



TOWN OF  
**CARLTON LANDING**  
*Oklahoma*

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

As of and for the Year Ended June 30, 2022

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**Board of Trustees**

Joanne Chinnici	Mayor
Jan Summers	Clerk-Treasurer
Chuck Mai	Trustee
Kristian Brule	Trustee
Mary Myrick	Trustee
Clay Chapman	Trustee

**Town Administrator**

Greg Buckley

**Finance Director**

Amanda Harjo

44 Water Street  
Carlton Landing, Oklahoma 74332  
918-705-5005

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**Elfrink and Associates, PLLC**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Board of Trustees  
Town of Carlton Landing, Oklahoma

**Report on the Audit of the Financial Statements**

***Opinions***

We 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 Carlton Landing, Oklahoma ("Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 the 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'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, that raise substantial doubt about the Town'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6-11 and 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining and individual 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2022, on our consideration of the Town'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 solely 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 the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC  
Tulsa, Oklahoma  
October 28, 2022

## Management Discussion and Analysis

The management of the Town of Carlton Landing (“Town”) is pleased to provide this annual financial report to its citizens, taxpayers and other report users to demonstrate its accountability and communicate the Town’s financial condition and activities as of and for the year ended June 30, 2022. Management of the Town is responsible for the fair presentation of this annual report, for maintaining appropriate internal controls over financial reporting, and for complying with applicable laws, regulations, and provisions of grants and contracts.

### FINANCIAL HIGHLIGHTS

- The Town’s total net position increased by \$591,290 and the liabilities of the Town exceeded its assets at June 30, 2022, by \$705,380 (net position deficit). Of this amount, the Town had a \$2,342,342 deficit unrestricted net position available to meet the government’s ongoing needs.
- At June 30, 2022, the unassigned fund balance for the General Fund was \$612,923 or 153.8% of General Fund revenues for the year.

### ABOUT THE TOWN

The Town of Carlton Landing is a master-planned resort community in Pittsburg County, Oklahoma with a permanent population of approximately 94. The Town is governed by a six-member Board of Trustees chaired by the Mayor and operates under Oklahoma state laws and Town ordinances.

The Town provides economic development, street and alley maintenance, culture and recreation, and general administrative services for the community.

### *The Town’s Financial Reporting Entity*

This annual report includes all activities for which the Town of Carlton Landing’s Board of Trustees is financially accountable. These activities, defined as the Town’s financial reporting entity, are operated within separate legal entities that make up the primary government.

The Town’s financial reporting entity includes the following separate legal entities:

- **The Town of Carlton Landing** – an incorporated Town established October 21, 2013 that operates the streets and alleys, culture and recreation, and administrative activities of the Town – *reported as part of the primary government as “governmental” activities.*
- **The Carlton Landing Economic Development Trust** – a public trust created July 19, 2014 pursuant to 60 O.S. § 176 to finance and administer projects within or near the Town of Carlton Landing for purpose of economic and community development.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the Town of Carlton Landing (the “Town”) and the Carlton Landing Economic Development Trust (the “CLEDT”). Included in this report are government-wide statements for each of the two categories of activities - governmental and business-type.

The government-wide financial statements present the complete financial picture of the Town from the economic resources measurement focus. They present governmental activities separately and combined. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements report the Town’s operations in more detail than the government-wide statements by providing information about the Town’s governmental funds.

### **Reporting the Town as a Whole**

#### ***Government-wide financial statements***

The government-wide financial statements are designed to provide readers with a broad overview of the Town’s finances, in a manner similar to a private-sector business.

#### ***The Statement of Net position and Statement of Activities***

The statement of net position presents information on all of the Town of Carlton Landing’s assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes and earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities, we divide the Primary Government into two kinds of activities: *Governmental activities* - Most of the Town’s basic services are reported here, including the administration, and streets. Sales taxes and franchise fees finance most of these activities; and *Business-type activities* – Activities where the Town charges a fee to customers to help cover all or most of the cost of certain services it provides are reported here. The Town’s economic development activities are reported as business-type activities.

## Reporting the Town’s Fund Financial Statements

### *Fund Financial Statements*

The Town’s two kinds of funds – *governmental and proprietary* - use different accounting approaches.

*Governmental funds* - All of the Town’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. For example, these funds report the acquisition of capital assets and payments for debt principal as expenditures and not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the Town’s general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes to fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the Town’s programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

*Proprietary funds* – The CLEDT is reported as a proprietary fund. Proprietary funds are reported on an economic resources measurement focus. For example, proprietary fund capital assets are capitalized and depreciated and principal payments on long-term debt are recorded as a reduction to the liability.

### Notes to the Financial Statements

The notes provide additional information that is essential to gain an understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 26-36 of this report.

### THE TOWN AS A WHOLE

For the year ended June 30, 2022, net position for the governmental and business-type activities increased \$591,290.

	<b>Net position at June 30,</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>
Beginning net position	\$ 622,685	\$ 404,739	\$ (1,919,355)	\$ (1,804,984)	\$ (1,296,670)	\$ (1,400,245)
Increase (decrease)	240,618	217,946	350,672	(114,371)	591,290	103,575
Ending net position (deficit)	<u>\$ 863,303</u>	<u>\$ 622,685</u>	<u>\$ (1,568,683)</u>	<u>\$ (1,919,355)</u>	<u>\$ (705,380)</u>	<u>\$ (1,296,670)</u>

The largest portion of the Town’s deficit net position reflects its deficit for financing economic development costs through the issuance of revenue debt to be repaid with incremental property taxes.

TOWN OF CARLTON LANDING, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022

The following is a summary of net position for the Town of Carlton Landing as of June 30:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Assets:						
Current and other assets	\$ 904,275	\$ 685,617	\$ 1,783,750	\$ 693,371	\$ 2,688,025	\$ 1,378,988
Capital assets, net	265,496	271,103	1,461,815	1,310,058	1,727,311	1,581,161
Total assets	<u>1,169,771</u>	<u>956,720</u>	<u>3,245,565</u>	<u>2,003,429</u>	<u>4,415,336</u>	<u>2,960,149</u>
Liabilities:						
Short-term liabilities	7,900	4,035	74,248	67,784	82,148	71,819
Long-term liabilities	298,568	330,000	4,740,000	3,855,000	5,038,568	4,185,000
Total liabilities	<u>306,468</u>	<u>334,035</u>	<u>4,814,248</u>	<u>3,922,784</u>	<u>5,120,716</u>	<u>4,256,819</u>
Net position:						
Invested in capital assets, net	130,160	90,767	(2,002,151)	-	(1,871,991)	90,767
Restricted	135,296	58,994	1,628	283,335	136,924	342,329
Unrestricted	597,847	472,924	431,840	(2,202,690)	1,029,687	(1,729,766)
Total net position	<u>\$ 863,303</u>	<u>\$ 622,685</u>	<u>\$ (1,568,683)</u>	<u>\$ (1,919,355)</u>	<u>\$ (705,380)</u>	<u>\$ (1,296,670)</u>

**Changes in Net Position  
Year Ended June 30,**

	<b>Governmental</b>		<b>Business-type</b>	
	<b>Activities</b>		<b>Activities</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenues:				
Program revenues:				
Charges for services	\$ 17,222	\$ 32,423	\$ -	\$ -
General revenues:				
Sales and use tax	282,141	228,601	-	-
Other taxes	138,015	106,598	877,598	704,269
Other general revenues	5,914	-	451	140
Total revenues	<u>443,292</u>	<u>367,622</u>	<u>878,049</u>	<u>704,409</u>
Program expenses:				
General government	276,353	226,525	-	-
Streets and alleys	8,358	240	-	-
Parks and recreation	18,109	19,575	-	-
Economic development	-	-	427,231	722,116
Total expenses	<u>302,820</u>	<u>246,340</u>	<u>427,231</u>	<u>722,116</u>
Transfer to (from)	<u>100,146</u>	<u>96,664</u>	<u>(100,146)</u>	<u>(96,664)</u>
Increase/(decrease) net position	<u>240,618</u>	<u>217,946</u>	<u>350,672</u>	<u>(114,371)</u>
Beginning net position	<u>622,685</u>	<u>404,739</u>	<u>(1,919,355)</u>	<u>(1,804,984)</u>
Ending net position	<u>\$ 863,303</u>	<u>\$ 622,685</u>	<u>\$ (1,568,683)</u>	<u>\$ (1,919,355)</u>

**Governmental Activities**

The increase in net position related to governmental activities of \$240,618 is due primarily to a continued significant increase in sales tax as well as the levy of new use, franchise, and hotel taxes in the prior year.

**Business-type Activities**

The increase of \$350,672 for business-type activities is due primarily to the receipt of property tax in excess of the amount required to amortize existing debt and fund current year economic development activities.

**A FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed its 2022 fiscal year, Governmental Funds reported total fund balances of \$897,883. For the year ended June 30, 2022, the Governmental Funds' total fund balances increased by \$219,508, reflecting higher tax receipts as discussed previously.

**Budgetary Highlights**

The Town's general fund resources (inflows) were \$19,653, or 4% lower than budgeted, reflecting lower transfers from the CLEDT to fund payroll costs as well as the inclusion of property tax that was actually deposited in the sinking fund. General fund charges to appropriations were \$222,135, or 45% lower than final appropriations.

**CAPITAL ASSETS & DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2022, the Town had approximately \$1.7 million in capital assets (net of accumulated depreciation). Below are details regarding the Town's capital assets for the year ended June 30, 2022:

**Capital Assets  
June 30,**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Construction in progress	\$ 45,451	\$ 45,451	\$ 240,239	\$ 604,479	\$ 285,690	\$ 649,930
Buildings and improvements	-	-	984,615	577,761	984,615	577,761
Equipment and vehicles	4,241	4,241	-	-	4,241	4,241
Infrastructure	237,963	237,963	293,143	155,100	531,106	393,063
Totals	<u>287,655</u>	<u>287,655</u>	<u>1,517,997</u>	<u>1,337,340</u>	<u>1,805,652</u>	<u>1,624,995</u>
Less accumulated depreciation	<u>(22,159)</u>	<u>(16,552)</u>	<u>(56,182)</u>	<u>(27,282)</u>	<u>(78,341)</u>	<u>(43,834)</u>
Totals, net	<u>\$ 265,496</u>	<u>\$ 271,103</u>	<u>\$ 1,461,815</u>	<u>\$ 1,310,058</u>	<u>\$ 1,727,311</u>	<u>\$ 1,581,161</u>

This year's capital asset additions include the following:

- Completion of an outdoor pavilion
- Completion of a nature trail

**Debt Administration**

The CLEDT issued a \$1,320,000 revenue note to be repaid with incremental property tax revenues. Debt activity was as follows:

	<b>Balance</b>			<b>Balance</b>	<b>Amount Due</b>
	<b><u>July 1, 2021</u></b>	<b><u>Additions</u></b>	<b><u>Deductions</u></b>	<b><u>June 30, 2022</u></b>	<b><u>Within One Year</u></b>
Governmental activities:					
2017 GO Bond	\$ 150,000	\$ -	\$ 25,000	\$ 125,000	\$ 25,000
2018 GO Bond	80,000	-	10,000	70,000	10,000
2020 GO Bond	100,000	-	10,000	90,000	10,000
	<u>\$ 330,000</u>	<u>\$ -</u>	<u>\$ 45,000</u>	<u>\$ 285,000</u>	<u>\$ 45,000</u>
Business-type activities:					
Revenue note, Series 2018	\$ 1,190,000	\$ -	\$ 140,000	\$ 1,050,000	\$ 150,000
Revenue note, Series 2018B	745,000	-	75,000	670,000	80,000
Revenue note, Series 2019	1,285,000	-	115,000	1,170,000	120,000
Revenue note, Series 2020	635,000	-	45,000	590,000	50,000
Revenue note, Series 2021	-	1,320,000	60,000	1,260,000	75,000
	<u>\$ 3,855,000</u>	<u>\$ 1,320,000</u>	<u>\$ 435,000</u>	<u>\$ 4,740,000</u>	<u>\$ 475,000</u>

**Contacting the Town's Financial Management**

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Administrator's office at 44 Water Street, Carlton Landing, OK 74332, 918-705-5005.

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**BASIC FINANCIAL STATEMENTS – STATEMENTS OF NET POSITION AND  
ACTIVITIES**

**Statement of Net Position – June 30, 2022**

	<b>Governmental Activities</b>	<b>Business - type Activities</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 476,748	\$ 485,516	\$ 962,264
Restricted cash and cash equivalents	223,907	1,297,263	1,521,170
Accounts receivable	2,486	-	2,486
Deposit with county - road repairs	86,922	-	86,922
Due from other governments	61,193	971	62,164
Due from CLEDT	53,019	-	53,019
Total current assets	<u>904,275</u>	<u>1,783,750</u>	<u>2,688,025</u>
Noncurrent assets:			
Construction in progress	45,451	240,239	285,690
Other capital assets, net of depreciation	220,045	1,221,576	1,441,621
Total noncurrent assets	<u>265,496</u>	<u>1,461,815</u>	<u>1,727,311</u>
Total Assets	<u>1,169,771</u>	<u>3,245,565</u>	<u>4,415,336</u>
<b>Liabilities:</b>			
Current liabilities			
Due to the Town, net	-	53,019	53,019
Payroll payable	5,770	-	5,770
Accrued compensated absences - current portion	1,508	-	1,508
Accounts payable	622	-	622
Accrued interest payable	-	21,229	21,229
Notes payable - current portion	45,000	475,000	520,000
Total current liabilities	<u>52,900</u>	<u>549,248</u>	<u>602,148</u>
Noncurrent liabilities			
Bonds payable	240,000	-	240,000
Notes payable	-	4,265,000	4,265,000
Accrued compensated absences	13,568	-	13,568
Total noncurrent liabilities	<u>253,568</u>	<u>4,265,000</u>	<u>4,518,568</u>
Total Liabilities	<u>306,468</u>	<u>4,814,248</u>	<u>5,120,716</u>
<b>Net Position:</b>			
Net investment in capital assets	130,160	(2,002,151)	(1,871,991)
Restricted for streets and alleys	87,681	-	87,681
Restricted for debt service	47,615	1,628	49,243
Unrestricted	597,847	431,840	1,029,687
Total net position (deficit)	<u>\$ 863,303</u>	<u>\$ (1,568,683)</u>	<u>\$ (705,380)</u>

See accompanying notes to the basic financial statements

**Statement of Activities – Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Net (Expense) Revenue and Change in Net Position</b>		
			<b>Governmental Activities</b>	<b>Business -type Activities</b>	<b>Total</b>
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 276,353	\$ 17,222	\$ (259,131)	\$ -	\$ (259,131)
Streets and alleys	8,358	-	(8,358)	-	(8,358)
Parks and recreation	18,109	-	(18,109)	-	(18,109)
Total governmental activities	<u>302,820</u>	<u>17,222</u>	<u>(285,598)</u>	<u>-</u>	<u>(285,598)</u>
Business-type activities:					
Economic Development	427,231	-	-	(427,231)	(427,231)
<b>Total primary government</b>	<u>\$ 730,051</u>	<u>\$ 17,222</u>	<u>(285,598)</u>	<u>(427,231)</u>	<u>(712,829)</u>
General revenues:					
Taxes:					
Sales			270,978	-	270,978
Use			11,163	-	11,163
Franchise			13,546	-	13,546
Hotel			76,467	-	76,467
Property			44,004	877,598	921,602
Intergovernmental revenue			3,998	-	3,998
Investment income			-	451	451
Miscellaneous			5,914	-	5,914
Transfers			100,146	(100,146)	-
Total general revenues			<u>526,216</u>	<u>777,903</u>	<u>1,304,119</u>
Change in net position			240,618	350,672	591,290
Net position - beginning			<u>622,685</u>	<u>(1,919,355)</u>	<u>(1,296,670)</u>
Net position - ending			<u>\$ 863,303</u>	<u>\$ (1,568,683)</u>	<u>\$ (705,380)</u>

See accompanying notes to the basic financial statements

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**BASIC FINANCIAL STATEMENTS – GOVERNMENTAL FUNDS**

TOWN OF CARLTON LANDING, OKLAHOMA  
ANNUAL FINANCIAL REPORT  
As of and for the Year Ended June 30, 2022

**Balance Sheet - June 30, 2022**

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 476,067	\$ 74,243	\$ 681	\$ 550,991
Restricted cash and cash equivalents	-	-	149,664	149,664
Deposit with County - Road Repairs	86,922	-	-	86,922
Accounts receivable	2,486	-	-	2,486
Due from other governments	59,878	1,237	78	61,193
Due from other funds	80,884	-	-	80,884
 Total assets	 <u>\$ 706,237</u>	 <u>\$ 75,480</u>	 <u>\$ 150,423</u>	 <u>\$ 932,140</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Payroll payable	\$ 5,770	\$ -	\$ -	\$ 5,770
Accounts payable	622	-	-	622
Due to other funds	-	27,865	-	27,865
 Total liabilities	 <u>\$ 6,392</u>	 <u>\$ 27,865</u>	 <u>\$ -</u>	 <u>\$ 34,257</u>
<b>Fund balances:</b>				
Restricted:				
Capital projects	-	-	149,664	149,664
Streets and alleys	86,922	-	759	87,681
Debt service	-	47,615	-	47,615
Unrestricted:				
Unassigned	612,923	-	-	612,923
 Total Fund Balances	 <u>699,845</u>	 <u>47,615</u>	 <u>150,423</u>	 <u>897,883</u>
 Total liabilities and fund balances	 <u>\$ 706,237</u>	 <u>\$ 75,480</u>	 <u>\$ 150,423</u>	 <u>\$ 932,140</u>

See accompanying notes to the basic financial statements

**Statement of Revenues, Expenditures and Change in Fund Balance**

**Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Debt Service Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Taxes	\$ 372,154	\$ 47,211	\$ -	\$ 419,365
Intergovernmental	3,239	-	759	3,998
Licenses, permits, and fees	17,222	-	-	17,222
Miscellaneous	5,914	-	-	5,914
Total Revenues	398,529	47,211	759	446,499
<b>Expenditures:</b>				
General government	260,429	-	-	260,429
Streets and alleys	8,118	-	-	8,118
Total expenditures	268,547	-	-	268,547
<b>Excess (deficiency) of revenues over expenditures</b>	129,982	47,211	759	177,952
<b>Other financing sources (uses)</b>				
Debt service - principal	-	(45,000)	-	(45,000)
Debt service - interest and fees	-	(13,590)	-	(13,590)
Transfer in (out)	100,146	-	-	100,146
Total other financing sources	100,146	(58,590)	-	41,556
<b>Net change in fund balance</b>	230,128	(11,379)	759	219,508
<b>Fund balance - beginning</b>	469,717	58,994	149,664	678,375
<b>Fund balance - ending</b>	\$ 699,845	\$ 47,615	\$ 150,423	\$ 897,883

See accompanying notes to the basic financial statements

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022**

Fund balances of governmental funds	\$ 897,883
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities of \$287,655, net of accumulated depreciation of \$22,159 are not financial resources and, therefore, are not reported in the funds.	265,496
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements	(300,076)
Net position of governmental activities	\$ 863,303

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the fiscal year ended June 30, 2022:**

Net changes in fund balances - total governmental funds	\$ 219,508
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Depreciation expense	(5,607)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable revenue	(3,207)
Issuance of debt is an other financing source in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Principal payments made on general obligation bonds	45,000
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in the funds:	
Change in accrued compensated absences	(15,076)
Change in net position of governmental activities	\$ 240,618

See accompanying notes to the basic financial statements

**BASIC FINANCIAL STATEMENTS – PROPRIETARY FUNDS**

**Proprietary Fund Statement of Net Position – June 30, 2022**

	<b>Carlton Landing Economic Development Trust</b>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$	485,516
Restricted cash and cash equivalents		1,297,263
Due from other governments		971
Due from other funds		6,795
Total current assets		1,790,545
Noncurrent assets:		
Capital assets, net		1,461,815
Total assets		3,252,360
<b>LIABILITIES</b>		
Current Liabilities:		
Accrued interest payable		21,229
Due to other funds		59,814
Notes payable - current portion		475,000
Total current liabilities		556,043
Noncurrent Liabilities:		
Notes payable - long term portion		4,265,000
Total Noncurrent Liabilities		4,265,000
Total liabilities		4,821,043
<b>NET POSITION</b>		
Net investment in capital assets		-
Restricted for:		
Capital projects		1,295,635
Debt service		1,628
Unrestricted (deficit)		(2,865,946)
Total net position (deficit)	\$	(1,568,683)

See accompanying notes to the basic financial statements

**Proprietary Fund Statement of Revenues, Expenses and Change in Net Position –**

**Year Ended June 30, 2022**

	<b>Carlton Landing Economic Development Trust</b>	
<b>Operating expenses:</b>		
Economic Development	\$	75,866
Depreciation		28,900
Total operating expenses		104,766
Operating loss		(104,766)
<b>Nonoperating revenue:</b>		
Ad valorem tax		877,598
Debt issuance costs		(55,000)
Interest expense		(267,465)
Investment income		451
Transfer to Town, net		(100,146)
Total nonoperating revenue		455,438
<b>Change in net position</b>		350,672
<b>Net position - beginning</b>		(1,919,355)
<b>Net position - ending (deficit)</b>	\$	(1,568,683)

See accompanying notes to the basic financial statements

**Proprietary Fund Statement of Cash Flows – Year Ended June 30, 2022**

	<b>Carlton Landing Economic Development Trust</b>
<b>Cash flows from operating activities:</b>	
Payments to Carlton Landing Association	\$ (75,866)
Net cash used in operating activities	(75,866)
<b>Cash flows from non-capital financing activities:</b>	
Transfers to Town	(90,678)
Ad valorem tax received	882,568
Net cash provided by non-capital financing activities	791,890
<b>Cash flows from capital and related financial activities:</b>	
Proceeds from capital debt	1,320,000
Purchase of capital assets	(180,657)
Principal paid on capital debt	(435,000)
Amount paid on Town's GO Bonds in error	(6,795)
Interest and fees paid on capital debt	(263,674)
Debt issuance costs	(55,000)
Net cash provided by capital and related financing activities	378,874
<b>Cash flows from investing activities:</b>	
Investment income	451
Net cash provided by investing activities	451
<b>Net increase in cash and cash equivalents</b>	1,095,349
<b>Cash and equivalents - beginning of year</b>	687,430
<b>Cash and equivalents - end of year</b>	\$ 1,782,779
<b>Reconciliation to the Statement of Net Position:</b>	
Cash and cash equivalents	\$ 485,516
Restricted cash and cash equivalents	1,297,263
	1,782,779
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>	
Operating loss	(104,766)
Depreciation	28,900
Net cash used in operating activities	(75,866)

See accompanying notes to the basic financial statements

**FOOTNOTES TO THE BASIC FINANCIAL STATEMENTS**

## Notes to the Basic Financial Statements

### 1. Summary of Significant Accounting Policies

#### A. Financial Reporting Entity

The Town of Carlton Landing, Oklahoma was established on October 21, 2013 to establish and operate public safety, streets, health and welfare, culture and recreation, and administrative activities for the citizens of the Town. The Town's financial reporting entity is comprised of the following:

Primary Government: Town of Carlton Landing

Component Unit: Carlton Landing Economic Development Trust

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Council Statement No. 14, as amended by Statement No. 61, *The Financial Reporting Entity*, and includes all component units for which the Town is financially accountable.

#### *Blended Component Unit*

Carlton Landing Economic Development Trust – ("CLEDT") – Created July 19, 2014 to finance, operate, develop, construct, maintain, manage, market, and administer projects for investment and reinvestment on behalf of the Town. The Town's Board of Trustees also serve as Trustees for the CLEDT.

The component unit is a Public Trust pursuant to Title 60 of Oklahoma State law. Public Trusts have no taxing power. Public Trusts are generally created to finance Town services through issuance of revenue bonds or other non-general obligation debt and to enable the Town Board of Trustees to delegate certain functions to the governing body of the Trust. The Trust generally retains title to assets which are acquired or constructed with Trust debt or other Trust-generated resources. The Town, as beneficiary of the Public Trust, receives title to any residual assets when a Public Trust is dissolved.

#### B. Basis of Presentation and Accounting

##### *Government-Wide Financial Statements:*

The statements of net position and activities are reported on the accrual basis of accounting and the economic resource focus. Under the economic resource focus, all assets and liabilities, including current and noncurrent are reported along with any inflows and outflows that are deferred. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation and amortization) are recorded when the liability is incurred, or economic asset used.

Program revenues within the statement of activities that are derived directly from each activity or from parties outside the Town's taxpayers are reported as program revenues. The Town had the following program revenues in each activity:

- General Government: Licenses and permits

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose.

#### *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, net position or fund balance, revenues, and expenditures or expenses. The Town's funds are organized into two major categories: governmental and proprietary. The Town presently has no 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, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category type.
- b) Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures or expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

#### *Governmental Funds:*

The governmental funds are reported on a modified accrual basis of accounting and current financial resources measurement focus. Revenues are recorded on the modified accrual basis when earned and collected within 60 days of period end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. Only current financial assets and liabilities are generally included on the fund balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These fund financial statements use fund balance as their measure of available spendable financial resources at the end of the period.

The Town's governmental funds include:

**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 financial resources not accounted for and reported in another fund.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Sinking Fund** - Accounts for proceeds from the levy of property taxes legally restricted for the payment of principal and interest on the General Obligation Bonds. This fund is also reported as a major fund.

Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes:

**Street and Alley Fund** – Accounts for the receipt of certain taxes that are legally restricted for the maintenance of streets and alleys. This fund is reported as a nonmajor fund.

Capital project funds are used to account for and report financial resources restricted, committed, or assigned for capital outlays, including the acquisition or construction of specific capital facilities or other capital items. The reporting entity includes the following capital project fund that is reported as a non-major fund:

**GO Bond Fund** - Accounts for proceeds from the General Obligation Bonds that are restricted for various capital projects, reported as a nonmajor fund.

*Proprietary Funds:*

**Carlton Landing Economic Development Trust (CLEDT)** - The Town accounts for all proprietary activities through the Carlton Landing Economic Development Trust. For purposes of the statement of revenues, expenses and changes in fund net position, operating revenues and expenses are considered those whose cash flows are related to operating activities, while revenues and expenses related to financing, capital and investing activities are reported as non-operating or transfers and contributions.

The general fund, GO Bond Fund, Sinking Fund, and Street and Alley Fund are legally required to adopt an annual budget or appropriations. CLEDT is not required to adopt legal annual appropriations. While the trust develops an annual budget that is required to be approved by the Town (its beneficiary), it is for financial management purposes and does not constitute legal appropriations.

**C. Cash, Cash Equivalents, and Investments**

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, and money market accounts. Investments consist of long-term certificates of deposit and are reported at cost.

**D. Capital Assets and Depreciation**

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 buildings and building improvements, construction in progress, utility systems, machinery and equipment, and furniture. A capitalization threshold of \$2,000 is used to report capital assets.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives by type of asset are as follows:

- Infrastructure 50 years
- Equipment 5-7 years

## **E. Fund Balances and Net position**

### *Government-wide Financial Statements:*

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

1. *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 attributed to the acquisition, construction, or improvement of those assets.
2. *Restricted net position* – Consists of net assets with constraints placed on the use 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.
3. *Unrestricted net position* – All other net assets that do 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 restricted and unrestricted net position are available.

### *Fund Financial Statements:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. These classifications are defined as:

- Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.
- Restricted - consists of fund balance with constraints placed on the use of resources either by (1) external groups such a creditors, grantors, contributors, or laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation
- Unrestricted:
  - Committed – includes unrestricted amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority. The Town’s highest level of decision-making authority is made by ordinance.
  - Assigned – includes unrestricted amounts that are constrained by the Town’s intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance may be made by Town Board action or management decision when the Town’s Board has delegated that authority. Assignments for transfers and interest income for governmental funds are made through budgetary process.
  - Unassigned – all remaining unrestricted fund balances not reported as committed or assigned.

It is the Town’s policy to first use restricted fund balance prior to the use of unassigned fund balance when an expense is incurred for purposes for which both restricted and unrestricted fund balance are available. The Town’s policy for the use of fund balance amounts require that restricted amounts would be reduced first, followed by committed amounts and then assigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**F. Internal and Inter-fund Balances and Transfers**

The Town’s policy is to eliminate inter-fund transfers and balances in the statement of activities and net position to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances then offset in the total column in the government-wide statements. Internal transfers and balances between funds are eliminated in the fund financial statements. The Town had the following Inter-fund balances at June 30, 2022:

<u>Due to General Fund:</u>	<u>Amount</u>	<u>Due from</u>
Non-TIF Ad Valorem taxes identified by County	5,840	Sinking Fund
GO Bond payment made by General Fund in error	15,230	Sinking Fund
Legal fees paid by Town related to TIF	18,532	CLEDT
Marina project expenses - should be CLEDT	31,814	CLEDT
70% Payroll and Auto Allowance	8,143	CLEDT
Ridgeline Trail Expenses	1,325	CLEDT
	<u>80,884</u>	

**G. Use of Estimates**

Certain estimates are made in the preparation of the financial statements, such as estimated lives for capital assets depreciation.

**H. Revenues and expenses**

*Sales Tax*

The Town levies a three-cent sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission.

*Use Tax*

On September 21, 2020 the Town extended by ordinance the sales tax described above to include taxable transactions with out-of-state vendors.

*Utility Tax*

On September 21, 2020 the Town levied a franchise tax of 2% on the gross receipts from all sales of gas, power, heat, light or electricity.

*Hotel Tax*

On March 21, 2021, the Town levied a hotel tax of 5% on the gross receipts from all lodging rental activities.

*Property Tax*

The Town began levying property tax to amortize its General Obligation bonds in the 2016 tax year. On September 5, 2015, CLEDT proposed, and the Town adopted, an ordinance which created “Increment District No. 1, Town of Carlton Landing” (“TIF 1”) pursuant to the provisions of the Oklahoma Local Development Act, Title 62, Section 850 of the Oklahoma Statutes. Under these provisions, CLEDT receives one hundred percent of the new property tax revenue

attributable to increases in the value of the Increment District for a period not to exceed twenty-five years.

Property taxes are billed and collected by the Pittsburg County Treasurer’s Office and remitted to Town in the month following collection. Property taxes are levied normally in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on the property in the following October. For the year ended June 30, 2022, CLEDT received \$877,598 in property tax that was attributable to the TIF 1 activity and the Town received \$44,004 that was attributable to the levy to amortize the General Obligation Bonds. The millage rate for the 2021 levy year was 14.03 mills.

*Expenses*

In the government-wide financial statements, expenses, including depreciation of capital assets, are reported by function or activity. In the governmental fund financial statements, expenditures are reported by class as current (further reported by function), capital outlay and debt service.

**2. Detailed Notes on Transaction Classes/Accounts**

**A. Deposits and Investments**

Total Town bank deposits of \$2,483,434 as follows:

Type	Fair Value	Credit Rating	Maturities in Years	
			On Demand	Less than one
Demand deposits and cash on hand	\$ 1,186,171	n/a	\$ 1,186,171	\$ -
Money market fund - federal obligations	1,297,263	AAA	-	1,297,263
	<u>\$ 2,483,434</u>		<u>\$ 1,186,171</u>	<u>\$ 1,297,263</u>

Reconciliation to Statement of net position:

Cash and cash equivalents	\$ 962,264
Restricted - cash and cash equivalents	1,521,170
	<u>\$ 2,483,434</u>

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government deposits may not be returned to it. The Town is governed by the State Public Deposit Act which requires the Town obtain and hold collateral whose fair value exceeds the amount of uninsured deposits. Investment securities are exposed to custody credit risk if the securities are uninsured, are not registered in the name of the government, and if held by either a counterparty or a counterparty’s trust, department or agent, but not in the government’s name.

The Town’s policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. At June 30, 2022, the Town did not have exposure to custodial credit risk as described above.

*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 was not exposed to investment interest rate risk.

*Investment Credit Risk*

The Town has no investment policy that limits its investment choices other than the limitation of state law as follows:

- 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.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state 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.

*Restricted Cash*

The amounts reported as restricted assets in the statement of net position are comprised of \$74,243 held in the Sinking Fund for amortization of general obligation bonds, \$149,664 of bond proceeds held in the GO Bond Fund for capital projects, \$1,628 held in the CLEDT fund for debt service as well as \$1,295,635 of revenue note proceeds held for economic development.

**B. Capital Assets and Depreciation**

For the year ended June 30, 2022, capital asset balances changed as follows:

	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2022</u>
<b>Governmental:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 45,451	\$ -	\$ -	\$ 45,451
Total capital assets not depreciated	<u>45,451</u>	<u>-</u>	<u>-</u>	<u>45,451</u>
Capital assets being depreciated:				
Infrastructure	237,963	-	-	237,963
Equipment	4,241	-	-	4,241
Total capital assets being depreciated	<u>242,204</u>	<u>-</u>	<u>-</u>	<u>242,204</u>
Less accumulated depreciation:				
Infrastructure	14,997	4,759	-	19,756
Equipment	1,555	848	-	2,403
Total accumulated depreciation	<u>16,552</u>	<u>5,607</u>	<u>-</u>	<u>22,159</u>
Governmental, net capital assets	<u>\$ 271,103</u>	<u>\$ (5,607)</u>	<u>\$ -</u>	<u>\$ 265,496</u>
<b>Business-type:</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 604,479	\$ 180,657	\$ 544,897	\$ 240,239
Total capital assets not being depreciated	<u>604,479</u>	<u>180,657</u>	<u>544,897</u>	<u>240,239</u>
Capital assets being depreciated:				
Building	577,761	406,854	-	984,615
Infrastructure	155,100	138,043	-	293,143
Total capital assets being depreciated	<u>732,861</u>	<u>544,897</u>	<u>-</u>	<u>1,277,758</u>
Less accumulated depreciation				
Building	19,259	22,649	-	41,908
Infrastructure	8,023	6,251	-	14,274
Total accumulated depreciation	<u>27,282</u>	<u>28,900</u>	<u>-</u>	<u>56,182</u>
Business-type, capital assets	<u>\$ 1,310,058</u>	<u>\$ 696,654</u>	<u>\$ 544,897</u>	<u>\$ 1,461,815</u>

At June 30, 2022, depreciation expense was allocated to functional areas as follows:

<b>Governmental activities:</b>		<b>Business-type activities:</b>	
General government	\$ 848	Economic development	<u>\$ 28,900</u>
Streets	240		
Parks and recreation	4,519		
Total depreciation	<u>\$ 5,607</u>		

**C. Long-term debt**

On February 9, 2016, the qualified voters of the Town of Carlton Landing approved the levy of additional property tax to fund a fire station, parks and recreational facilities, arts and cultural facilities, community buildings, drainage control improvements, and street lighting in the total amount of \$9.5 million.

*Governmental Activities:*

At June 30, 2022 the governmental activities had the following debt outstanding:

*General Obligation Bonds:*

\$225,000 General Obligation Bonds, Series 2017, dated February 1, 2017, due in nine annual installments of \$25,000, , final payment due June 30, 2027, bearing interest at 4%, to be paid from a property tax levy.	\$125,000
\$100,000 General Obligation Bonds, Series 2018, dated April 1, 2018, due in eight annual installments of \$10,000, final payment due April 1, 2028, bearing interest at 4%, to be paid from a property tax levy.	70,000
\$100,000 General Obligation Bonds, Series 2020, dated March 1, 2020, due in eight annual installments of \$10,000, first payment due April 1, 2022, final payment of \$20,000 due April 1, 2030, bearing interest ranging from 2% to 4.5%, to be paid from a property tax levy.	<u>90,000</u>
Total debt to be paid from governmental activities	<u>\$ 285,000</u>

*Business-type Activities:*

At June 30, 2022, the business-type activities had the following debt outstanding:

*Revenue Notes:*

\$1,600,000 CLEDT Tax Increment Revenue Note, Taxable Series 2018, dated April 1, 2018, due in semi-annual installments over ten years, final payment due June 1, 2028, bearing interest at 5.75%, to be paid from incremental property taxes. In the event of default, the note may be declared due and payable in the manner provided in the indenture.	\$1,050,000
\$905,000 CLEDT Tax Increment Revenue Note, Taxable Series 2018B, dated March 21, 2019, due in semi-annual installments over ten years, final payment due June 1, 2029, bearing interest at 5.75%, to be paid from incremental property taxes. In the event of default, the note may be declared due and payable in the manner provided in the indenture.	670,000
\$1,455,000 CLEDT Tax Increment Revenue Note, Taxable Series 2019, dated December 20, 2019, due in semi-annual installments over ten years, final payment due June 1, 2030, bearing interest at	

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5.75%, to be paid from incremental property taxes. In the event of default, the note may be declared due and payable in the manner provided in the indenture.

1,170,000

\$1,455,000 CLEDT Tax Increment Revenue Note, Taxable Series 2020, dated December 29, 2020, due in semi-annual installments over ten years, final payment due June 1, 2031, bearing interest at 5.50%, to be paid from incremental property taxes. In the event of default, the note may be declared due and payable in the manner provided in the indenture.

590,000

\$1,320,000 CLEDT Tax Increment Revenue Note, Taxable Series 2021, dated December 2, 2021, due in semi-annual installments over ten years, final payment due June 1, 2032, bearing interest at 5.50%, to be paid from incremental property taxes. In the event of default, the note may be declared due and payable in the manner provided in the indenture.

1,260,000

Total debt to be paid from business-type activities

\$4,740,000

*Changes in Long-Term Debt:*

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Amount Due</u> <u>Within One Year</u>
<b>Governmental activities:</b>					
2017 GO Bond	\$ 150,000	\$ -	\$ 25,000	\$ 125,000	\$ 25,000
2018 GO Bond	80,000	-	10,000	70,000	10,000
2020 GO Bond	100,000	-	10,000	90,000	10,000
Accrued compensated absences	-	28,129	13,053	15,076	1,508
	<u>\$ 330,000</u>	<u>\$ 28,129</u>	<u>\$ 58,053</u>	<u>\$ 300,076</u>	<u>\$ 46,508</u>
<b>Business-type activities:</b>					
Revenue note, Series 2018	\$ 1,190,000	\$ -	\$ 140,000	\$ 1,050,000	\$ 150,000
Revenue note, Series 2018B	745,000	-	75,000	670,000	80,000
Revenue note, Series 2019	1,285,000	-	115,000	1,170,000	120,000
Revenue note, Series 2020	635,000	-	45,000	590,000	50,000
Revenue note, Series 2021	-	1,320,000	60,000	1,260,000	75,000
	<u>\$ 3,855,000</u>	<u>\$ 1,320,000</u>	<u>\$ 435,000</u>	<u>\$ 4,740,000</u>	<u>\$ 475,000</u>

*Accrued Compensated Absences*

The Town Administrator is the only employee and, per contract, accrues sick and vacation leave on an annual basis at the rate of 240 hours of Personal Time Off (PTO) and may accrue up to 360 hours.

*Annual Debt Service Requirements*

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2022 are as follows:

Year ended <u>June 30,</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 45,000	10,790	\$ 475,000	\$ 267,925
2024	45,000	9,180	500,000	240,925
2025	45,000	7,545	530,000	212,500
2026	45,000	5,885	560,000	204,801
2027	45,000	4,200	580,000	174,401
2028 to 2032	60,000	4,675	2,095,000	382,962
Total	<u>\$ 285,000</u>	<u>\$ 42,275</u>	<u>\$ 4,740,000</u>	<u>\$ 1,483,514</u>

**D. Risk Management**

The Town is exposed to various risks of loss related to torts, errors, and omissions. At June 30, 2022, the Town was covered by the following insurance policies:

General Liability	\$25,000/\$1,000,000 (\$1,000 deductible)
Fidelity (Finance Director and Treasurer)	\$10,000

**E. Commitments and Contingencies**

The Town is not involved in any legal proceedings, which normally occur in the course of operations, at this time. While legal proceedings cannot be foreseen, the Town believes that any settlement or judgment would not have a material effect on the financial condition of the Town.

**F. Defined Contribution Plan – OMRF**

On September 1, 2019 the Town provided a defined contribution plan and trust known as the Town of Carlton Landing (the “Plan”) in the form of the Oklahoma Municipal Retirement System Master Defined Contribution Plan (OMRF). OMRF operations are supervised by a nine-member Board of Trustees elected by the participating municipalities. The Plan is administered by the OMRF. The defined contribution plan is available to the Town Administrator. The employee’s contributes an amount not less than 5% of his/her compensation. The Town’s Board of Trustees determines the Town’s contribution rate each year and for the year ended June 30, 2022, contributed at the rate of 10% of employee compensation. Town contributions are immediately fully vested. The authority to establish and amend the provisions of the Plan rests with the Town’s Board of Trustees. For the year ended June 30, 2022, the following amounts related to actual contributions to the defined contribution plan:

Employee contributions made	\$4,745
Employer (Town) contributions made	\$9,490

**G. Subsequent Events**

Management has considered events through the date of this report and determined that no additional disclosures are necessary.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Budgetary Comparison Schedule – Year Ended June 30, 2022 – UNAUDITED**

	GENERAL FUND			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<b>Beginning budgetary fund balance</b>	\$ 50,000	\$ 50,000	\$ 469,717	\$ 419,717
<b>Resources (inflows):</b>				
Taxes	248,000	318,000	372,154	54,154
Intergovernmental	800	800	3,239	2,439
Ad valorem tax	55,600	55,600	-	(55,600)
Licenses and permits	23,780	23,780	17,222	(6,558)
Miscellaneous	-	-	5,914	5,914
Transfer in	120,148	120,148	100,146	(20,002)
<b>Total resources (inflows)</b>	<u>448,328</u>	<u>518,328</u>	<u>498,675</u>	<u>(19,653)</u>
<b>Amounts available for appropriation</b>	<u>498,328</u>	<u>568,328</u>	<u>968,392</u>	<u>400,064</u>
<b>Charges to appropriations (outflows):</b>				
General government	385,082	385,082	260,429	124,653
Streets and alleys	-	-	8,118	(8,118)
Debt service	55,600	55,600	-	55,600
Capital outlay	50,000	50,000	-	50,000
<b>Total charges to appropriations</b>	<u>490,682</u>	<u>490,682</u>	<u>268,547</u>	<u>222,135</u>
<b>Ending budgetary fund balance</b>	<u>\$ 7,646</u>	<u>\$ 77,646</u>	<u>\$ 699,845</u>	<u>\$ 622,199</u>

**Footnotes to the Budgetary Comparison Schedule:**

1. The budgetary comparison schedule is reported on the same modified accrual basis of accounting as governmental funds within the basic financial statements
2. The legal level of appropriation control is the department level within a fund. Transfers of appropriation within a fund require Town Administrator's approval, while supplemental appropriations require approval of the Town's Board of Trustees.

**OTHER SUPPLEMENTARY INFORMATION**

**Combining Balance Sheet – Nonmajor Governmental Funds – June 30, 2022**

	<u>Capital Project GO Bond Fund</u>	<u>Special Revenue Street and Alley Fund</u>	<u>Total Other Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ -	\$ 681	\$ 681
Restricted cash and cash equivalents	149,664	-	149,664
Due from other governments	-	78	78
<b>Total assets</b>	<b><u>\$ 149,664</u></b>	<b><u>\$ 759</u></b>	<b><u>\$ 150,423</u></b>
<b>Fund balances:</b>			
Restricted:			
Capital projects	149,664	-	149,664
Streets and alleys	-	759	759
<b>Total fund balances</b>	<b><u>\$ 149,664</u></b>	<b><u>\$ 759</u></b>	<b><u>\$ 150,423</u></b>

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor  
Governmental Funds – For the Year Ended June 30, 2022**

	<u>Capital Project GO Bond Fund</u>	<u>Special Revenue Street and Alley Fund</u>	<u>Total Other Governmental Funds</u>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 759	\$ 759
<b>Total Revenues</b>	<b><u>-</u></b>	<b><u>759</u></b>	<b><u>759</u></b>
<b>Net change in fund balance</b>	<b>-</b>	<b>759</b>	<b>759</b>
<b>Fund balance - beginning</b>	<b>149,664</b>	<b>-</b>	<b>149,664</b>
<b>Fund balance - ending</b>	<b><u>\$ 149,664</u></b>	<b><u>\$ 759</u></b>	<b><u>\$ 150,423</u></b>

**Combining Balance Sheet – General Fund Accounts – June 30m 2022**

	<u>General Fund</u>	<u>Reserve Fund</u>	<u>General Fund Total</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 309,067	\$ 167,000	476,067
Deposit with County - Road Repairs	86,922	-	86,922
Accounts receivable	2,486		2,486
Due from other governments	59,878	-	59,878
Due from other funds	80,884	-	80,884
 Total assets	 <u>\$ 539,237</u>	 <u>\$ 167,000</u>	 <u>\$ 706,237</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Payroll payable	\$ 5,770	\$ -	\$ 5,770
Accounts payable	622	-	622
 Total liabilities	 <u>6,392</u>	 <u>-</u>	 <u>6,392</u>
<b>Fund balances:</b>			
Restricted:			
Streets and alleys	86,922	-	86,922
Unrestricted:			
Assigned - reserve funds	-	167,000	167,000
Unassigned	445,923	-	445,923
 Total Fund Balances	 <u>532,845</u>	 <u>167,000</u>	 <u>699,845</u>
 Total liabilities and fund balances	 <u>\$ 539,237</u>	 <u>\$ 167,000</u>	 <u>\$ 706,237</u>

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund  
Accounts – For the Year Ended June 30, 2022**

	<b>General Fund</b>	<b>Reserve Fund</b>	<b>General Fund Total</b>
<b>Revenues:</b>			
Taxes	\$ 372,154	\$ -	\$ 372,154
Intergovernmental	3,239	-	3,239
Licenses, permits, and fees	17,222	-	17,222
Miscellaneous	5,914	-	5,914
Total Revenues	398,529	-	398,529
<b>Expenditures:</b>			
General government	260,429	-	260,429
Streets and alleys	8,118	-	8,118
Total expenditures	268,547	-	268,547
<b>Excess (deficiency) of revenues over expenditures</b>	129,982	-	129,982
<b>Other financing sources (uses)</b>			
Transfer in (out)	(66,854)	167,000	100,146
Total other financing sources	(66,854)	167,000	100,146
<b>Net change in fund balance</b>	63,128	167,000	230,128
<b>Fund balance - beginning</b>	469,717	-	469,717
<b>Fund balance - ending</b>	\$ 532,845	\$ 167,000	\$ 699,845

**INTERNAL CONTROL AND COMPLIANCE**

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**Elfrink and Associates, PLLC**

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Member of the AICPA, OSCP, and GFOA

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**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 Honorable Mayor and Board of Trustees  
Town of Carlton Landing, 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, business-type activities, and each major fund of the Town of Carlton Landing, Oklahoma ("Town"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town's basic financial statements, and have issued our report thereon dated October 28, 2022.

**Internal Control Over Financial Reporting**

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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. The results of our tests disclosed no instances of noncompliance or other matter that is 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Elfrink and Associates, PLLC*

Elfrink and Associates, PLLC

Tulsa, Oklahoma  
October 28, 2022

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**UPDATE ON INTERNAL CONTROL FINDING FROM THE PRIOR YEAR**

This schedule is presented as an addendum to accompany the *“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”*. Consideration of items listed should be made in conjunction with that report.

2021-01 – Collateralization of Uninsured Deposits

CONDITION: During the prior fiscal year, the Town had funds on deposit with a financial institution that were not adequately insured or collateralized at June 30, 2021. CLEDT deposits of approximately \$185,170 were uninsured or uncollateralized.

UPDATE: In the current year, we noted adequate collateral was pledged by the bank to the respective entity to cover uninsured deposits.