

**INDEPENDENT ACCOUNTANT'S  
AUDIT REPORT**

**TOWN OF CARNEGIE**  
Carnegie, Oklahoma

**JUNE 30, 2023**

BY



**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Year Ended June 30, 2023**

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**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Town of Carnegie  
Carnegie, Oklahoma

### Report on the Audit of the Financial Statements

#### Adverse Opinion

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town of Carnegie, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Carnegie's basic financial statements as listed in the table of contents.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on the Financial Statements as a Whole section of our report, the financial statements referred to above do not present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town of Carnegie, as of June 30, 2023, and the respective changes in modified cash basis financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

#### Basis for Adverse Opinion on the Financial Statements as a Whole

During the course of our audit, we were unable to obtain sufficient audit evidence to substantiate the financial information presented by management for airport grant funds. We also could not locate adequate documentation to substantiate approvals through board approved minutes. A lack of documentation combined with pervasive material misstatements were the main reasons for our adverse opinion. Therefore, we are unable to place reliance on any of the financial information presented in this report.

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Carnegie and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than

accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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, which raise substantial doubt about the Town of Carnegie's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are 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 our opinion. 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 for 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 a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 Carnegie'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 our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Town of Carnegie's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Carnegie's basic financial statements. The accompanying budgetary comparison information and the combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management 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 our opinion, the budgetary comparison information and the combining 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*, we have also issued our report dated August 27, 2024 on our consideration of the Town of Carnegie's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Town of Carnegie's internal control over financial reporting and compliance.

*Furrh & Associates, PC*

FURRH & ASSOCIATES, PC  
Lawton, Oklahoma  
August 27, 2024

# Town of Carnegie, OK

## Statement of Net Position

(Modified Cash Basis)

June 30, 2023

	Primary Government			Component Unit
	Governmental	Business Type		Carnegie Tri-
	Activities	Activities	Total	County
				Municipal
				Hospital
<b><u>Assets</u></b>				
Cash and Cash Equivalents - Unrestricted	\$ 117,445	\$ 40,410	\$ 157,855	\$ 0
Investments	4,417	0	4,417	0
Cash & Cash Equivalents - Restricted	130,468	13,794	144,262	12,147
Investments - Restricted	0	64,770	64,770	0
Accounts Receivable	0	83,608	83,608	0
Prepaid Assets	0	27,475	27,475	0
Lease Asset	206,437	0	206,437	0
Accumulated Amortization	(86,964)	0	(86,964)	0
Capital Assets	2,860,723	2,352,504	5,213,227	0
Accumulated Depreciation	(1,500,832)	(1,482,425)	(2,983,257)	0
Total Assets	<u>\$ 1,731,694</u>	<u>\$ 1,100,136</u>	<u>\$ 2,831,830</u>	<u>\$ 12,147</u>
<b><u>Liabilities</u></b>				
<b><u>Current Liabilities</u></b>				
Accrued Vacation	\$ 18,211	\$ 48,175	\$ 66,386	\$ 0
Accrued Payroll	25,723	8,102	33,825	0
Lease Liability	114,673	0	114,673	0
Accounts Payable	0	6,866	6,866	0
Notes Payable	0	0	0	66,371
Meter Deposits	0	55,928	55,928	0
Total Current Liabilities	<u>158,607</u>	<u>119,071</u>	<u>277,678</u>	<u>66,371</u>
<b><u>Net assets</u></b>				
Invested in Capital, Net of Related Debt	1,479,364	870,079	2,349,443	0
Restricted				
Grants	0	0	0	0
Public Works Authority	0	0	0	0
Unrestricted	<u>93,723</u>	<u>110,986</u>	<u>204,709</u>	<u>(54,224)</u>
Total Net Assets	<u>1,573,087</u>	<u>981,065</u>	<u>2,554,152</u>	<u>(54,224)</u>
Total Liabilities & Net Assets	<u>\$ 1,731,694</u>	<u>\$ 1,100,136</u>	<u>\$ 2,831,830</u>	<u>\$ 12,147</u>

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Statement of Activities**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total	
Governmental Activities:								
General Government	\$ 197,053	\$ 3,384	\$ 406,557	\$ 0	\$ 212,888	\$ 0	\$ 212,888	
Ambulance	1,038,965	647,783	0	0	(391,182)	0	(391,182)	
Public Safety - Police	586,468	68,193	0	0	(518,275)	0	(518,275)	
Culture and Recreation - Parks	109,688	37,042	0	0	(72,646)	0	(72,646)	
Culture and Recreation - Library	59,342	0	3,682	0	(55,660)	0	(55,660)	
Public Safety - Fire	36,197	1,250	0	0	(34,947)	0	(34,947)	
Streets - Street and Alley	18,860	0	0	0	(18,860)	0	(18,860)	
Judicial and Legal - Municipal Court	18,522	0	0	0	(18,522)	0	(18,522)	
Cemetery	62,492	16,534	0	0	(45,958)	0	(45,958)	
Total Governmental Activities	2,127,587	774,186	410,239	0	(943,162)	0	(943,162)	
Business-Type Activities:								
Garbage	83,063	349,007	0	0	0	265,944	265,944	
Water	484,262	315,289	0	248,240	0	79,267	79,267	
Sewer	185,494	120,770	0	0	0	(64,724)	(64,724)	
Miscellaneous	163,488	0	0	0	0	(163,488)	(163,488)	
Total Business-Type Activities	916,307	785,066	0	248,240	0	116,999	116,999	
Total Primary Government	\$ 3,043,894	\$ 1,559,252	\$ 410,239	\$ 248,240	(943,162)	116,999	(826,163)	
Component Unit:								
Carnegie Tri-County Municipal Hospital Authority	\$ 12,096	\$ 0	\$ 0	\$ 0				
Total Component Unit	\$ 12,096	\$ 0	\$ 0	\$ 0				\$ (12,096)

**General Revenue**

Taxes:				
Sales Tax	969,037	0	969,037	111,887
Franchise Tax	50,907	0	50,907	0
Use Tax	102,490	0	102,490	1,958
Alcoholic Beverage Tax	25,338	0	25,338	0
Vehicle Tax	8,639	0	8,639	0
Cigarette Tax	4,683	0	4,683	0
Interest Revenue (Expense)	588	761	1,349	4
Miscellaneous Revenue	122,938	106,443	229,381	21,169
Total General Revenue	1,284,620	107,204	1,391,824	135,018
Change in Net Assets	341,458	224,203	565,661	122,922
Net Transfers	(34,765)	34,765	0	
Net Assets, June 30, 2022	1,344,865	828,806	2,173,671	(177,146)
Prior Period Adjustment	(78,471)	(106,709)	(185,180)	0
Net Assets, June 30, 2023	\$ 1,573,087	\$ 981,065	\$ 2,554,152	\$ (54,224)

**Town of Carnegie, OK**  
**Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2023**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ 7,810	\$ 240,103	\$ 247,913
Investments	<u>0</u>	<u>4,417</u>	<u>4,417</u>
Total Assets	<u><u>\$ 7,810</u></u>	<u><u>\$ 244,520</u></u>	<u><u>\$ 252,330</u></u>
<b><u>Liabilities and Fund Balances</u></b>			
Deferred Outflows	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances			
Restricted for Grants	0	128,978	128,978
Assigned	0	0	0
Unassigned	<u>7,810</u>	<u>115,542</u>	<u>123,352</u>
Total Fund Balance	7,810	244,520	252,330
Total Liabilities and Fund Balances	<u><u>\$ 7,810</u></u>	<u><u>\$ 244,520</u></u>	<u><u>\$ 252,330</u></u>

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2023**

**Reconciliation to Statement of Net Assets**

Total Fund Balance in the Governmental Funds	\$	252,330
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Amounts reported for governmental activities in the  
Statement of Net Assets are different because:

Lease Assets used in governmental activities of \$206,437 Net of Accumulated Amortization of \$86,964 are not financial resources and, therefore, are not reported in the funds.		119,473
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Capital Assets used in governmental activities of \$2,860,723 Net of Accumulated Depreciation of \$1,500,832 are not financial resources and, therefore, are not reported in the funds.		1,359,891
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Lease Liabilities are not financial expenditures and, therefore, not reported in the funds.		(114,673)
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Accrued Vacation and Accrued Payroll are not financial expenditures and, therefore, not reported in the funds.		<u>(43,934)</u>
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<u>Net Assets of Governmental Activities</u>	<u>\$</u>	<u>1,573,087</u>
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**Town of Carnegie, OK**  
**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>Revenue</u></b>			
Taxes	\$ 868,233	\$ 292,862	\$ 1,161,095
Ambulance Service	0	647,783	647,783
Grants	316,557	93,682	410,239
Miscellaneous	92,331	25,137	117,468
Fines	11,890	56,303	68,193
Swimming Pool Revenue	31,040	0	31,040
Cemetery Revenue	11,277	5,257	16,534
Rent	4,202	1,800	6,002
Donations	20	5,450	5,470
Licenses & Permits	3,384	0	3,384
Fire Service	0	1,250	1,250
Interest	135	452	587
Total Revenue	1,339,069	1,129,976	2,469,045
<b><u>Expenditures</u></b>			
Ambulance	881,888	125,496	1,007,384
Police	664,086	0	664,086
Parks	223,890	15,776	239,666
General Government	192,363	2,780	195,143
Cemetery	21,701	48,801	70,502
Library	23,984	21,925	45,909
Fire	8,676	25,514	34,190
Street & Alley	19	18,841	18,860
Municipal Court	9,356	9,166	18,522
Total Expenditures	2,025,963	268,299	2,294,262
<b><u>Revenue Over (Under) Expenditures</u></b>	(686,894)	861,677	174,783
<b><u>Other Financing Sources</u></b>			
Transfers In/(Out)	834,568	(869,333)	(34,765)
Total Other Financing Sources	834,568	(869,333)	(34,765)
<b><u>Net Changes in Fund Balance</u></b>	147,674	(7,656)	140,018
<b><u>Fund Balance, June 30, 2022</u></b>	(10,750)	394,654	383,904
Prior Period Adjustment	(129,114)	(142,478)	(271,592)
<b><u>Fund Balance, June 30, 2023</u></b>	<u>\$ 7,810</u>	<u>\$ 244,520</u>	<u>\$ 252,330</u>

Please see accompanying notes to financial statements.

**Town of Carnegie, OK**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenue, Expenditures,**  
**and Changes in Fund Balance to the Statement of Activities**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

Total Net Change in Fund Balances - Total Governmental Funds	\$	140,018
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Amounts reported for *Governmental Activities* in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

	Capital Outlay	\$	321,040		
	Depreciation		<u>(152,058)</u>		168,982

Governmental funds do not report payroll liabilities as expenditures. However, in the Statement of Activities, the cost of those liabilities is recorded.

(43,934)

Governmental funds do not report lease liabilities as expenditures. However, in the Statement of Activities, the cost of those liabilities is recorded.

	Debt Service	\$	66,368		
	Lease Amortization		<u>(24,741)</u>		41,627

Change in Net Position of Governmental Activities	\$	<u><u>306,693</u></u>
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**Town of Carnegie, OK**  
**Carnegie Public Works Authority**  
**Enterprise Fund**  
**Statement of Net Position**  
**(Modified Cash Basis)**  
**June 30, 2023**

**ASSETS**

Current Assets:

Cash and Cash Equivalents	\$ 40,410	
Accounts Receivable	83,608	
Prepaid Assets	27,475	
Restricted Investments	64,770	
Restricted Cash and Cash Equivalents	<u>13,794</u>	
Total Current Assets		\$ 230,057

Noncurrent Assets:

Capital Assets	2,352,504	
Accumulated Depreciation	<u>(1,482,425)</u>	
Total Noncurrent Assets		<u>870,079</u>

Total Assets		<u><u>\$ 1,100,136</u></u>
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**LIABILITIES**

**Current Liabilities**

Meter Deposits	\$ 55,928	
Accrued Payroll	8,102	
Accrued Vacation	48,175	
Accounts Payable	<u>6,866</u>	
Total Current Liabilities		\$ 119,071

**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	870,079	
Restricted	0	
Unrestricted	<u>110,986</u>	
Total Net Assets		<u>981,065</u>
Total Net Assets and Liabilities		<u><u>\$ 1,100,136</u></u>

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Carnegie Public Works Authority**  
**Enterprise Fund**  
**Statement of Revenue, Expense, and Changes in Net Position**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

**Operating Revenue**

Garbage Revenue	\$ 349,007	
Water Revenue	315,289	
Grant Revenue	248,240	
Sewer Revenue	120,770	
Late Charges and Misc. Penalties	59,634	
Miscellaneous Income	34,254	
Reimbursements	12,555	
Total Operating Revenue		\$ 1,139,749

**Operating Expense**

Payroll and Related Expenses	496,657	
Depreciation	85,626	
Garbage Service Expense	83,063	
Supplies	75,469	
Telephone and Utilities	52,285	
Repairs & Maintenance	49,990	
Fuel	35,750	
Miscellaneous	17,100	
Chemicals	6,758	
Uniforms	6,630	
Meter Deposit Refunds	6,159	
Advertising	820	
Total Operating Expense		916,307

<u>Net Operating Income (Loss)</u>	223,442
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**Nonoperating Revenue (Expense)**

Interest Income	1,323	
Transfers In/(Out)	34,765	
Interest Expense	(562)	

<u>Net Nonoperating Income (Loss)</u>	35,526
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<u>Net Revenue (Loss)</u>	258,968
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<u>Total Net Assets, June 30, 2022</u>	828,806
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<u>Prior Period Adjustment</u>	(106,709)
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<u>Total Net Assets, June 30, 2023</u>	<u>\$ 981,065</u>
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Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Carnegie Public Works Authority**  
**Enterprise Fund**  
**Statement of Cash Flows**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

**Cash Flows from Operating Activities**

Receipts from Customers	\$ 742,075
Grant Revenue Received	248,240
Miscellaneous Revenue	106,443
Payments to Suppliers	(83,063)
Operating Expenses	(194,555)
Payments to Employees	(496,657)
Net Cash Provided by Operating Activities	<u>322,483</u>

**Cash Flows from Capital and Related Financing Activities**

Interest Paid	<u>(562)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(562)

**Cash Flows from Investing Activities**

Purchase New Investments	(32,376)
Purchase New Equipment	(237,966)
Interest Income	<u>1,323</u>
Net Cash Provided by Investing Activities	<u>(269,019)</u>

Net Increase (Decrease) in Cash and Cash Equivalents 52,902

Cash and Cash Equivalents - June 30, 2022 73,245

Prior Period Adjustment (71,943)

Cash and Cash Equivalents - June 30, 2023 \$ 54,204

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income	\$ 223,442
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities	
Decrease/(Increase) in Assets	(42,991)
(Decrease)/Increase in Liabilities	56,406
Depreciation Expense	<u>85,626</u>
Net Cash Provided by Operating Activities	<u><u>\$ 322,483</u></u>

Please see accompanying notes to the financial statements.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town of Carnegie, Oklahoma (the “Town”) operates under a Council-Manager form of government and provides the following services as authorized by ordinance: street and alley, municipal court, police department, fire department, cemetery, library, grants, ambulance, administrative activities, water distribution, sanitation services, and zoning and planning.

The accounting policies and presentation of the basic financial statements of the Town have been prepared in conformity with the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles, as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

**A. Financial Reporting Entity**

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town’s financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and 1) it is able to impose its will on the organization or 2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.

The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. The Town’s financial reporting entity is comprised of the following:

Primary Government:	Town of Carnegie
Blended Component Units:	Carnegie Public Works Authority
Discretely Presented Component Unit:	Carnegie Tri-County Municipal Hospital Authority

*Blended Component Units*

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit’s fund is blended into those of the Town’s by appropriate activity type to comprise the primary government presentation.

The Carnegie Public Works Authority was created to finance, develop and operate the utility services activities. The current Town Council serves as the governing body (Trustees) of the Public Works Authority. Any issuance of debt would require a two-thirds approval of the Town Council. The Public Works Authority is reported as proprietary fund.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

*Discretely Presented Component Units*

Discretely presented component units are separate legal entities that meet the component unit criteria above but do not meet the criteria for blending. Currently, the Town does have a discretely presented component unit.

The Carnegie Tri-County Municipal Hospital Authority was created under the provision of Title 60 O.S. 2001, Section 179 et seq. The Town of Carnegie is the trust beneficiary and will receive all resident trust assets upon termination of the trust. The trust was created to promote, finance and develop the hospital and health care services in the Town of Carnegie area.

**B. Basis of Presentation**

The Town's basic financial statements consist of government-wide statements, including the statement of net position and statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-Wide Financial Statements:*

The government-wide focus is on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The statement of net position and statement of activities display information about the Town as a whole.

These statements include financial activities of the primary government; fiduciary activities, if any, have been excluded. The effect of interfund activity has been removed from these statements. The government-wide statement of activities reflects both expenses and net cost of each function of the Town's governmental activities. Program revenues include charges paid by a recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program revenues, such as sales taxes, are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each Town function is self-financing or draws from the general revenues of the Town.

*Fund Financial Statements:*

The financial transactions of the Town are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Fund financial statements are provided for governmental, proprietary, and fiduciary funds. The emphasis of fund financial statements is on major governmental and proprietary funds; therefore, each is displayed in a separate column. All remaining governmental and proprietary funds are aggregated and presented as nonmajor funds.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

**Town of Carnegie**  
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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

Governmental funds are used to account for all or most of a Town's general activities, including the collection and disbursement of earmarked monies (special revenue funds).

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Operating revenues in the proprietary funds are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating. The Town's proprietary funds include the Public Works Authority.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments. As such, fiduciary funds are not reported in the government-wide statements. Currently, the Town does not have any fiduciary funds.

**C. Measurement Focus**

The government-wide statements report using the economic resources measurement focus. Proprietary and fiduciary fund financial statements also report using this same focus.

Governmental fund financial statements report using the current financial resources measurement focus. Since the governmental fund financial statements are presented on a different measurement focus than the government-wide statements (due mainly to inclusion of capital assets and long-term debt activity in the Town-wide presentation), a reconciliation is presented, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

*Basis of Accounting:*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported in the financial statements. The town maintains its accounting records for all funds on the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Modified cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from long-term debt borrowings are included as other financing sources on the fund financial statements on the date received.

Operating revenue reported in proprietary fund financial statements includes revenue and expenses related to the primary, continuing operations of the fund. Principal operating

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**Fiscal Year Ended June 30, 2023**

revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

*Fund Types and Major Funds:*

The Town reports the following major governmental fund:

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Town reports the following major enterprise funds:

The Public Works Authority is used to account for the revenues and expenses associated with providing utility services to the citizens of the Town.

**D. Cash and Investments**

The Town is statutorily limited to investing public funds in insured checking accounts, certificates of deposit, insured savings accounts, savings certificates and U.S. or Oklahoma government obligations. Certificates of deposit are reported at cost.

The Town is also required to secure collateral for invested funds in excess of amounts insured by the Federal Deposit Insurance Corporation or Federal Savings & Loan Insurance Corporation. Acceptable collateral is primarily limited to federal, state, and local government obligations.

**E. Interfund Activities and Balances**

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The Town's policy is to eliminate interfund transfers and balances in the statement of activities and net position to avoid grossing up balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfer and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

**F. Inventories**

Inventories of goods and supplies on hand at year end are not material for the primary government. Therefore, purchases of inventory type items are recorded as expenditures or expenses at the time purchased, and no balances for such inventories on hand are reported.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**G. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, right of ways, and bridges), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund type or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements, property, plant and equipment are accounted for as capital assets, net of accumulated depreciation where applicable. In the governmental fund financial statements, capital assets acquired are accounted for as capital outlay expenditures and not reported as capital assets.

Capital assets consist of building improvements, infrastructure (runway) and machinery and equipment. The Town does not have a formal capital asset policy and, therefore, no capitalization threshold is used for additions to report capital assets. Historically, any capital assets exceeding \$1,000 were capitalized. Capital assets are reported at actual or estimated historical cost.

The cost of normal maintenance and repair that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	40
Buildings	30 - 40
Building Improvements	15 - 40
Improvements	15
Loan costs	10
Machinery and equipment	5 - 10

**H. Compensated Absences**

Under terms of Town personnel policies, Town employees are granted vacation, sick, and personal leave in varying amounts, based on the length of employment. Employees do not have a limit on what they can accrue. Under the modified cash basis of accounting, the Town does not record any accrued compensated absences. Those benefits utilized in the current year are recorded through payroll.

**Town of Carnegie**  
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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

In the event of termination, an employee is not paid for accumulated vacation time. No accumulated sick leave or personal leave will be paid to an employee upon termination of employment. Due to their policy in place, no accrual is determined for their compensated absences.

**I. Long-Term Debt**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, or proprietary fund, statement of net position.

**J. Concentration of Credit Risk**

All users of the Town's utility services are located within the same geographic area within Caddo County, Oklahoma.

**K. Fund Equity**

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* - Consists of net position 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.
- c. *Unrestricted net position* - All other net position that does not meet the definition of "restricted" or "net investment in capital assets." It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements:

Fund balance is the difference between assets and liabilities in a governmental fund. The Town reports a governmental fund's fund balance into the following classifications:

- a. *Nonspendable* - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements.
- b. *Restricted* – includes amounts that can be spent only for specific purposes because of the Town Charter, Town Code, state or federal laws, or externally imposed conditions by grantors, creditors, or donors.

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**Fiscal Year Ended June 30, 2023**

- c. Committed - includes amounts that can be used only for specific purposes determined by a formal action by Town Council ordinance or resolution. The Town Council is the highest level of decision-making authority for the Town. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Town Council. The Town currently reports no committed fund balance.
- d. Assigned - includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes
- e. Unassigned – includes all spendable amounts not included in other classifications.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When an expenditure for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Proprietary fund equity is classified in the same categories and manner as the government-wide statements.

The Town presents its fund balance in accordance with the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**L. Program Revenues**

Charges for services include revenues based on exchange or exchange-like transactions, namely charges for services provided by the Town. Program specific grants and contributions (operations and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, namely donations received from third-parties or state grants received for programs operations.

**M. Related Party Transactions**

There were no material related party transactions with Town officials or employees during the year ended June 30, 2023.

**N. Estimates**

The preparation of the basic financial statements in conformity with the modified cash basis of accounting requires Town's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the basic financial statements and/or amounts of reported revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**O. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Town considers all demand and savings accounts, which are highly liquid investments, to be cash. Cash invested in certificates of deposit with an original maturity of three-months or less is considered to be a cash equivalent.

**P. Budget**

The Town did prepare and adopt a budget for the fiscal year ending June 30, 2023.

**Q. Deferred Outflow/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenses/expenditure) until then. The Town currently has items that qualify for reporting as deferred outflows of resources.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenues) until that time. The Town currently has items that qualify for reporting as deferred inflows of resources.

**NOTE 2 – CASH AND INVESTMENTS**

**Cash Deposits**

The Town's governmental and proprietary funds' cash deposits consist of checking, savings accounts, and certificates of deposits. These deposits are stated at cost. The Town is authorized by state statute to invest in obligations of the United States of America.

At June 30, 2023, the carrying amount and the bank balance of the governmental funds' cash deposits were \$247,913. Unrestricted cash deposits do not include petty cash and cash on hand. At June 30, 2023, the carrying amount and the bank balance of the proprietary funds' cash deposits were \$118,974.

At June 30, 2023, the governmental and proprietary funds held the following deposits of unrestricted funds:

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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Unrestricted Cash and Cash Equivalents**

Governmental Funds:

Cemetery Fund	\$ 44,707
Ambulance Fund	29,013
Airport Fund	12,454
Street & Alley Fund	11,015
Capital Improvement Fund	9,366
General Fund	7,810
CLEET Fund	4,759
Library Fund	59
Fire Fund	(1,738)
Total	<u>\$ 117,445</u>

**Unrestricted Cash and Cash Equivalents**

Enterprise Funds:

CPWA Fund	<u>\$ 40,410</u>
Total	<u>\$ 40,410</u>

At June 30, 2023, the governmental funds held the following deposits of restricted funds:

**Restricted Cash, Cash Equivalents and Investments**

Governmental Funds:

Ambulance Grant Fund	\$ 103,838
Library Grant Fund	17,132
Airport Grant Fund	5,192
FEMA Fund	1,884
Police Grant Fund	1,490
REAP Fund	931
CDBG Fund	1
Total	<u>\$ 130,468</u>

At June 30, 2023, the proprietary funds held the following deposits of restricted funds:

**Restricted Cash, Cash Equivalents and Investments**

CPWA Meter Fund Certificate of Deposits	\$ 64,770
CPWA Meter Fund	13,794
Total	<u>\$ 78,564</u>

**Town of Carnegie**  
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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

At June 30, 2023, the discretely presented component funds held the following deposits of restricted funds:

**Restricted Cash, Cash Equivalents and Investments**

Debt Service Fund	\$ 12,147
Total	<u>\$ 12,147</u>

Deposits and Investment Risks:

*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; or 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 does not have a formal investment policy as it relates to custodial credit risk. Acceptable collateral is limited to U.S. Treasury securities and direct debt obligations of municipalities, counties, and school districts in the State of Oklahoma. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee.

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk for their governmental and proprietary funds.

As of June 30, 2023, the Town’s cash, deposits, and investments are classified in the following categories:

- A. Insured or collateralized with securities held by the entity or by its agent in the entity’s name.
- B. Collateralized with securities held by the pledging financial institution’s trust department or agent in the entity’s name.
- C. Uncollateralized.

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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

	A	B	C	Total
Governmental Funds	\$ 252,330	\$ 0	\$ 0	\$ 252,330
Enterprise Funds	118,974	0	0	118,974
Discretely Presented Component Unit	12,147	0	0	12,147
Total	<u>\$ 383,451</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 383,451</u>

*Investment Credit Risk* – State law limits the investments available to the Town and is described below.

- a. Direct obligations of the U. S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State of Oklahoma is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with instate financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs a., b., c. and d.

Investment credit risk is the risk that an issuer or other counterpart to an investment will not fulfill its obligations. The Town has no formal policy limiting investments based on credit rating but discloses any such credit risk associated with their investments by reporting the credit quality ratings of investments in debt securities as determined by nationally recognized statistical rating organizations rating agencies. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets identical assets; Level 2 inputs are significant other observable inputs. The valuations for Level 2 measurements are determined using quoted prices for similar assets or liabilities in active markets; Level 3 inputs are significant unobservable inputs.

The Town invests \$82.981 in Certificate of Deposits.

**NOTE 3 – CAPITAL ASSETS AND DEPRECIATION**

Changes in governmental capital assets during the year ending June 30, 2023, were as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 2,539,685	\$ 1,348,774
Additions	321,038	152,058
Total	2,860,723	1,500,832
Disposals	0	0
Balance, June 30, 2023	<u>\$ 2,860,723</u>	<u>\$ 1,500,832</u>

Changes in proprietary capital assets during the year ending June 30, 2023, were as follows:

	<u>Fixed Assets</u>	<u>Accumulated Depreciation</u>
Balance, July 1, 2022	\$ 2,238,440	\$ 1,520,701
Additions	237,966	85,626
Total	2,476,406	1,606,327
Disposals	123,902	123,902
Balance, June 30, 2023	<u>\$ 2,352,504</u>	<u>\$ 1,482,425</u>

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**NOTE 4 – METER DEPOSITS**

The Town has an established policy for the reimbursement of meter deposits for their water services. Changes during the year ending June 30, 2023, were as follows:

	<u>Meter Deposits</u>
Balance, July 1, 2022	\$ 51,756
Current Year Changes	<u>4,172</u>
Balance, June 30, 2023	<u><u>\$ 55,928</u></u>

**NOTE 5 – PAYROLL RELATED LIABILITIES**

The Town has an established policy for the accrual of compensated absences owed to employees as of June 30, 2023. The balance of their accrued compensated absences is \$18,211 for their proprietary fund employees. The balance of their accrued compensated absences is \$48,175 for the governmental employees.

The Town also has a liability for the accrual of salaries earned in the fiscal year but not paid until the subsequent fiscal year. The balance of the accrued payroll for their proprietary employees as of June 30, 2023 is \$8,102. The balance of the accrued payroll for their governmental employees as of year end is \$25,723.

**NOTE 6 – PENSION**

In 2007, the Town approved and adopted a defined contribution retirement plan (the Plan) and engaged the services of LPL Financial and Fiduciary Trust Company to support the implementation and administration of the Plan.

The Plan is a defined contribution plan and participation is mandatory for all eligible employees. The Town contributes 3% of compensation to each individual's plan. To become eligible for participation, an employee must be full time and have received two form W-2s. It was noted that the Town discontinued their pension plan as of the fiscal year end June 30, 2022.

Administrative costs for the retirement plan were charged to current year operating expense.

Total retirement costs for the current year and the previous two years were as follows:

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>06/30/2021</u>
Employer Contributions	\$ 0	\$ 41,222	\$ 35,587
Total	<u>\$ 0</u>	<u>\$ 41,222</u>	<u>\$ 35,587</u>

**NOTE 7 – NOTES PAYABLE**

On December of 2013, the Carnegie Tri-County Municipal Hospital Authority issued \$1,000,000 Taxable Revenue Refunding Note Series 2013 to refinance the 2005 Revenue Note, and to service certain debts of the Carnegie Tri-County Municipal Hospital Management, Inc. The 1% sales and use tax is pledged to secure new financing. The note has a variable interest rate. The note matures in December of 2023. The following is the payment schedule:

	<u>Total</u>	<u>Current</u>	<u>Long Term</u>
Series 13 Note	\$ 66,371	\$ 66,371	\$ 0
Total	<u>\$ 66,371</u>	<u>\$ 66,371</u>	<u>\$ 0</u>

The following is the upcoming payment schedule for their Taxable Revenue Refunding Note Series 2013:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 66,371	\$ 997	\$ 67,368
Total	<u>\$ 66,371</u>	<u>\$ 997</u>	<u>\$ 67,368</u>

The current year interest expense is \$12,096.

The Town also has several other note payable for various vehicles. During our audit, we were unable to obtain accurate payments schedules for their other loans. The total interest expense for their other miscellaneous loans for the year ending June 30, 2023 was \$562.

**NOTE 8 – COMMITMENTS AND CONTINGENCIES**

In the normal course of operations, the Town used to disburse funds from numerous federal and state grant programs in previous years. These expenditures are subject to audit and approval by the grantors or their representatives. Such audits could lead to claims for reimbursement of expenditures deemed unallowable under the terms of the grants. Presently, management is unaware of any liability for such expenditures, and in the opinion of management, any such amounts would not be considered material.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**Leases**

The Town engaged in a long-term lease for the following assets:

- 2019 Chevrolet Ambulance beginning on August 31, 2021. Terms of lease are for monthly payment of \$3,624 for a 60 month period.
- 3 Police Vehicles beginning on February 22, 2023. Terms of lease are for a monthly payment of \$2,062 for a 60 month period.

Under *GASB Statement No. 87, Leases*, these leases are considered assets that are subject to depreciation.

The Town reports the future lease payments as liabilities on the financial statements. The future payments are as follows:

	Ambulance		
	Principal	Interest	Total
FYE 06/30/2022	\$ 38,854	\$ 4,628	\$ 43,482
FYE 06/30/2023	39,786	3,696	43,482
FYE 06/30/2024	40,741	2,741	43,482
FYE 06/30/2025	41,719	1,763	43,482
FYE 06/30/2026	31,747	762	32,509
	<u>\$ 192,847</u>	<u>\$ 13,590</u>	<u>\$ 206,437</u>

	Police Vehicles		
	Principal	Interest	Total
FYE 06/30/2024	\$ 22,438	\$ 2,303	\$ 24,741
FYE 06/30/2025	23,055	1,686	24,741
FYE 06/30/2026	23,689	1,052	24,741
FYE 06/30/2027	13,954	1,046	15,000
	<u>\$ 83,136</u>	<u>\$ 6,087</u>	<u>\$ 89,223</u>

**NOTE 9 – LEGAL PROCEEDINGS**

From time to time, the Town is involved in certain legal proceedings arising in the normal course of business. In the opinion of management, the ultimate disposition of such proceedings will not have a material effect on the Town's financial statements.

**Town of Carnegie**  
**Carnegie, Oklahoma**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2023**

**NOTE 10 – RISK MANAGEMENT**

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. Also, all personnel responsible for custody of cash were bonded during the fiscal year.

The Town carries multiple insurance coverage as protection against possible loss contingencies.

**NOTE 11 – MANAGEMENT EVALUATION OF SUBSEQUENT EVENTS**

Management has reviewed information to evaluate the necessity for the disclosure of subsequent events through August 27, 2024, which is the issuance date of the financial statements.



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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***

Board of Trustees  
Town of Carnegie  
Carnegie, Oklahoma

We 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, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the Town of Carnegie, Oklahoma, 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, and have issued our report thereon dated August 27, 2024.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Carnegie, Oklahoma's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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. During our audit we identified multiple deficiencies in internal control that we consider to be a significant deficiency.

Our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified multiple deficiencies in internal control that we consider to be material weaknesses.

They are identified in the following schedule. Finding 2023-1, 2023-2, 2023-3, 2023-4, and 2023-5.

As part of obtaining reasonable assurance about whether the Town of Carnegie, Oklahoma's financial statements are free from material misstatement, we 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

### **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.

*Furrh & Associates, PC*

**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma

August 27, 2024

**Town of Carnegie, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2023**

**Reportable Conditions of Internal Control, Compliance and Other Matters**

**2023-1     Segregation of Duties, (Repeat Finding)**

Condition – Only one person knows how to use the accounting program.

Effect – The financials records may be manipulated to report inaccurate information.

Cause – Lack of oversight by town council and limited personnel.

Criteria – Strong internal controls require appropriate segregation of duties.

Recommendation – We recommend that policy and procedures be implemented to ensure proper oversight.

Management response – Management will review Auditor’s recommendations and make appropriate changes.

**2023-2     Untimely Filing of Financial Audit, (Repeat Finding)**

Condition – The town did not file the audit report for fiscal year ending June 30, 2023 on time.

Effect – The Town did not receive gas taxes for fiscal year ending June 30, 2023.

Cause – Lack of oversight by town council.

Criteria – Oklahoma Statutes Title 11 Section 17-107 requires an audit to be filed no later than December 31<sup>st</sup>.

Recommendation – We recommend that the council provide oversight to ensure future audits are filed timely.

Management response – Management will review Auditor’s recommendations and make appropriate changes.

**Town of Carnegie, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2023**

**2023-3     Off Balance Sheet Accounts, (Repeat Finding)**

Condition – The Certificate of Deposits are not listed on the financial statements correctly.

Effect – The Town council does not have accurate information in which to make informed decisions for the Town.

Cause – The Certificate of Deposit amounts are not reconciled to the financial statements.

Criteria – Generally accepted accounting principles require all Certificate of Deposit accounts to be reconciled to the financial statements.

Recommendation – We recommend that the Town reconcile all bank products each month.

Management response – Management will review Auditor's recommendations and make appropriate changes.

**2023-4     Misuse of Grant Funds, (Repeat Finding)**

Condition – The Town of Carnegie spent the Children's Trust Grant, the Keeping Oklahoma Beautiful Grant, and REAP funds incorrectly.

Effect – The town could be responsible to reimburse the granting agencies for unallowed costs.

Cause – Lack of financial record organization.

Criteria – Fiscal responsibilities require proper filing of documentation.

Recommendation – We recommend that the council adopt a policy regarding grant documentation.

Management response – Management will review Auditor's recommendations and make appropriate changes.

Management response – Management will review Auditor's recommendations and make appropriate changes.

**Town of Carnegie, OK**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2023**

**2023-5     Disorderly Documentation**

Condition – The Town could not locate documentation in a timely manner for minutes or Airport Grant expenses.

Effect – Documentation could not be located to substantiate approvals in official minutes. We could also not locate adequate documentation to substantiate significant purchases using airport grant funds.

Cause – Lack of Town Council oversight in regard to office procedures.

Criteria – Oklahoma Statute 11 Section 22-131 requires documentation to be maintained for five – ten years in an orderly system.

Recommendation – We recommend that the Town adopt a policy concerning documentation retention that is in compliance with Oklahoma State Statutes.

Management response – Management will review Auditor's recommendations and make appropriate changes.

# Town of Carnegie, OK

## General Fund

### Statement of Revenue, Expenditures, and Changes in Fund Balance (Modified Cash Basis)

Budget and Actual  
Year Ended June 30, 2023

	Original / Final Budget	Actual	(Over) Under Budget
<b><u>Revenue</u></b>			
Sales Tax	\$ 775,000	\$ 684,815	\$ 90,185
Use Tax	150,000	102,490	47,510
Insurance Reimbursements	4,000	0	4,000
Franchise Tax	55,000	50,907	4,093
Oepic Revenue	65,000	0	65,000
Fines	67,500	11,890	55,610
Grants	0	316,557	(316,557)
Licenses and permit Revenue	6,580	3,384	3,196
Swimming Pool Revenue	83,000	31,040	51,960
Alcohol Beverage Tax	0	25,338	(25,338)
Miscellaneous Revenue	51,000	92,331	(41,331)
Animal Control Revenue	100	0	100
Tobacco Tax	7,000	4,683	2,317
Cemetery Revenue	7,000	11,277	(4,277)
Interest Revenue	220	135	85
Rent Revenue	7,500	4,202	3,298
Donations	100	20	80
Total Revenue	1,279,000	1,339,069	(60,069)
<b><u>Expenditures</u></b>			
<b><u>General Government</u></b>			
Personal Services	291,343	159,980	131,363
Maintenance and Operations	41,370	32,383	8,987
Total General Government	332,713	192,363	140,350
<b><u>Street &amp; Alley</u></b>			
Maintenance and Operations	860	19	841
Total Street & Alley	860	19	841

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**General Fund**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2023**

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Police Department</u></b>			
Personal Services	492,520	570,122	(77,602)
Debt Service	24,240	0	24,240
Maintenance and Operations	60,850	76,626	(15,776)
Capital Outlay	0	17,337	(17,337)
Total Police Department	<u>577,610</u>	<u>664,085</u>	<u>(86,475)</u>
<b><u>Fire Department</u></b>			
Personal Services	5,615	4,245	1,370
Maintenance and Operations	9,980	4,431	5,549
Total Fire Department	<u>15,595</u>	<u>8,676</u>	<u>6,919</u>
<b><u>Ambulance</u></b>			
Personal Services	1,034,056	870,532	163,524
Maintenance and Operations	100	2,733	(2,633)
Capital Outlay	0	8,624	(8,624)
Total Ambulance	<u>1,034,156</u>	<u>881,889</u>	<u>152,267</u>
<b><u>Library</u></b>			
Personal Services	18,875	16,911	1,964
Maintenance and Operations	10,780	7,073	3,707
Capital Outlay	1,000	0	1,000
Total Library	<u>30,655</u>	<u>23,984</u>	<u>6,671</u>
<b><u>Parks / Airport</u></b>			
Personal Services	20,725	21,857	(1,132)
Maintenance and Operations	29,920	29,744	176
Capital Outlay	0	172,289	(172,289)
Total Parks/Airport	<u>50,645</u>	<u>223,890</u>	<u>(173,245)</u>
<b><u>Cemetery</u></b>			
Maintenance and Operations	26,500	12,901	13,599
Capital Outlay	0	8,800	(8,800)
Total Cemetery	<u>26,500</u>	<u>21,701</u>	<u>4,799</u>

Please see accompanying notes to the financial statements.

# Town of Carnegie, OK

## General Fund

### Statement of Revenue, Expenditures, and Changes in Fund Balance (Modified Cash Basis)

Budget and Actual  
Year Ended June 30, 2023

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
<b><u>Municipal Court</u></b>			
Personal Services	103,522	7,383	96,139
Maintenance and Operations	2,595	1,973	622
Total Municipal Court	<u>106,117</u>	<u>9,356</u>	<u>96,761</u>
 Total Expenditures	<u>2,174,851</u>	<u>2,025,963</u>	<u>148,888</u>
 <u>Revenue Over (Under) Expenditures</u>	<u>(895,851)</u>	<u>(686,894)</u>	<u>(208,957)</u>
<b><u>Other Financing Sources (Uses)</u></b>			
Transfer In/(Out)	<u>1,580,000</u>	<u>834,568</u>	<u>745,432</u>
 Total Other Financing Sources (Uses)	<u>1,580,000</u>	<u>834,568</u>	<u>745,432</u>
 <u>Revenue and Other Financing Sources Over (Under) Expenditures &amp; Other Uses</u>	<u>684,149</u>	<u>147,674</u>	<u>536,475</u>
 <u>Fund Balance, June 30, 2022</u>	<u>1,511,082</u>	<u>\$ (10,750)</u>	<u>1,521,832</u>
 Prior Period Adjustment	<u>0</u>	<u>(129,114)</u>	<u>(129,114)</u>
 <u>Fund Balance, June 30, 2023</u>	<u>\$ 2,195,231</u>	<u>\$ 7,810</u>	<u>\$ 1,929,193</u>

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Notes to Required Supplemental Information**  
**Year Ended June 30, 2023**

**Note 1 - Notes to Required Supplemental Information**

The Town's annual operating budget should represent appropriations as authorized by the Governing Board in accordance with the provisions of the Oklahoma statutes.

The Town operates under the guidelines of the "Municipal Budget Act" which allows the Governing Board to prepare its budgets based upon its estimated revenue. In addition, revisions may be made to the budget throughout the year as authorized by the Governing Board. The legal level of control of the budget is the expenditure category. The expenditure categories required by the applicable state statutes are:

1. Personal Services
2. Maintenance and Operations
3. Capital Outlays

**Town of Carnegie, OK**  
**Nonmajor Governmental Funds**  
**Balance Sheet**  
**(Modified Cash Basis)**  
**June 30, 2023**

	<b>Street &amp; Alley Fund</b>	<b>Airport Fund</b>	<b>Fire Dept. Fund</b>	<b>Cemetery Fund</b>	<b>Ambulance Fund</b>	<b>Library Fund</b>	<b>Capital Imp.</b>	<b>Cleet Fund</b>	<b>Police Fund</b>	<b>Grant Funds</b>	<b>Total Non- Major Govt Funds</b>
<b><u>Assets</u></b>											
Cash and Cash Equiv.	\$ 11,015	\$ 12,454	\$ (1,738)	\$ 44,707	\$ 29,013	\$ 59	\$ 9,366	\$ 4,759	\$ 1,490	\$ 128,978	\$ 240,103
Investments	0	0	0	4,417	0	0	0	0	0	0	4,417
Deferred Inflow	0	0	0	0	0	0	0	0	0	0	0
Total Assets	<u>\$ 11,015</u>	<u>\$ 12,454</u>	<u>\$ (1,738)</u>	<u>\$ 49,124</u>	<u>\$ 29,013</u>	<u>59</u>	<u>\$ 9,366</u>	<u>\$ 4,759</u>	<u>\$ 1,490</u>	<u>\$ 128,978</u>	<u>\$ 244,520</u>
<b><u>Liabilities</u></b>											
Deferred Outflow	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b><u>Fund Equity</u></b>											
Restricted	0	0	0	0	0	0	0	0	0	128,978	128,978
Unrestricted	<u>11,015</u>	<u>12,454</u>	<u>(1,738)</u>	<u>49,124</u>	<u>29,013</u>	<u>59</u>	<u>9,366</u>	<u>4,759</u>	<u>1,490</u>	<u>0</u>	<u>115,542</u>
Total Fund Equity	11,015	12,454	(1,738)	49,124	29,013	59	9,366	4,759	1,490	128,978	244,520
Total Liabilities & Equity	<u>\$ 11,015</u>	<u>\$ 12,454</u>	<u>\$ (1,738)</u>	<u>\$ 49,124</u>	<u>\$ 29,013</u>	<u>\$ 59</u>	<u>\$ 9,366</u>	<u>\$ 4,759</u>	<u>\$ 1,490</u>	<u>\$ 128,978</u>	<u>\$ 244,520</u>

Please see accompanying notes to the financial statements.

**Town of Carnegie, OK**  
**Nonmajor Governmental Funds**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balance**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2023**

	<b>Street &amp; Alley Fund</b>	<b>Airport Fund</b>	<b>Fire Dept. Fund</b>	<b>Cemetery Fund</b>	<b>Ambulance Fund</b>	<b>Library Fund</b>	<b>Capital Imp.</b>	<b>Cleet Fund</b>	<b>Police Fund</b>	<b>Grant Funds</b>	<b>Total Non- Major Govt Funds</b>
<b><u>Revenue</u></b>											
Ambulance Service	\$ 0	\$ 0	\$ 0	\$ 0	\$ 647,783	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 647,783
Tax Revenue	8,639	0	0	0	284,223	0	0	0	0	0	292,862
Grants	0	0	0	0	0	0	0	0	0	93,682	93,682
Fines	0	0	0	0	0	0	0	56,303	0	0	56,303
Miscellaneous Revenue	0	14,514	0	0	0	539	9,820	0	0	264	25,137
Donations	0	0	5,450	0	0	0	0	0	0	0	5,450
Cemetery Revenue	0	0	0	5,257	0	0	0	0	0	0	5,257
Rent	0	1,800	0	0	0	0	0	0	0	0	1,800
Fire Service	0	0	1,250	0	0	0	0	0	0	0	1,250
Interest	2	0	5	113	310	0	0	7	1	14	452
<b>Total Revenue</b>	<b>8,641</b>	<b>16,314</b>	<b>6,705</b>	<b>5,370</b>	<b>932,316</b>	<b>539</b>	<b>9,820</b>	<b>56,310</b>	<b>1</b>	<b>93,960</b>	<b>1,129,976</b>
<b><u>Expenditures</u></b>											
Maintenance & Operations	18,841	8,852	25,514	48,801	125,496	6,188	2,780	9,166	0	22,661	268,299
<b>Total Expenditures</b>	<b>18,841</b>	<b>8,852</b>	<b>25,514</b>	<b>48,801</b>	<b>125,496</b>	<b>6,188</b>	<b>2,780</b>	<b>9,166</b>	<b>0</b>	<b>22,661</b>	<b>268,299</b>
<b><u>Revenue Over (Under) Expenditures</u></b>	<b>(10,200)</b>	<b>7,462</b>	<b>(18,809)</b>	<b>(43,431)</b>	<b>806,820</b>	<b>(5,649)</b>	<b>7,040</b>	<b>47,144</b>	<b>1</b>	<b>71,299</b>	<b>861,677</b>
Transfers (to)/from Other funds	11,717	0	16,605	(89,913)	(729,720)	4,909	2,326	(45,366)	0	(39,891)	(869,333)
<b><u>Fund Balance, June 30, 2022</u></b>	<b>58,307</b>	<b>4,992</b>	<b>367</b>	<b>105,550</b>	<b>5,615</b>	<b>799</b>	<b>0</b>	<b>13,585</b>	<b>1,489</b>	<b>203,950</b>	<b>394,654</b>
Prior Period Adjustment	(48,809)	0	99	76,918	(53,702)	0	0	(10,604)	0	(106,380)	(142,478)
<b><u>Fund Balance, June 30, 2023</u></b>	<b>\$ 11,015</b>	<b>\$ 12,454</b>	<b>\$ (1,738)</b>	<b>\$ 49,124</b>	<b>\$ 29,013</b>	<b>\$ 59</b>	<b>\$ 9,366</b>	<b>\$ 4,759</b>	<b>\$ 1,490</b>	<b>\$ 128,978</b>	<b>\$ 244,520</b>

Please see accompanying notes to the financial statements.

# Town of Carnegie, OK

## Grant Schedule (Modified Cash Basis)

Year Ended June 30, 2023

<u>Granting Agency</u>	<u>Award Amount</u>	<u>Prior Year Receipts</u>	<u>Prior Year Disbursements</u>	<u>Current Year Receipts</u>	<u>Current Year Disbursements</u>	<u>Unexpended Grant Funds</u>
<b>Federal</b>						
<b>Association of South Central Oklahoma Governments</b>						
REAP	\$ 90,000	\$ 0	\$ 0	\$ 90,000	\$ (89,280)	\$ 720
Cares Act	0	0	0	116,601	(116,601)	0
<b>Total Federal</b>	<u>\$ 90,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 206,601</u>	<u>\$ (205,881)</u>	<u>\$ 720</u>
<b>State</b>						
<b>OK Emergency Response System Stabilization and Improvement Revolving Fund</b>						
Project	199,956	0	0	199,956	(199,956)	0
<b>OK Department of Libraries</b>						
State Aid 2022	3,682	0	0	3,682	(3,682)	0
<b>Total State</b>	<u>\$ 203,638</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 203,638</u>	<u>\$ (203,638)</u>	<u>\$ 0</u>
<b>Other Sources</b>						
Children's Reading Charitable Trust	\$ 70,000	\$ 70,000	\$ (38,018)	\$ 0	\$ (11,570)	\$ 20,412
<b>Total Other Sources</b>	<u>\$ 70,000</u>	<u>\$ 70,000</u>	<u>\$ (38,018)</u>	<u>\$ 0</u>	<u>\$ (11,570)</u>	<u>\$ 20,412</u>
<b>Total Grant Funds</b>	<u>\$ 363,638</u>	<u>\$ 70,000</u>	<u>\$ (38,018)</u>	<u>\$ 410,239</u>	<u>\$ (421,089)</u>	<u>\$ 21,132</u>

Please see accompanying notes to the financial statements.