,051	57,348	51,963	49,964
Benefit changes due to plan amendments	-	0	108,964	0	0	0
Difference between expected and actual experience	(91,663)	(41,461)	15,882	(19,229)	36,030	0
Changes of assumptions	18,068	0	22,566	0	0	0
Benefit payments, including refunds of employee contributions	(40,198)	(39,582)	(46,799)	(55,505)	(27,959)	(20,516)
<b>Net change in total pension liability</b>	<b>(19,618)</b>	<b>10,478</b>	<b>179,871</b>	<b>4,801</b>	<b>83,001</b>	<b>51,294</b>
Plan pension liability -- beginning	962,356	951,878	772,007	767,206	684,205	632,911
<b>Plan pension liability -- ending</b>	<b>\$ 942,738</b>	<b>\$ 962,356</b>	<b>\$ 951,878</b>	<b>\$ 772,007</b>	<b>\$ 767,206</b>	<b>\$ 684,205</b>
<b>Plan Fiduciary Net Position</b>						
Contributions -- Employer	50,385	\$ 39,543	\$ 31,675	\$ 34,569	\$ 39,915	\$ 38,136
Contributions -- Employee	15,654	14,924	11,367	12,507	14,324	13,685
Net investment income	46,337	43,939	65,374	3,896	14,383	67,695
Benefit payments, including refunds of employee contributions	(40,198)	(39,582)	(46,799)	(55,505)	(27,959)	(20,516)
Administrative expense	(1,369)	(1,245)	(1,145)	(1,060)	(1,059)	(1,006)
Other	-	0	0	0	0	0
<b>Net change in total pension liability</b>	<b>70,809</b>	<b>57,579</b>	<b>60,472</b>	<b>(5,593)</b>	<b>39,604</b>	<b>97,994</b>
Plan fiduciary net position -- beginning	650,537	592,958	532,486	538,079	498,475	400,481
<b>Plan fiduciary net position -- ending</b>	<b>\$ 721,346</b>	<b>\$ 650,537</b>	<b>\$ 592,958</b>	<b>\$ 532,486</b>	<b>\$ 538,079</b>	<b>\$ 498,475</b>
<b>Net pension liability -- ending</b>	<b>\$ 221,392</b>	<b>\$ 311,819</b>	<b>\$ 358,920</b>	<b>\$ 239,521</b>	<b>\$ 229,127</b>	<b>\$ 185,730</b>
<b>Plan fiduciary net position as percentage of total pension liability</b>						
Covered employee payroll	76.52%	67.60%	62.25%	68.97%	70.13%	72.85%
<b>Net pension liability position as percentage of covered employee payroll</b>	<b>\$ 404,114</b>	<b>\$ 390,078</b>	<b>\$ 345,681</b>	<b>\$ 400,696</b>	<b>\$ 424,337</b>	<b>\$ 445,069</b>
	54.78%	79.94%	103.83%	59.78%	54.00%	41.73%

SAMUEL S. ALEXANDER  
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT*  
*AUDITING STANDARDS*

To the Mayor and Board of Trustees  
Hulbert, 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 Hulbert, Oklahoma (the Town) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Hulbert, Oklahoma's basic financial statements, and have issued my report thereon dated July 30, 2021. My report included a qualified opinion on Government Activities because the financial statements did not include complete fixed assets for the governmental funds.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Town of Hulbert, Oklahoma's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Hulbert, Oklahoma's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Hulbert, 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Hulbert, Oklahoma's financial statements are free from 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 determination of financial statements amounts. 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

July 30, 2020  
Wagoner, Oklahoma

SAMUEL S. ALEXANDER

Certified Public Accountant

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Independent Accountants' Report  
On Annual Survey of City and Town Finances  
Pursuant to Section 17-105.1 of Title 11 of the Oklahoma Statute

Honorable Mayor and Members of City Council  
Town of Hulbert, Oklahoma

I have compiled the 2020 Annual Survey of the Town Finances (SA&I Form 2643) of the Town of Hulbert, Oklahoma included in the accompanying prescribed form. I have not audited or reviewed the financial statements included in the accompanying prescribed form and, accordingly, do not express an opinion or provide any assurance about whether the financial information provided in the Annual Survey is in accordance with the basis of accounting prescribed by the Oklahoma State Auditor and Inspector pursuant to Section 17-105.1 of Title 11 of the Oklahoma Statutes.

The Town's management is responsible for the preparation and fair presentation of the financial information included in the SA&I Form 2643 in accordance with the basis of accounting prescribed by the Oklahoma State Auditor and Inspector pursuant to Section 17-105.1 of Title 11 of the Oklahoma Statutes, and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial information in the Annual Survey.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the prescribed form without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial information in the SA&I Form 2643.

The SA&I Form 2643 included in the accompanying prescribed form is presented in accordance with the requirements of the Oklahoma State Auditor and Inspector pursuant to Section 17-105.1 of Title 11 of the Oklahoma Statutes, and is not intended to be a complete presentation of the Town's financial statements.

This report is intended solely for the information and use of the Town's management and the Oklahoma State Auditor and Inspector, and is not intended to be and should not be used by anyone other than these specified parties.

Wagoner, Oklahoma  
July 30, 2021