

**PERKINS INDUSTRIAL  
DEVELOPMENT AUTHORITY  
(A COMPONENT UNIT OF THE CITY OF PERKINS)  
Perkins, Oklahoma**

**FINANCIAL STATEMENTS & INDEPENDENT  
AUDITORS REPORT**

**For the Year Ended June 30, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees,  
Perkins Industrial Development Authority  
Perkins, OK

**Report on the Financial Statements**

I have audited the accompanying financial statements of the business type activity, and the aggregate remaining fund information of the Perkins Industrial Development Authority, (the Authority), a component unit of the City of Perkins, Oklahoma, as of and for the year ended June 30, 2019, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Correction of Error**

As described in Note 5 to the financial statements, beginning net position was restated to correct a calculation error in accounts receivable.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

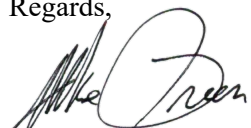
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Net Position are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Net Position and the Combining Schedule of Revenues, Expenses, and Changes in Net Position are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Combining Schedule of Net Position and the Combining Schedule of Revenue, Expenses, and Changes in Net Position are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, I have also issued a report dated November 26, 2019 on my consideration of the Authority's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Regards,



Michael Green, CPA

November 26, 2019

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF PERKINS, OK**

**STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2019**

	Enterprise Fund
<b>ASSETS</b>	
Current assets:	
Cash	\$ 100,838
Restricted cash & investments	21,868
Accounts receivable	24,152
Total current assets	146,858
Noncurrent assets:	
Capital assets:	
Furniture & equipment	437,868
Land	55,598
Building	2,006,811
Less: Accumulated depreciation	(856,289)
Total capital assets	1,643,988
Other assets:	
Prepaid insurance	3,882
Deposit	350
Total other assets	4,232
Total assets	1,795,078
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	3,206
Accrued interest payable	7,438
Accrued Payroll	13,263
Unearned Revenue	24,845
Due to City	11,579
Current portion of long-term debt	155,000
Total current liabilities	215,331
Noncurrent liabilities:	
Notes payable (Note 4)	2,100,000
Less: current portion	(155,000)
Total noncurrent liabilities	1,945,000
Total liabilities	2,160,331
<b>NET POSITION</b>	
Net Investment in Capital Assets	(456,012)
Restricted for debt service	20,515
Unrestricted	70,244
Total net position	\$ (365,253)

See accompanying Notes to the Financial Statements and Independent Auditors Report

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF PERKINS, OK**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Fund
Operating revenues:	
Rent	\$ 1,011,372
Miscellaneous	1,484
Total operating revenues	1,012,856
Operating expenses:	
Activities	28,646
Administrative	145,504
AL (Care)	318,717
Food Services	110,265
Maintenance	30,018
Marketing	4,737
Payroll expenses	35,082
Utilities	39,329
Depreciation	91,833
Total operating expenses	804,131
Net operating income	208,725
Nonoperating revenue (expense)	
Interest income	2,166
Interest expense	(95,412)
Total nonoperating revenue (expense)	(93,246)
Change in net position	115,479
Net position beginning of year, as restated	(480,732)
Net position end of year	\$ (365,253)

See accompanying Notes to the Financial Statements and Independent Auditors Report

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF PERKINS, OK**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Enterprise Fund
<b>Cash flows from operating activities:</b>	
Rent	\$ 1,032,312
Nonoperating revenue (expenses), net	(707,656)
Net cash provided (used) by operating activities	324,656
 <b>Cash flows from capital and related financing activities:</b>	
Purchase of capital assets	(34,029)
Principal paid on debt	(145,000)
Interest paid on debt	(95,412)
Net cash provided (used) by capital and related financing activities	(274,441)
 <b>Cash flows from investing activities:</b>	
Interest income	2,166
Net increase (decrease) in cash and cash equivalents	52,381
Cash balance beginning of year	70,325
Cash balance end of year	122,706
 <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	208,725
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation	91,833
Change in assets and liabilities:	
Accounts receivable	(14,194)
Accounts payable	4,786
Deferred revenue	24,844
Cash Effect of Prior Period Adjustment	8,805
Accrued interest payable	(143)
Net cash provided by operating activities	\$ 324,656

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

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF PERKINS, OK  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2019**

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

The Perkins Industrial Development Authority (the Authority) complies with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations.) The accounting and reporting framework and the more significant accounting policies established in GAAP and used by the Authority are discussed in subsequent subsections of the Notes.

**1.A. Financial Reporting Entity**

The Perkins Industrial Development Authority (the “Authority”) is a public trust created under an original Trust Indenture dated April 14, 1998, and amended by a First Amendment to Declaration of Trust dated December 7, 2006, and amended again on May 13, 2008, for the use and benefit of the City of Perkins, Oklahoma, under authority of and pursuant to the provisions of Title 60, Oklahoma Statutes 2003, Sections 176 to 180.3, inclusive as amended and supplemented, the Oklahoma Trust Act and other applicable statutes of the State of Oklahoma (collectively, the “Acts”).

The Authority is exempt from federal and state income taxes.

The governing body of the Authority consists of seven trustees, five of which are the mayor and current members of the City Council of the City of Perkins. The other two trustees are citizens and residents, of the City of Perkins, and are appointed by Resolution of the Board of Commissioners of the City of Perkins.

The Perkins Industrial Development Authority is considered a component unit of the City of Perkins, Oklahoma. In evaluating how to define the Authority, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the Authority and/or its citizens, or whether the activity is conducted within the geographic boundaries of the Authority and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the Authority is able to exercise oversight responsibilities.

Based upon the application of these criteria, there are no potential component units included in the Authority’s reporting entity, however, the Perkins Industrial Development Authority is considered to be a component unit of the City of Perkins.

**The Project**

The Authority is empowered to assist the City of Perkins in making the most efficient use of all of their economic resources and powers in accordance with the needs and benefits of the State of Oklahoma and



the City of Perkins, in order to lessen the burdens on government and to stimulate economic growth and development, including financing any and all programs, utilities, facilities, or resources promoting or intending to promote any of the foregoing objectives.

Accordingly, on May 1, 2008, the Authority and Bank of Oklahoma, National Association, Oklahoma City, Oklahoma (the "Trustee") approved a note trust indenture providing for issuance of a Sales Tax Revenue Note – Series 2008A in the principal amount of \$ 2,940,000.00, and a Sales Tax Revenue Note – Taxable Series 2008B in the principal amount of \$ 325,000. The notes were issued to finance the development and construction of an assisted living center serving the citizens of the City of Perkins, Oklahoma, along with related costs, and paying certain costs associated with the issuance of the notes.

The notes do not constitute obligations of the State of Oklahoma or any political subdivision thereof, the City of Perkins, or personal obligations of the trustees of the Authority, but shall be a limited obligation of the Authority secured to the extent provided in the indenture. The Authority has no taxing power.

## **1.B. Basis of Presentation**

### Proprietary Fund

The reporting entity is organized into funds and is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenses. The Authority presently has no fiduciary funds. An emphasis is placed on major funds within the proprietary category. A fund is considered major if it is the primary operating fund of the Authority or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenses of that fund are at least 10 percent of the corresponding total for all funds of that category or type.

And

- b. Total assets, liabilities, revenues, or expenses of the fund are at least 5 percent of the corresponding total for all funds combined.

The funds of the financial reporting entity are described below:

Operating Fund: general operating account for the operations of the Perkins Industrial Development Authority.

2008A Note Proceeds Fund: consists of the proceeds of the note and makes the payments and transfers as set out by the Authority.

Construction Fund: shall be expended to pay the project costs of the project or to reimburse the Authority or the City for amounts spent for such project costs.

2008A Principal Fund: receives the required transfers from the Authority or the Revenue Fund; to receive income from investment of the Principal Account; to receive transfers from other accounts or funds and to utilize those funds to reduce or eliminate the required deposits therein and to pay the principal on the notes.

2008A Interest Fund: receives the required transfers from the Authority or the Revenue Fund; to receive income from investment of the Interest Account; to receive transfers from other accounts or funds and to utilize those funds to reduce or eliminate the required deposits therein and to pay the interest on the notes.

## **1.C. Measurement Focus and Basis of Accounting**

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

### MEASUREMENT FOCUS

In the proprietary statements, the “economic resources” measurement focus is used.

- a. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- b. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

### BASIS OF ACCOUNTING

All funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

## **1.D. Budgets and Budgetary Accounting**

The Authority’s annual operating budget is prepared under the provisions of the Municipal Budget Act (the “New Budget Act”) as part of the City of Perkins’ budget. The budget is prepared on the accrual basis of accounting.

## **1.E. Assets, Liabilities, And Fund Equity**

### CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” include all cash on hand, demand deposits and highly liquid investments with an original maturity of three months or less when purchased.

### INVESTMENTS

Funds contained in the Construction Fund, and the Note Funds, including the Interest Account and the Principal Account, shall be continuously invested and reinvested by the Trustee in “Authorized Investments” as may be directed by the Authority that shall mature not later than the respective dates, as estimated, when the funds shall be required for the purposes intended, but in no event more than five months for the Interest Account and the Principal Account and twenty four months for the Construction Fund. In accordance with the note indenture, all funds shall be invested in “Authorized Investments.” Authorized Investments are defined in the note indenture to include a wide array of investments including, but not limited to direct obligations of the United States of America, obligations of several government sponsored agencies, investments insured by the FDIC, commercial paper, state obligations, and money market funds.

Investment income derived from the various funds and accounts shall remain in such funds and accounts except as otherwise provided by the note indenture.

## INVENTORIES

Proprietary fund inventory items typically consist of materials and supplies used to conduct day to day operations. Materials and supplies inventories for the Authority are valued at lower of cost or market using the first-in, first-out method (FIFO). At June 30, 2019, the Authority had no material inventory assets, therefore, there is no inventory asset recorded on the statement of net position.

## CAPITAL ASSETS

The accounting treatment of property, plant, and equipment (capital assets) is performed as described below:

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Revenues, Expenses and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$ 2,000 is used to report capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	40 years
Furniture, and equipment	5-20 years

## ACCRUED INTEREST PAYABLE

Interest accrued on the note indenture discussed in Note 3.

## EQUITY CLASSIFICATION

### Net Position

Net position represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. There are three components to net position.

The Authority applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

### Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the Authority is bound to observe constraints imposed upon the use of the resources in the proprietary funds.

The classifications are as follows:

Net Investment in Capital Assets - All capital assets, net of accumulated depreciation and reduced by outstanding debt related to the construction, acquisition, or improvement of these assets.

Restricted – Net position is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or

regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (ordinances).

Unrestricted – Unrestricted net position is the residual classification for the fund and includes all spendable amounts not contained in the other classifications.

The Authority applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

### **1.F. Use of Estimates**

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

### **Note 2. Cash and Investments**

All the deposits of the Authority are either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities held by the Authority or by its agent in its name.

### **Note 3. General Long-Term Debt**

On May 15, 2008, the Authority and Bank of Oklahoma, National Association, Oklahoma City, Oklahoma, (the “Trustee”) approved a note indenture providing for the issuance of its Sales Tax Revenue Note – Series 2008A, in the principal amount of \$ 2,940,000, and its Sales Tax Revenue Note – Taxable Series 2008B, in the amount of \$325,000. The notes were issued for the purpose of financing the development and construction of an assisted living center serving the citizens of the City of Perkins, Oklahoma, along with related costs, and paying certain costs associated with the issuance of the notes.

The notes were purchased by Bank of America, N.A. There were no underwriting or discounts, or commissions involved in connection with the issuance of this indebtedness. However, the purchaser did receive an acceptance fee of one half of one percent of the combined principal amount of the notes relating to the purchase of the notes.

The notes will be repaid from a portion of the revenue generated by an aggregate total of two percent sales tax levied pursuant to Ordinance No. 104 of the City of Perkins, Oklahoma, as amended by Ordinance No. 130 of the City of Perkins, Oklahoma. As consideration for the execution of the note indenture and the issuance of the notes by the Authority and in order to secure all the payments required by the notes, the Authority has pledged the sales tax revenue to the Trustee as set out in the note indenture, and has created a security interest in that sales tax revenue in favor of the Trustee for the benefit of the holders of the notes. The Authority and the City of Perkins, Oklahoma, have entered into a Sales Tax Agreement, dated May 1, 2008, wherein the City of Perkins agrees, on a year-to-year basis subject to annual appropriation, to pay under certain circumstances to the Authority each month as received, a portion of the monies derived from the levy and collection of the excise tax levied pursuant to the sales tax ordinances discussed above.

The notes do not constitute obligations of the State of Oklahoma, or any political subdivision thereof, or personal obligations of the trustees of the Authority, but shall be a limited obligation of the Authority secured to the extent provided in the note indenture.

Principal of the notes is payable on June 1 in the years as outlined below. Interest is payable semi-annually on June 1 and December 1 of each year, beginning December 1, 2008. The Sales Tax Revenue Note –

Series 2008A carries an interest rate of 4.25 %, while the Sales Tax Revenue Note – Taxable Series 2008B carried an interest rate of 5.5 %. The Sales Tax Revenue Note – Taxable Series 2008B was paid in full during a previous year.

### CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2019.

Type of Debt	Balance 6/30/2018	Additions	Reductions	Balance 6/30/2019	Amount Due Within One Year
Business Type Activities:					
Sales Tax Revenue Note					
Series 2008A	\$ 2,245,000	-	\$ (145,000)	\$ 2,100,000	\$ 155,000
<b>Total Business Type Activities:</b>	<b>\$ 2,245,000</b>		<b>\$ (145,000)</b>	<b>\$ 2,100,000</b>	<b>\$ 155,000</b>

### DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements for retirements of bond principal and payment of interest are as follows:

Year Ended June 30, 2019	Sales Tax Revenue Note - Series 2008A		
	Principal	Interest	Total
2020	\$ 155,000	\$ 89,250	\$ 244,250
2021	160,000	82,663	242,663
2022	165,000	75,862	240,862
2023	175,000	68,850	243,850
2024	180,000	61,839	241,839
2025-2029	1,030,000	175,746	1,205,746
2030-2033	235,000	18,903	253,903
<b>Totals</b>	<b>\$ 2,100,000</b>	<b>\$ 573,113</b>	<b>\$ 2,673,113</b>

### OPERATING LEASE

On October 13, 2017, the City entered into a lease agreement, for a car, with a local bank, on behalf of the Authority. The total price of the car was \$ 9,660. The City entered into an annual lease, with two successive options to renew for additional 12-month terms not to exceed one fiscal year each, which included a section that terminated the lease if funding was not appropriated by the City for the lease's succeeding years. The lease called for three annual payments of \$ 3,468 starting May 15, 2018, which include interest at 4.75%.

The annual remaining operating lease payment requirements are listed in the table below:

<u>For year ended:</u>	
June 30, 2020	\$ 3,468
(Less Interest)	(165)
<b>Lease Obligations, Net</b>	<b>\$ 3,303</b>

#### **Note 4: Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 55,598	\$ -	\$ -	\$ 55,598
Other capital assets:				
Furniture & Equipment	399,711	34,029	-	433,740
Buildings & Infrastructure	<u>2,010,940</u>	<u>-</u>	<u>-</u>	<u>2,010,940</u>
Total other capital assets at historical cost	<u>2,410,650</u>	<u>34,029</u>	<u>-</u>	<u>2,500,277</u>
Less accumulated depreciation:	<u>764,457</u>	<u>91,833</u>	<u>-</u>	<u>856,290</u>
Total Business-type activities capital assets, net	<u>\$ 1,646,193</u>	<u>\$ (57,804)</u>	<u>\$ -</u>	<u>\$ 1,643,988</u>

Depreciation expense was charged to functions as follows in the Statement of Activities:

<u>Business Type Activities:</u>	
Assisted Living	<u>\$ 91,833</u>

#### **Note 5: Prior Period Adjustment**

Beginning net position was restated as of July 01, 2019 to correct a calculation error in accounts receivable. The restatement increased unearned revenues by approximately \$25,000 and increased net position by approximately \$13,000.

#### **Note 6: Subsequent Events**

In November 2019, the Authority sold the Red Bud Assisted Living Center. The proceeds from the sale of the property were used to pay the 2008A Series Sales Tax Revenue Note in full. The sale was finalized on November 6, 2019.

Subsequent events have been evaluated through November 26, 2019, which is the date the financial statements were available to be issued.

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY**  
**A COMPONENT UNIT OF THE CITY OF PERKINS, OK**

**COMBINING SCHEDULE OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2019**

	Enterprise Fund					Total
	Operating Fund	2008A Note Proceeds Fund	Construction Fund	2008A & B Principle Fund	2008A & B Interest Fund	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 100,838	-	-	-	-	\$ 100,838
Restricted cash & investments	-	-	-	14,190	7,678	21,868
Accounts receivable	24,152	-	-	-	-	24,152
Total current assets	<u>124,990</u>	<u>-</u>	<u>-</u>	<u>14,190</u>	<u>7,678</u>	<u>146,858</u>
Noncurrent assets:						
Capital assets:						
Furniture & equipment	75,063	-	362,805	-	-	437,868
Land	-	-	55,598	-	-	55,598
Building	-	-	2,006,811	-	-	2,006,811
Less: Accumulated depreciation	(10,201)	-	(846,088)	-	-	(856,289)
Total capital assets	<u>64,862</u>	<u>-</u>	<u>1,579,126</u>	<u>-</u>	<u>-</u>	<u>1,643,988</u>
Other assets:						
Prepaid insurance	3,882	-	-	-	-	3,882
Deposit	350	-	-	-	-	350
Total other assets	<u>4,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,232</u>
Total assets	<u>194,084</u>	<u>-</u>	<u>1,579,126</u>	<u>14,190</u>	<u>7,678</u>	<u>1,795,078</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	3,206	-	-	-	-	3,206
Accrued interest payable	-	7,438	-	-	-	7,438
Accrued Payroll	13,263	-	-	-	-	13,263
Unearned Revenue	24,845	-	-	-	-	24,845
Due to City	11,579	-	-	-	-	11,579
Current portion of long-term debt	-	155,000	-	-	-	155,000
Total current liabilities	<u>52,893</u>	<u>162,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>215,331</u>
Noncurrent liabilities:						
Notes payable (Note 4)	-	2,100,000	-	-	-	2,100,000
Less: current portion	-	(155,000)	-	-	-	(155,000)
Total noncurrent liabilities	<u>-</u>	<u>1,945,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,945,000</u>
Total liabilities	<u>52,893</u>	<u>2,107,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160,331</u>
<b>NET POSITION</b>						
Invested in capital assets	64,862	(2,100,000)	1,579,126	-	-	(456,012)
Restricted for debt service	-	-	-	12,454	8,061	20,515
Unrestricted	76,329	(7,438)	-	1,736	(383)	70,244
Total net position	<u>\$ 141,191</u>	<u>\$ (2,107,438)</u>	<u>\$ 1,579,126</u>	<u>\$ 14,190</u>	<u>\$ 7,678</u>	<u>\$ (365,253)</u>

See accompanying notes to the financial statements and Independent Auditors Report

**PERKINS INDUSTRIAL DEVELOPMENT AUTHORITY  
A COMPONENT UNIT OF THE CITY OF PERKINS, OK**

**COMBINING SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Operating Fund	Enterprise Fund				Total
		2008A Note Proceeds Fund	Construction Fund	2008A Principle Fund	2008A Interest Fund	
Operating revenues:						
Rent	\$ 1,011,372	\$ -	\$ -	\$ -	\$ -	\$ 1,011,372
Miscellaneous	1,484	-	-	-	-	1,484.00
Total operating revenues	<u>1,012,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012,856</u>
Operating expenses:						
Activities	28,646	-	-	-	-	28,646
Administrative	145,504	-	-	-	-	145,504
AL (Care)	318,717	-	-	-	-	318,717
Food Services	110,265	-	-	-	-	110,265
Maintenance	30,018	-	-	-	-	30,018
Marketing	4,737	-	-	-	-	4,737
Payroll expenses	35,082	-	-	-	-	35,082
Utilities	39,329	-	-	-	-	39,329
Depreciation	91,833	-	-	-	-	91,833
City expenses	-	-	-	-	-	-
Total operating expenses	<u>804,131</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>804,131</u>
Net operating income	<u>208,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>208,725</u>
Nonoperating revenue (expense)						
Interest income	357			1,390	420	2,167
Interest expense	-	(95,412)	-	-	-	(95,412)
Total nonoperating revenue (expense)	<u>357</u>	<u>(95,412)</u>	<u>-</u>	<u>1,390</u>	<u>420</u>	<u>(93,245)</u>
Net income before operating transfers	209,082	(95,412)	-	1,390	420	115,480
Operating transfers	(151,526)	240,412	(88,430)	347	(803)	-
Change in net position	57,556	145,000	(88,430)	1,737	(383)	115,480
Net position beginning of year, as restated	83,635	(2,252,438)	1,667,556	12,453	8,061	(480,733)
Net position end of year	<u>\$ 141,191</u>	<u>\$ (2,107,438)</u>	<u>\$ 1,579,126</u>	<u>\$ 14,190</u>	<u>\$ 7,678</u>	<u>\$ (365,253)</u>

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



**MICHAEL W. GREEN**  
*Certified Public Accountant*

827 W. Locust Street  
STILWELL, OK. 74960  
(918) 696-6298

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

Board of Trustees,  
Perkins Industrial Development Authority  
Perkins, OK

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Perkins Industrial Development Authority, (the Authority), a component unit of the City of Perkins, Oklahoma, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued my report thereon dated November 26, 2019. My report included an explanatory paragraph that stated management had not presented the management's discussion and analysis or the budgetary comparison information to supplement the financial statements.

**Internal Control Over Financial Reporting**

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

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit 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 Authority's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

A handwritten signature in black ink, appearing to read "Michael Green". The signature is stylized with a large, looped "G" and a cursive "M".

Michael Green, CPA  
Stilwell, OK  
November 26, 2019