

TOWN OF CARNEY, OKLAHOMA

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

RALPH OSBORN, CPA LLP

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Board of Trustees
Town of Carney, Oklahoma

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, each major fund(except as described below), and the aggregate remaining fund information of the Town of Carney, Oklahoma, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Town of Carney's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Carney as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

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 Town of Carney, Oklahoma, 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 unmodified audit opinion.

Emphasis of Matter

We draw attention to Note A 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 opinion is not modified with respect to that 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 A; this includes determining that the modified cash basis of accounting is an acceptable basis for the presentation of the financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement 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 Town of Carney'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 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Town of Carney'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 Town of Carney'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.

Other Matters

Other information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Carney, Oklahoma's basic financial statements. The combining and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records use to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 December 12, 2024, on our consideration of Town of Carney's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Carney, Oklahoma's internal control over financial reporting and compliance.

Ralph Osborn, CPA LLP

Ralph Osborn, CPA LLP
Bristow, Oklahoma
December 12, 2024

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2023

	Primary Government		
	Governmental	Business	
	Activities	Type	Total
	Activities	Activities	
ASSETS			
Current and Cash and cash equivalents	\$ 285,713	\$ 193,103	\$ 478,816
Internal balances	-	-	-
Total current assets	<u>285,713</u>	<u>193,103</u>	<u>478,816</u>
Non-current assets:			
Capital assets			
Other capital assets net of accumulated depreciation	<u>478,306</u>	<u>1,629,136</u>	<u>2,107,442</u>
Total non-current assets	<u>478,306</u>	<u>1,629,136</u>	<u>2,107,442</u>
Total assets	<u>764,019</u>	<u>1,822,239</u>	<u>2,586,258</u>
LIABILITIES			
Current liabilities:			
Security deposits	-	33,319	33,319
Lease purchase, current	8,299	5,431	13,730
Notes payable, current	-	<u>15,778</u>	<u>15,778</u>
Total current liabilities	<u>8,299</u>	<u>54,528</u>	<u>62,827</u>
Non-current liabilities:			
Lease purchase, non-current	7,810	706	8,516
Notes payable, non-current	-	<u>461,523</u>	<u>461,523</u>
Total non-current liabilities	<u>7,810</u>	<u>462,229</u>	<u>470,039</u>
Total liabilities	<u>16,109</u>	<u>516,757</u>	<u>532,866</u>
NET POSITION			
Capital assets, net related debt	462,197	1,112,379	1,574,576
Restricted for debt service	49,645	33,319	82,964
Unrestricted	<u>236,068</u>	<u>159,784</u>	<u>395,852</u>
Total net position	<u>\$ 747,910</u>	<u>\$1,305,482</u>	<u>\$ 2,053,392</u>

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

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

FUNCTION/PROGRAMS	<u>Expenses</u>	<u>Program Revenue</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges For Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental activities					
General government	\$ 246,182	\$ -	\$ -	\$ 83,219	\$ (162,963)
Public safety	154,817	92,744	-	-	(62,073)
Street & alley	3,046	-	592	-	(2,454)
Cultural & recreational	-	-	-	-	-
Total governmental activities	<u>404,045</u>	<u>92,744</u>	<u>592</u>	<u>83,219</u>	<u>(227,490)</u>
Business-type activities					
Public utility	310,644	284,980	-	-	(25,664)
Municipal development	17,877	-	-	-	(17,877)
Total business-type activities	<u>328,521</u>	<u>284,980</u>	<u>-</u>	<u>-</u>	<u>(43,541)</u>
Total primary government	<u>\$ 732,566</u>	<u>\$377,724</u>	<u>\$ 592</u>	<u>\$ 83,219</u>	<u>\$ (271,031)</u>

	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Changes in net position:			
Net (expense) revenue	\$ (227,490)	\$ (43,541)	\$ (271,031)
General revenues and transfer			
Taxes			
Sales	157,859	-	157,859
Use	36,214	-	36,214
Franchise	19,453	-	19,453
Cigarette	1,053	-	1,053
Motor vehicle tax	3,964	-	3,964
Alcoholic beverage tax	12,021	-	12,021
Other Tax	-	-	-
Miscellaneous	11,550	6,126	17,676
Interest	6,564	257	6,821
Permits	50	-	50
Donations	1,672	-	1,672
Royalties	2,308	-	2,308
Sale of Asset	6,689	-	6,689
Transfers	(28,845)	28,845	-
Total general revenue and transfers	<u>230,552</u>	<u>35,228</u>	<u>265,780</u>
Change in net position	3,062	(8,313)	(5,251)
Net position - beginning	<u>744,848</u>	<u>1,313,795</u>	<u>2,058,643</u>
Net position - ending	<u>\$ 747,910</u>	<u>\$1,305,482</u>	<u>\$ 2,053,392</u>

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

TOWN OF CARNEY, OKLAHOMA
BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
JUNE 30, 2023

	General Fund	Other Governmental Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 236,068	\$ 49,645	\$ 285,713
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ 236,068</u>	<u>\$ 49,645</u>	<u>\$ 285,713</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-
FUND BALANCES			
Assigned	-	-	-
Unassigned	<u>236,068</u>	<u>49,645</u>	<u>285,713</u>
TOTAL FUND BALANCES	<u>236,068</u>	<u>49,645</u>	<u>285,713</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 236,068</u>	<u>\$ 49,645</u>	

Amounts reported for governmental activities in
the Statement of Net Position are different because:

Capital assets used in governmental activities
are not financial resources and therefore are
not reported as assets in governmental funds.

Capital assets	1,090,942	
Accumulated depreciation	<u>(612,636)</u>	<u>478,306</u>

Certain long-term liabilities are not due and payable
from current financial resources and, therefore, are not
reported in the funds:

Lease purchase payable		<u>(16,109)</u>
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Total net position		<u>\$ 747,910</u>
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The accompanying notes are an integral part of this financial statement.

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenue			
Sales tax	\$ 157,859	\$ -	\$ 157,859
Use tax	36,214	-	36,214
Franchise tax	19,453	-	19,453
Gasoline tax	-	592	592
Motor vehicle tax	3,964	-	3,964
Cigarette tax	1,053	-	1,053
Other tax	-	-	-
Permits	50	-	50
Alcoholic beverage tax	12,021	-	12,021
Grants	73,166	10,053	83,219
Police fines	78,088	-	78,088
Donations	500	1,172	1,672
Royalties	2,308	-	2,308
Fire contracts	-	14,656	14,656
Miscellaneous	11,175	375	11,550
Gain on sale of asset	-	6,689	6,689
Interest	6,564	-	6,564
Total revenue	<u>402,415</u>	<u>33,537</u>	<u>435,952</u>
Expenditures			
Current			
General governmental	218,216	-	218,216
Public safety	132,391	20,717	153,108
Street and alley	-	2,458	2,458
Cultural and recreational	-	-	-
Total expenditures	<u>350,607</u>	<u>23,175</u>	<u>373,782</u>
Excess (Deficiency) of Revenue Over Expenditures	51,808	10,362	62,170
Other Financing Sources			
Transfers in	-	25,245	25,245
Transfers out	<u>(40,845)</u>	<u>(13,245)</u>	<u>(54,090)</u>
Total other financing sources	<u>(40,845)</u>	<u>12,000</u>	<u>(28,845)</u>
Net change in fund balance	10,963	22,362	33,325
Fund balances, beginning	<u>225,105</u>	<u>27,283</u>	<u>252,388</u>
Fund balances, ending	<u>\$ 236,068</u>	<u>\$ 49,645</u>	<u>\$ 285,713</u>

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

TOWN OF CARNEY, OKLAHOMA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

Net changes in fund balances - total governmental funds	\$	33,325
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Amounts reported for governmental activities in
the statement of activities are different because:

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

Depreciation expense	(37,365)	
Capital outlay	<div style="border-top: 1px solid black; display: inline-block; width: 100px; margin: 0;">-</div>	(37,365)

Long-term liabilities are not due and payable
in the current period and therefore are not
reported as liabilities in the fund. Long-term
liabilities at year end consist of:

Lease proceeds	-	
Principal payments	<div style="border-top: 1px solid black; display: inline-block; width: 100px; margin: 0;">7,102</div>	<div style="border-top: 1px solid black; display: inline-block; width: 100px; margin: 0;">7,102</div>

Change in net position	\$	<div style="border-bottom: 3px double black; display: inline-block; width: 100px; margin: 0;">3,062</div>
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The accompanying notes are an integral part of this financial statement.

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
MODIFIED CASH BASIS
JUNE 30, 2023

	<u>Proprietary Funds</u>		
	<u>Carney Public Utility Authority</u>	<u>Municipal Development</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 154,974	\$ 38,129	\$ 193,103
Due from other funds	-	-	-
Total current assets	<u>154,974</u>	<u>38,129</u>	<u>193,103</u>
Non-current assets			
Capital assets:			
Capital assets, net of accumulated depreciation	<u>1,552,817</u>	<u>76,319</u>	<u>1,629,136</u>
Total non-current assets	<u>1,552,817</u>	<u>76,319</u>	<u>1,629,136</u>
Total assets	<u>1,707,791</u>	<u>114,448</u>	<u>1,822,239</u>
LIABILITIES			
Current liabilities:			
Due to other funds	-	-	-
Security deposits	33,319	-	33,319
Note payable, current	5,431	-	5,431
Note payable, current	<u>15,778</u>	<u>-</u>	<u>15,778</u>
Total current liabilities	<u>54,528</u>	<u>-</u>	<u>54,528</u>
Non-current liabilities:			
Lease payable, non current	706	-	706
Note payable, non current	<u>461,523</u>	<u>-</u>	<u>461,523</u>
Total non-current liabilities	<u>462,229</u>	<u>-</u>	<u>462,229</u>
Total liabilities	<u>516,757</u>	<u>-</u>	<u>516,757</u>
NET POSITION			
Capital assets, net related debt	1,042,197	76,319	1,118,516
Restricted	33,319	-	33,319
Unrestricted	<u>115,518</u>	<u>38,129</u>	<u>153,647</u>
Net position	<u>\$ 1,191,034</u>	<u>\$ 114,448</u>	<u>\$ 1,305,482</u>

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

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Proprietary Funds		
	Carney Public Utility Authority	Municipal Development	Total
<u>OPERATING REVENUES</u>			
Charges for services:			
Charges for services	\$ 284,980	\$ -	\$ 284,980
Other	1,000	5,126	6,126
Total operating revenues	285,980	5,126	291,106
<u>OPERATING EXPENSES</u>			
Water expense	150	-	150
Sewer expense	7,849	-	7,849
Sanitation	58,738	-	58,738
Telephone and utilities	17,986	-	17,986
Office	14,307	-	14,307
Repair and maintenance	15,675	-	15,675
Fuel	5,991	-	5,991
Payroll	88,674	-	88,674
Misc	17,949	14,686	32,635
Depreciation	57,221	3,191	60,412
Total operating expenses	284,540	17,877	302,417
Operating income (loss)	1,440	(12,751)	(11,311)
<u>NON-OPERATING REVENUE (EXPENSES)</u>			
Grants	-	-	-
Grant expenses	(333)	-	(333)
Sale of asset	-	-	-
Investment income	256	1	257
Interest on notes payable	(25,771)	-	(25,771)
Total non-operating revenue (expenses)	(25,848)	1	(25,847)
Income Before Transfers	(24,408)	(12,750)	(37,158)
<u>Other Financing Sources</u>			
Transfers in	13,245	15,600	28,845
Transfers out	-	-	-
Total other financing sources	13,245	15,600	28,845
Change in net position of business type activities	(11,163)	2,850	(8,313)
Total net position, beginning	1,202,197	111,598	1,313,795
Total net position, ending	\$ 1,191,034	\$ 114,448	\$ 1,305,482

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

TOWN OF CARNEY, OKLAHOMA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2023

	Proprietary Funds		
	Carney Public Utility Authority	Municipal Development	Total
Cash flows from operating activities			
Cash received from customers	\$ 285,980	\$ 5,126	\$ 291,106
Cash payments to employees	(88,674)	-	(88,674)
Cash payments to suppliers for goods and services	(171,788)	(14,686)	(186,474)
Net cash provided/(used) by operating activities	<u>25,518</u>	<u>(9,560)</u>	<u>15,958</u>
Cash flows from noncapital and related activities			
Transfers	<u>13,245</u>	<u>15,600</u>	<u>28,845</u>
Net cash provided/(used) by noncapital activities	<u>13,245</u>	<u>15,600</u>	<u>28,845</u>
Cash flows from capital and related financing activities			
Grant expense	(333)	-	(333)
Loan proceeds	536,402	-	536,402
Acquisition of fixed assets	(233,535)	(22,678)	(256,213)
Lease payment	(4,931)	-	(4,931)
Interest on lease	(682)	-	(682)
Interest paid on notes payable and fiscal fees	(274,500)	-	(274,500)
Principal paid on notes and leases payable	(25,089)	-	(25,089)
Net cash provided/(used) for capital and related financing activities	<u>(2,668)</u>	<u>(22,678)</u>	<u>(25,346)</u>
Cash flows from investing activities			
Interest revenue	<u>256</u>	<u>1</u>	<u>257</u>
Net cash provided/(used) by investing activities	<u>256</u>	<u>1</u>	<u>257</u>
Net increase/(decrease) in cash and cash equivalents	36,351	(16,637)	19,714
Cash and cash equivalents, beginning	<u>118,623</u>	<u>54,766</u>	<u>173,389</u>
Cash and cash equivalents, ending	<u>\$ 154,974</u>	<u>\$ 38,129</u>	<u>\$ 193,103</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 1,440	(12,751)	(11,311)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	57,221	3,191	60,412
(Increase)/decrease in due to/from	(30,806)	-	(30,806)
Increase/(decrease) in security deposits	(2,337)	-	(2,337)
Net cash provided/(used) by operating activities	<u>\$ 25,518</u>	<u>\$ (9,560)</u>	<u>\$ 15,958</u>

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Carney, Oklahoma, was incorporated under the provisions of the laws of the State of Oklahoma. The Town operates under a council form of government and is governed by a four member board of commissioners. The commissioners elect the mayor from their own body. The financial statements of the Town have been prepared in conformity with the modified cash basis, which is a change from prior year. The significant accounting policies of the government are described below.

The accompanying financial statements present the activities of the Town of Carney. The Town has considered all potential component units for which the Town is financially accountable and other organizations for which the nature and significance of their relationships with the Town are such that exclusion would cause the Town's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Town to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town.

Component Units

Component units are legally separate organizations for which the Town is financially accountable as described above. A blended component unit is a separate legal entity that meets the component unit criteria above. In addition, the blended component units provide services that almost exclusively benefit the Town even though they do not provide services directly to the Town. These component units are blended into those of the Town by appropriate fund type to constitute the primary government presentation. A discretely presented component unit is reported separate from Town fund types in the financial statements.

Blended Component Units

Carney Public Utility Authority - The Authority provides water, sewer, and sanitation services in the Town. Trustees of the Authority are made up of the mayor and Town Council of Carney. Financial transactions occur between the Town and Authority on a regular basis.

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

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the Town as a whole excluding fiduciary activities such as employee pension plans. The primary government and component units are presented separately within the financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A functional program is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers. These revenues are subject to externally imposed restrictions to these programs uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements of the Town are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are reported in separate columns with composite columns for non-major funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Measurement Focus

In the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting, as defined in item B below.

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

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus, as applied to the modified cash basis of accounting, is used as appropriate:

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

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities and the fund financial statements, governmental and business-like activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation in the government-wide statements and proprietary fund statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements of proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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 needed.

FUND TYPES AND MAJOR FUNDS

The Town reports the following major governmental funds:

General Fund - The general fund reports as the primary fund of the Town. This fund is used to account for all financial resources not reported in other funds.

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

Other governmental funds of the Town that are considered non-major funds include:

Special Revenue Funds - Account for specific revenue sources that are legally restricted or committed to expenditures for specific purposes (not including major capital projects). The following are the Town's Special Revenue Funds: Street and Alley; Fire Department Fund and Grant Fund.

Proprietary Funds - The Town reports the following major enterprise funds:

Carney Public Utilities Authority - The Authority provides certain utility services for the Town.

Carney Municipal Development Trust Authority - The Authority is to promote economic growth, cultural awareness, preservation of heritage, recreational opportunities, educational activities, tourism growth, community and civic events for the Town.

Budgetary Accounting and Control

The Town adopts an annual budget for all funds established by the governing body as required by O.S. 11 Section 17.207 through 17.210. The state statutes also require that the budget be adopted by resolution or per the town charter at the legal level of classification (fund, department, & object category) and that the budget be filed with County Clerk and the State Auditor and Inspector. The Town may transfer budgeted amounts within and among departments. The budget is prepared on a cash basis.

Investments

The Town follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The Town considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Town did not have investments to be reported in the financial statements.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is employed in the governmental funds.

Inventories and Prepaids

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost which is recorded as an expenditure at the time individual inventory items are used. Proprietary funds and similar component unit inventories are recorded at the lower of cost or market on a first-in, first-out basis. The Town has not maintained inventory records, however, the value of inventory on hand at June 30, 2023 is not believed to be material.

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Both inventories and prepaids are similarly reported in government-wide and fund financial statements.

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

Capital Assets, Depreciation, and Amortization

The Town's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The Town maintains infrastructure assets records consistent with all other capital assets. Proprietary and component unit capital assets are also reported in their respective fund and combining component units financial statements. Donated assets are stated at fair value on the date donated. The Town generally capitalizes assets as purchase and construction outlay occur. The Town maintains a capitalization threshold of \$1,000. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings and Improvements	20 years
Improvements other than buildings	20 years
Distribution systems	40 years
Equipment and vehicles	5-10 years

Compensated Absences

Employees are entitled to twelve days per year of personal leave if they have worked at least 30 hours per week the previous year. It is not reported in the financial statements.

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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

NOTE B - CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the Town will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the Town, and are held by counterparty or the counterparty's trust department but not in the name of the Town. The Town's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of June 30, 2023, all of the Town's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The Town had deposits at financial institutions with a carrying amount of approximately \$478,816 at June 30, 2023. The bank balance of the deposits at June 30, 2023 was approximately \$478,030.

Credit Risk

Fixed-income securities are subject to credit risk. However, the Town did not have fixed income securities at June 30, 2023.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitors the investment performance on an ongoing basis to limit the Town's interest rate risk. As of June 30, 2023, the Town's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

NOTE C - RESTRICTED ASSETS

The Authority has restricted cash assets for customer deposits. The following amounts were restricted at June 30, 2023:

Security deposits	\$ 33,319
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TOWN OF CARNEY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE D - CAPITAL ASSETS

Changes in capital assets.

The following table provides a summary of changes in capital assets:

	CAPITAL ASSETS, DEPRECIATED			
	Beginning			
	Balance	Additions	Retirements	Totals
PRIMARY GOVERNMENT				
Governmental activities				
Depreciable assets:				
Building and improvements	\$ 689,504	\$ -	\$ -	\$ 689,504
Equipment and vehicle	408,327	-	6,889	401,438
Total depreciable assets	<u>1,097,831</u>	<u>-</u>	<u>6,889</u>	<u>1,090,942</u>
Accumulated depreciation:				
Building and improvements	\$ 242,256	\$ 21,865	\$ -	\$ 264,121
Equipment and vehicle	337,586	17,818	6,889	348,515
Total depreciable assets	<u>579,842</u>	<u>39,683</u>	<u>6,889</u>	<u>612,636</u>
Total governmental activities	<u>\$ 517,989</u>	<u>\$ (39,683)</u>	<u>\$ -</u>	<u>\$ 478,306</u>
Business-type activities:				
Land	\$ 12,508	\$ 15,000	\$ -	\$ 27,508
Depreciable assets:				
Building and improvements	\$2,195,792	\$ 237,431	\$ -	\$2,433,223
Vehicles	2,000	-	-	2,000
Equipment	28,798	3,782	-	32,580
Total depreciable assets	<u>2,226,590</u>	<u>241,213</u>	<u>-</u>	<u>2,467,803</u>
Accumulated depreciation:				
Building and improvements	\$ 785,039	\$ 56,301	\$ -	\$ 841,340
Vehicles	2,000	-	-	2,000
Equipment	18,724	4,111	-	22,835
Total depreciable assets	<u>805,763</u>	<u>60,412</u>	<u>-</u>	<u>866,175</u>
Total business-type activities	<u>\$1,433,335</u>	<u>\$ 195,801</u>	<u>\$ -</u>	<u>\$1,629,136</u>
PRIMARY GOVERNMENT				
Capital Assets, Net	<u>\$1,951,324</u>	<u>\$ 156,118</u>	<u>\$ -</u>	<u>\$2,107,442</u>

DEPRECIATION EXPENSE

Depreciation expense was charged to functions of the primary government as follows:

GOVERNMENT ACTIVITIES

General governmental 21,277
Street and alley 17,818
Public safety 588
Cultural and recreational -

BUSINESS-TYPE ACTIVITIES

Public Utilities \$ 57,221
Municipal development 3,191

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

NOTE E - NOTES PAYABLE

The Carney Public Utilities Authority entered into loan agreements with Oklahoma Water Resource Board. The Public Utilities Authority received \$59,101 in disbursements during the year. This note was paid in full as of June 30, 2023.

The Carney Public Utilities Authority entered into loan agreements with BancFirst interim loan in the original loan amount of \$2,090,000, interest rate of 5.95%, term of 2 years, interest payments to be made until refinanced with Rural Development once the loan closes. As of June 30, 2023, only \$477,301 has been drawn down.

The following is a summary of changes in long-term debt of the proprietary fund for the year ended June 30, 2023.

	Payable at July 1, 2022	Added	Retired	Balance at June 30, 2023
OWRB	\$ 215,399	\$ 59,101	\$ (274,500)	\$ -
Banc First	-	477,301	-	477,301
	<u>\$ 215,399</u>	<u>\$ 536,402</u>	<u>\$ (274,500)</u>	<u>\$ 477,301</u>

Repayment on the BancFirst Interim financing loan will not begin until it is refinanced with Rural Development once the loan closes.

The Authority paid interest in the amount of \$25,771 on its outstanding bonds during the fiscal year.

NOTE F - LEASE OBLIGATIONS

The Town and the Public Utilities Authority has entered into lease agreements as lessee for financing the acquisition of equipment. The lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at June 30, is as follows:

<u>Year ending June 30</u>	<u>Rescue Truck</u>	<u>PUA Tractor</u>	<u>Total</u>
2024	\$ 8,299	\$ 5,431	\$ 13,730
2025	8,299	836	9,135
2026	889	-	889
Total minimum lease payments	17,487	6,267	23,754
Less: Amount representing interest	(1,378)	(130)	(1,508)
Present value of future minimum lease payments	<u>\$ 16,840</u>	<u>\$ 6,137</u>	<u>\$ 22,977</u>

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

NOTE G - COMPENSATED ABSENCES

The Town does not report accrued expenses under the modified cash basis of accounting.

NOTE H - PENSION OBLIGATIONS

The Town participates in two pension plans:

Simple IRA through American Funds

Beginning January 1, 2022, the Town began a Simple IRA plan administered through American Funds. Under the new plan, employees are eligible to participate after completion of 90 days of service for full-time employees (30 hrs per week). Employees from The Town of Carney and the PUA are both allowed to participate. The employer contribution rate is up to 3% matching. Benefits are determined based on the amount contributed to the retirement plan.

The Town contributed \$11,822 and \$389 to employee pensions for the year ending June 30, 2023 and June 30, 2022, respectively. At June 30, 2023, the town had no deferred pension liabilities.

Oklahoma Police and Firefighter's Pension and Retirement Systems

The Town of Carney participates in the statewide, cost-sharing multiple-employer defined benefit plan on behalf of firefighters. The system is administered by the agency of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	Oklahoma Firefighter's Pension <u>And Retirement System</u>
Eligibility to Participate	All full-time or voluntary Firefighters of a participating municipality hired before age 45
Authority establishing contribution obligations and benefit provisions	State Statute
Plan members' contribution rate	8% of covered payroll
Town's contribution rate	13% of covered payroll
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	20 years credited service, 2 ½% of Final average salary multiplied by The years of credited service with A Maximum of 30 years considered; If Vested, at or after Age 50, or after 10 but before 20 years of Credited service, with reduced Benefits.
Benefits and eligibility for distribution (Volunteer)	20 years credited service equal to \$5.46 per month per year of service. With a maximum of 30years considered
Deferred retirement option	Yes, 20 years credited service With continued service for 30 or More years

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

Provisions for:	
Cost of living adjustments (normal retirement)	Yes, if vested by 5/83
Death (duty, non-duty, post-retirement)	Yes
Disability	Yes
Cost of living allowances	Yes

Contributions required by State Statute:

Oklahoma Firefighter's Pension And Retirement System		
<u>Fiscal Year</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
2023	\$ 540	100%
2022	300	100%
2021	420	100%

Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from Oklahoma Firefighters Pension and Retirement System, 4545 North Lincoln Blvd., Suite 265, Oklahoma.

Volunteer firefighters receive a monthly pension based on their years of service. The volunteer may receive death or spousal benefits if certain conditions are met.

NOTE We - PROPRIETARY FUND WORKING CAPITAL

The net working capital of the enterprise fund (current assets less current liabilities) was \$138,575 at June 30, 2023.

NOTE J - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for risk of loss, including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The Town retained legal counsel to defend it in any legal action.

NOTE K - FEDERAL STATE GRANTS

In the normal course of operations, the Town receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authorities the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE L - SUBSEQUENT EVENTS

The Town has evaluated subsequent events and contingencies through December 12, 2024, the date which financial statements were available. As of June 30, 2023, the Town has drawn down \$477,301 from BancFirst. Once the Rural Development loan closes, the BancFirst interim loan will be refinanced into a Rural Development loan.

TOWN OF CARNEY
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

	Grant	Street & Alley	Fire	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1	\$ 24,883	\$ 24,761	\$ 49,645
Due from other funds	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1</u></u>	<u><u>\$ 24,883</u></u>	<u><u>\$ 24,761</u></u>	<u><u>\$ 49,645</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	1	24,883	24,761	49,645
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>1</u>	<u>24,883</u>	<u>24,761</u>	<u>49,645</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 1</u></u>	<u><u>\$ 24,883</u></u>	<u><u>\$ 24,761</u></u>	<u><u>\$ 49,645</u></u>

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

TOWN OF CARNEY, OKLAHOMA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Grant	Street & Alley	Fire	Total Governmental Funds
Revenue				
Gasoline tax	\$ -	\$ 592	\$ -	\$ 592
Other tax	-	-	-	-
Intergovernmental	-	-	10,053	10,053
Donations	-	-	1,172	1,172
Fire contracts	-	-	14,656	14,656
Miscellaneous	-	375	-	375
Gain on sale of assets	-	-	6,689	6,689
Total revenue	-	967	32,570	33,537
Expenditures				
Current				
General Government	-	-	-	-
Public safety	-	-	20,717	20,717
Street and alley	-	2,458	-	2,458
Total expenditures	-	2,458	20,717	23,175
Excess (Deficiency) of Revenue Over Expenditures	-	(1,491)	11,853	10,362
Other Financing Sources				
Transfers in	13,245	12,000	-	25,245
Transfers out	(13,245)	-	-	(13,245)
Total other financing sources	-	12,000	-	12,000
Net change in fund balance	-	10,509	11,853	22,362
Fund balances, beginning	1	14,374	12,908	27,283
Fund balances, ending	<u>\$ 1</u>	<u>\$ 24,883</u>	<u>\$ 24,761</u>	<u>\$ 49,645</u>

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

RALPH OSBORN, CPA LLP

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

To the Board of Trustees
Town of Carney
Carney, Oklahoma

We have audited the accompanying financial statements-modified cash basis, of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Carney, Oklahoma, as of and for the year ended June 30, 2023, which collectively comprise the Town of Carney, Oklahoma's basic financial statements, and have issued our report thereon dated December 12, 2024. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, We considered Town of Carney, Oklahoma's internal control over financial reporting (internal control) as basis for designing 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 Town of Carney, Oklahoma's internal control. Accordingly, We do not express an opinion of the effectiveness of Town of Carney, Oklahoma's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 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 Town of Carney, Oklahoma'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and a We do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sincerely,

Ralph Osborn, CPA LLP

Ralph Osborn, CPA LLP
Bristow, Oklahoma
December 12, 2024