

**CITY OF PERKINS**  
Perkins, Oklahoma

**ANNUAL FINANCIAL STATEMENTS &  
INDEPENDENT AUDITOR'S REPORT**

**For the Year Ended June 30, 2023**

**CITY OF PERKINS  
PERKINS, OKLAHOMA**

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

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

INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Perkins, Oklahoma

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

***Opinions***

I have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Perkins, Oklahoma (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In my 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, and each major fund, of the City, 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 1.B.

***Basis for Opinions***

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Emphasis of Matter—Basis of Accounting***

I draw attention to Note 1.B. 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. My opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting, 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 City'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***

My 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 my 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*, I:

- 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 City'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated December 7, 2023, on my consideration of the City's internal control over financial reporting and on my 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 my 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 City'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 City's internal control over financial reporting and compliance.

Regards,



Michael W. Green, CPA  
December 7, 2023

**CITY OF PERKINS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**JUNE 30, 2023**

	Government Activities	Business-Type Activities	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 2,564,330	\$ 1,020,396	\$ 3,584,726
Restricted cash and cash equivalents	657,502	146,447	803,949
Investments	350,750	112,551	463,301
Total current assets	<u>3,572,582</u>	<u>1,279,394</u>	<u>4,851,976</u>
Noncurrent assets			
Capital assets:			
Land & Improvements	456,287	-	456,287
Equipment	1,728,848	2,409,243	4,138,091
Vehicles	1,210,470	161,171	1,371,641
Buildings & Infrastructure	8,363,070	13,922,157	22,285,227
Less accumulated depreciation	<u>(6,807,918)</u>	<u>(7,890,157)</u>	<u>(14,698,075)</u>
Total noncurrent assets	<u>4,950,757</u>	<u>8,602,414</u>	<u>13,553,171</u>
Total assets	<u>8,523,339</u>	<u>9,881,808</u>	<u>18,405,147</u>
<b>Liabilities</b>			
Current liabilities			
Notes payable - current portion	215,000	317,339	532,339
Total current liabilities	<u>215,000</u>	<u>317,339</u>	<u>532,339</u>
Noncurrent liabilities			
Refundable deposits	-	116,223	116,223
Bonds and notes payable	2,170,000	2,274,518	4,444,518
Less: current portion	<u>(215,000)</u>	<u>(317,339)</u>	<u>(532,339)</u>
Total noncurrent liabilities	<u>1,955,000</u>	<u>2,073,402</u>	<u>4,028,402</u>
Total liabilities	<u>2,170,000</u>	<u>2,390,741</u>	<u>4,560,741</u>
<b>Net position</b>			
Net investment in capital assets	2,780,757	6,327,896	9,108,653
Restricted for Debt Service	276,885	329,442	606,327
Restricted for Capital Projects	1,571,118	-	1,571,118
Unrestricted	<u>1,724,579</u>	<u>833,729</u>	<u>2,558,308</u>
Total net position	<u>\$ 6,353,339</u>	<u>\$ 7,491,067</u>	<u>\$ 13,844,406</u>

The accompanying notes and auditors report are an integral part of these financial statements.

**CITY OF PERKINS**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**YEAR ENDED JUNE 30, 2023**

Functions/programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contracts	Capital Grants and Contracts	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Governmental activities								
General Government	\$ 660,512	\$ 32,299	\$ 385,186	\$ -	\$ (243,027)	\$ -	\$ (243,027)	
Public Safety	1,078,509	94,495	-	-	(984,014)	-	(984,014)	
Streets	171,133	-	-	-	(171,133)	-	(171,133)	
Culture and Recreation	275,809	-	-	-	(275,809)	-	(275,809)	
Total government activities	2,185,963	126,794	385,186	-	(1,673,983)	-	(1,673,983)	
Business-type activities								
Water	332,321	536,218	-	-	-	203,897	203,897	
Sewer	245,482	667,737	-	-	-	422,255	422,255	
Sanitation	424,302	493,501	-	-	-	69,199	69,199	
Administrative and general	416,174	-	-	-	-	(416,174)	(416,174)	
Total business-type activities	1,418,279	1,697,456	-	-	-	279,177	279,177	
Totals	\$ 3,604,242	\$ 1,824,250	\$ 385,186	\$ -	\$ (1,673,983)	\$ 279,177	\$ (1,394,806)	
General revenues								
Sales tax					1,408,402	-	1,408,402	
Use tax					218,226	-	218,226	
Ad valorem tax					274,394	-	274,394	
Intergovernmental revenue not restricted to specific programs					33,537	-	33,537	
Intergovernmental revenue restricted for streets & alleys					24,486	-	24,486	
Franchise fees					119,196	-	119,196	
Donations					39,322	-	39,322	
Sales of capital assets					8,000	-	8,000	
Proceeds from Insurance					24,692	-	24,692	
Miscellaneous					66,602	115,328	181,930	
Investment earnings					75,569	2,607	78,176	
Interest expense					(66,885)	(61,831)	(128,716)	
Transfers: In					338,277	29,803	368,080	
Transfers: Out					(56,803)	(311,277)	(368,080)	
Total general revenues and transfers					2,507,015	(225,370)	2,281,645	
Change in net position					833,032	53,807	886,839	
Net position, beginning of year					5,520,307	7,437,260	12,957,567	
Net position, end of year					\$ 6,353,339	\$ 7,491,067	\$ 13,844,406	

The accompanying notes and auditors report are an integral part of these financial statements.

**CITY OF PERKINS**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

	General Fund	Capital Improvements Fund	Oklahoma Territorial Plaza Fund	Perkins Public Library Trust	G.O.Bond Fund	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ 1,637,571	\$ 882,302	\$ 44,457	\$ -	\$ -	\$ 2,564,330
Restricted cash and cash equivalents	76,581	338,066	-	58,630	184,225	657,502
Investments	-	350,750	-	-	-	350,750
Total assets	<u>\$ 1,714,152</u>	<u>\$ 1,571,118</u>	<u>\$ 44,457</u>	<u>\$ 58,630</u>	<u>\$ 184,225</u>	<u>\$ 3,572,582</u>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance (Note 1.D.)</b>						
Restricted	76,581	338,066	-	58,630	184,225	657,502
Committed	-	1,233,052	-	-	-	1,233,052
Assigned	-	-	44,457	-	-	44,457
Unassigned	1,637,571	-	-	-	-	1,637,571
Total fund balances	<u>1,714,152</u>	<u>1,571,118</u>	<u>44,457</u>	<u>58,630</u>	<u>184,225</u>	<u>3,572,582</u>
Total liabilities and fund balances	<u>\$ 1,714,152</u>	<u>\$ 1,571,118</u>	<u>\$ 44,457</u>	<u>\$ 58,630</u>	<u>\$ 184,225</u>	3,572,582
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. The cost of the assets are \$ 11,758,675 the accumulated depreciation is \$6,807,918						
Net effect for reconciliation						4,950,757
Long-term liabilities, including General Obligation bonds, are not due and payable in the current period and therefore are not reported in the funds (see Note 3.E.)						
						(2,170,000)
Net position of governmental activities						<u>\$ 6,353,339</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

**CITY OF PERKINS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - MODIFIED CASH BASIS**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

	General Fund	Capital Improvements Fund	Oklahoma Territorial Plaza Fund	Perkins Public Library Trust	G.O. Bond Fund	Total Governmental Funds
<b>Revenues:</b>						
Sales tax	\$ 835,015	\$ 573,387	\$ -	\$ -	\$ -	\$ 1,408,402
Use tax	218,226	-	-	-	-	218,226
Ad valorem tax	-	-	-	-	274,394	274,394
Franchise fees	119,196	-	-	-	-	119,196
License, Permits and Fees	94,495	-	-	-	-	94,495
Intergovernmental	58,023	-	-	-	-	58,023
Fines and forfeitures	157,962	-	-	-	-	157,962
Charges for services	32,299	-	-	-	-	32,299
Grants	385,186	-	-	-	-	385,186
Donations	22,100	-	15,040	2,182	-	39,322
Miscellaneous	84,958	-	26,485	-	-	111,443
Investment income	67,346	6,978	-	333	912	75,569
Total revenues	<u>\$ 2,074,806</u>	<u>\$ 580,365</u>	<u>\$ 41,525</u>	<u>\$ 2,515</u>	<u>\$ 275,306</u>	<u>\$ 2,974,517</u>
<b>Expenditures:</b>						
<b>General government:</b>						
Municipal court	101,851	-	-	-	-	101,851
City clerk	2,789	-	-	-	-	2,789
Attorney	34,883	-	-	-	-	34,883
City manager	136,162	-	-	-	-	136,162
General government	347,969	-	-	-	-	347,969
Board members	8,093	-	-	-	-	8,093
Planning commission	252	-	-	-	-	252
<b>Public safety:</b>						
Police	572,634	-	-	-	-	572,634
Fire	217,057	-	-	-	-	217,057
Emergency management	18,943	-	-	-	-	18,943
Animal control	38,461	-	-	-	-	38,461
Permit/Inspection	16,631	-	-	-	-	16,631
<b>Streets:</b>						
Streets	81,767	-	-	-	-	81,767
<b>Culture and recreation:</b>						
Library	133,116	-	-	4,950	-	138,066
Parks and recreation	22,728	-	44,249	-	-	66,977
Capital outlay	139,426	455,767	4,220	23,549	93,630	716,592
G.O. Bonds principal	-	-	-	-	215,000	215,000
G.O. Bonds interest	-	-	-	-	66,885	66,885
Total expenditures paid	<u>1,872,762</u>	<u>455,767</u>	<u>48,469</u>	<u>28,499</u>	<u>375,515</u>	<u>2,781,012</u>
<b>Excess of revenues collected over (under) expenditures</b>						
	<u>202,044</u>	<u>124,598</u>	<u>(6,944)</u>	<u>(25,984)</u>	<u>(100,209)</u>	<u>193,505</u>
<b>Other financing sources (uses)</b>						
Operating transfers in	311,277	-	7,000	20,000	-	338,277
Operating transfer out	(7,000)	(49,803)	-	-	-	(56,803)
Proceeds from insurance	24,692	-	-	-	-	24,692
Gain on sale of asset	8,000	-	-	-	-	8,000
Total other financing sources (uses)	<u>336,969</u>	<u>(49,803)</u>	<u>7,000</u>	<u>20,000</u>	<u>-</u>	<u>314,166</u>
<b>Excess (deficiency) of revenues and other resources over expenditures and other uses</b>						
	539,013	74,795	56	(5,984)	(100,209)	507,671
Fund balances, beginning of year	<u>1,175,139</u>	<u>1,496,323</u>	<u>44,401</u>	<u>64,614</u>	<u>284,434</u>	<u>3,064,911</u>
Fund balances, end of year	<u>\$ 1,714,152</u>	<u>\$ 1,571,118</u>	<u>\$ 44,457</u>	<u>\$ 58,630</u>	<u>\$ 184,225</u>	<u>\$ 3,572,582</u>

The accompanying notes and the auditor's report are an integral part of these financial statements.



**CITY OF PERKINS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - MODIFIED CASH BASIS - CONTINUED**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2023**

Reconciliation of the change in fund balances: total governmental funds to the change in net position of governmental activities:

Net change in fund balances: total governmental funds	\$	507,671
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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:

Principal Payments on Debt		215,000
Net Additions to Fixed Assets		429,228
Depreciation		(335,657)
Payments on vehicle loans		16,790
Change in net position of governmental activities	\$	833,032

The accompanying notes and auditor's report are an integral part of these financial statements.

**CITY OF PERKINS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**JUNE 30, 2023**

	Enterprise Funds		Total Enterprise Fund
	Public Works Authority	Industrial Development Authority	
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,008,531	\$ 11,865	\$ 1,020,396
Restricted cash and cash equivalents	146,447	-	146,447
Investments	112,551	-	112,551
Total current assets	<u>1,267,529</u>	<u>11,865</u>	<u>1,279,394</u>
Noncurrent assets			
Capital assets:			
Equipment	2,409,243	-	2,409,243
Vehicles	161,171	-	161,171
Buildings & Infrastructure	13,922,157	-	13,922,157
Less accumulated depreciation	(7,890,157)	-	(7,890,157)
Total noncurrent assets	<u>8,602,414</u>	<u>-</u>	<u>8,602,414</u>
 Total assets	 <u>9,869,943</u>	 <u>11,865</u>	 <u>9,881,808</u>
<b>Liabilities</b>			
Current liabilities			
Notes payable - current portion	317,339	-	317,339
Total current liabilities	<u>317,339</u>	<u>-</u>	<u>317,339</u>
Noncurrent liabilities			
Refundable deposits	116,223	-	116,223
Notes payable	2,274,518	-	2,274,518
Less: current portion	(317,339)	-	(317,339)
Total noncurrent liabilities	<u>2,073,402</u>	<u>-</u>	<u>2,073,402</u>
 Total liabilities	 <u>2,390,741</u>	 <u>-</u>	 <u>2,390,741</u>
<b>Net position</b>			
Invested in capital assets	6,327,896	-	6,327,896
Restricted for debt service	329,442	-	329,442
Unrestricted	821,864	11,865	833,729
Total net position	<u>\$ 7,479,202</u>	<u>\$ 11,865</u>	<u>\$ 7,491,067</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

**CITY OF PERKINS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN NET POSITION - MODIFIED CASH BASIS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2023**

	Enterprise Funds		Total Enterprise Fund
	Public Works Authority	Industrial Development Authority	
<b>Operating revenue</b>			
Charges for services:			
Water	\$ 508,170	\$ -	\$ 508,170
Sewer	667,737	-	667,737
Sanitation	493,501	-	493,501
Penalties	28,048	-	28,048
Other	115,328	-	115,328
Total operating revenue	<u>1,812,784</u>	<u>-</u>	<u>1,812,784</u>
Operating expenses:			
Water	312,526	-	312,526
Sewer	192,666	-	192,666
Sanitation	333,012	-	333,012
Administration and general	258,486	1,600	260,086
Depreciation	319,989	-	319,989
Total operating expenses	<u>1,416,679</u>	<u>1,600</u>	<u>1,418,279</u>
Net operating income	<u>396,105</u>	<u>(1,600)</u>	<u>394,505</u>
Nonoperating revenue (expense)			
Investment income	2,130	477	2,607
Interest expense	(61,831)	-	(61,831)
Total nonoperating revenue	<u>(59,701)</u>	<u>477</u>	<u>(59,224)</u>
Net income (loss) before transfers	336,404	(1,123)	335,281
Operating transfers: In	29,803	-	29,803
Operating transfers: Out	(200,000)	(111,277)	(311,277)
Total transfers in/out	<u>(170,197)</u>	<u>(111,277)</u>	<u>(281,474)</u>
Change in net position	166,207	(112,400)	53,807
Net position beginning of year	<u>7,312,995</u>	<u>124,265</u>	<u>7,437,260</u>
Net position end of year	<u>\$ 7,479,202</u>	<u>\$ 11,865</u>	<u>\$ 7,491,067</u>

The accompanying notes and auditor's report are an integral part of these financial statements.

CITY OF PERKINS  
Perkins, Oklahoma  
NOTES TO THE FINANCIAL STATEMENTS  
For the year ended June 30, 2023

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

As discussed in Note 1.B., these financial statements, for the City of Perkins, Oklahoma, are presented on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB.) These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

**1.A. FINANCIAL REPORTING ENTITY**

The municipality is a corporate body for public purposes created under Title 11 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes. The general operating authority for the municipality is the Oklahoma Municipal Code contained in Title 11, Oklahoma Statutes. The governing body of the municipality is the City Commission composed of elected members. The mayor is the executive officer of the municipality.

In evaluating how to define the reporting entity, 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), GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 61.

Based upon the application of these criteria, the City's financial reporting entity is composed of the following:

Primary Government:	City of Perkins
Blended Component Units:	Perkins Public Works Authority Oklahoma Territorial Plaza Trust Perkins Public Library Trust Perkins Industrial Development Authority

The component units are public trusts established pursuant to Title 60 of Oklahoma State Statutes. Public Trusts (Authorities) have no taxing power. The Authorities are generally created to finance City services through issuance of revenue bonds or other non-general obligation debt and to enable the City Commission to delegate certain functions to the governing body (Trustees) of the Authority. The Authorities generally retain title to assets which are acquired or constructed with Authority debt or other Authority generated resources. The City, as beneficiary of the public trusts, receives title to any residual assets when the public trusts are dissolved.

<u>Component Unit</u>	<u>Brief Description / Inclusion Criteria</u>	<u>Fund Included In</u>
Perkins Public Works Authority (PPWA)	Created November 6, 1967, to finance, develop, and operate the water, wastewater, and sanitation activities of the City. Current City Commission serves as entire governing body (trustees). The City of Perkins is the beneficiary of the trust.	PWA Enterprise Fund
Oklahoma Territorial Plaza Trust	Created February 7, 2008, to establish, develop, acquire, equip, operate and manage the Oklahoma Territorial Plaza, for cultural, recreational and educational purposes, located on or near the plaza area. The Mayor of the City of Perkins along with eight other individuals from various organizations serve as the governing body (trustees.) The duration of the trust is the same as the duration of the City of Perkins, and the City of Perkins is the beneficiary of the trust.	Separate Fund
Perkins Public Library Trust	Created June 11, 2013, to form a vehicle for the reception and administration of contributions for the benefit of the Perkins public library. The governing body is made up of five trustees, two appointed by the city council, two appointed by the library board, and one appointed by Friends of the Perkins Public Library (an independent organization formed by individuals to support the library.) The City of Perkins is the beneficiary of the trust.	Separate Fund
Perkins Industrial Development Authority (PIDA)	Created April 14, 1998, 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. The City of Perkins is the beneficiary of the trust.	PIDA Enterprise Fund

## **1.B. BASIS OF PRESENTATION**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The statement of net position and activities are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for certain modifications that have substantial support in generally accepted accounting principles. The City has chosen to include adjustments for the following balances arising from cash transactions:

- capital assets and the depreciation of those assets, where applicable
- long-term debt

- cash-based interfund receivables and payables
- other cash-based receivables/payables
- investments
- utility deposit liabilities

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 for billed or provided services not yet collected, and accrued revenue and receivables) 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.

As a result of the City’s use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and sick leave) and compensatory time earned but unpaid at year-end, and any employer-related costs earned and unpaid, are not reflected in the financial statements as liabilities, but are normally reported as a commitment disclosure.

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

- General government: License and permits, operating and capital grants and contributions
- Public safety: Fine revenue, operating and capital grants and contributions
- Streets: Gas excise and commercial vehicle taxes

## **GOVERNMENTAL FUNDS**

The City’s governmental funds are comprised of the following:

### **Major Funds**

- General Fund - accounts for all activities not accounted for in other special-purpose funds
- Capital Improvements Fund – accounts for the sales tax earmarked for capital projects
- Oklahoma Territorial Plaza Fund – accounts for all activities related to the Oklahoma Territorial Plaza
- Perkins Public Library Trust – accounts for all activities related to the new library project
- G.O. Bond Fund – accounts for all activities related to the G.O. Bond issue

### **Non-Major Funds (Reported as Other Governmental Funds)**

- The City does not have any non-major governmental type funds

The governmental funds are reported on a modified cash basis of accounting. Only current financial assets and liabilities arising from cash transactions 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.

## **PROPRIETARY FUNDS**

### **Enterprise Fund**

The City’s proprietary funds are comprised of the following:

- Perkins Public Works Authority – an enterprise fund that accounts for the operation of the water, sewer and sanitation activities

- Perkins Industrial Development Authority – a non-major enterprise fund that accounts for the growth and development of the City

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.

## **1.C. BUDGETS AND BUDGETARY ACCOUNTING**

The City adopted a budget, under the New Budget Act, for the year ended June 30, 2023.

## **1.D. ASSETS, LIABILITIES, AND EQUITY**

### CASH AND CASH EQUIVALENTS

For the purpose of the statements of net position, balance sheets, and statement of cash flows, “cash and cash equivalents” includes 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

Investments classified in the financial statements; consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

### INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.”

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets. See Note 3.E. for details of interfund transactions at year end.

### INVENTORIES

The cost of consumable materials and supplies on hand are immaterial to the financial statements, and the City has therefore chosen to report these items as expenditures at the time of purchase.

### CAPITAL ASSETS

The accounting treatment of property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund and similar discretely presented component unit operations and whether they are reported in the government-wide or fund financial statement.

### **Government-Wide Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2003. Prior to July 1, 2003, governmental funds’ infrastructure assets were not capitalized. Infrastructure assets acquired since July 1, 2003, are recorded at cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. 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	40 years
Improvements other than buildings	20-30 years
Machinery, furniture, and equipment	5-20 years
Vehicles	3-15 years
Utility property and improvements	10-40 years
Infrastructure	50 years

### **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

### **RESTRICTED ASSETS**

Restricted assets include cash and investments that are legally restricted as to their use. The primary restricted assets, of the proprietary fund, are related to promissory note trustee accounts and utility meter deposits. The primary restricted assets of the governmental funds are the sales tax amounts of the Capital Improvement Fund, the G.O. bond proceeds, and the grant and other restricted bank accounts of the General Fund.

### **LONG-TERM DEBT**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

### **COMPENSATED ABSENCES**

The City's policies regarding vacation time permit employees to accumulate earned but unused vacation and sick leave. Vacation pay vests for full time employees, depending upon length of service, as follows:

<b><u>Years of Service</u></b>	<b><u>Accrual of Leave</u></b>
1-5	80 Hours
6-10	120 Hours
11-20	160 Hours
20+	200 Hours



Sick leave accrues for full time employees at 3.7 hours bi-weekly, although it is not vested. Employees may accrue a maximum of 480 hours.

As a result of the City's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (vacation and comp leave) earned but unpaid at year-end are not reflected in the basic financial statements. The compensated absence commitment at June 30, 2023, is summarized as follows:

- City – accrued compensated absences \$45,377
- Perkins Public Works Authority – accrued compensated absences \$8,375

## FUND BALANCES AND NET POSITION

### Fund Balances

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

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

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

### Net Position

Net position is displayed in three components:

- *Net investment in Capital Assets* – Consists of capital assets and related accounts, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvements of those assets.
- *Restricted net position* – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – All remaining net position that does not meet the definition of "restricted"

It is the City’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund balances on June 30, 2023, for the governmental funds are as follows:

Fund Balances:	General Fund	Capital Imp. Fund	OK Territorial Plaza Fund	Perkins Public Library Trust	G.O. Bond Fund	Total
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
G.O. Bonds	-	-	-	-	184,225	184,225
Public Safety	76,581	-	-	-	-	76,581
Capital Improvement Projects	-	338,066	-	-	-	338,066
Perkins Public Library Trust	-	-	-	58,630	-	58,630
Total Restricted	76,581	338,066	-	58,630	184,225	657,502
Committed to:						
Capital Improvement Projects	-	1,233,052	-	-	-	1,233,052
Assigned to:						
Oklahoma Territorial Plaza	-	-	44,457	-	-	44,457
Total Assigned	-	-	44,457	-	-	44,457
Unassigned	1,637,571	-	-	-	-	1,637,571
Total Fund Balances	\$ 1,714,152	\$ 1,571,118	\$ 44,457	\$ 58,630	\$ 184,225	\$ 3,572,582

## 1.E. REVENUES, EXPENDITURES, AND EXPENSES

### SALES TAX

The City presently levies a three and three-eighths cent sales tax on taxable sales within the City. The sales tax is allocated: two cents to the General Fund, one cent to the Capital Improvement Fund, and three-eighths cent to the Capital Improvement Fund for police, fire, and emergency management. (This three-eighths cent began July 1, 2021.) The sales tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors.

In accordance with a Sales Tax Agreement between the City and the Perkins Public Works Authority, dated May 1, 2009, the City agreed to pledge the 1 % sales tax allocated to funding the City’s library, water supply system, sanitary sewer system, fire department facilities, road system, or debt service on G.O. bonds issued by the City for any such purposes, to secure the payment of a \$ 7,225,000 Clean Water SRF Promissory Note issued by the Oklahoma Water Resources Board for the purpose of financing wastewater system improvements serving the City. The sales tax is to be deposited in a special account established in the General Fund of the City. The City agrees to appropriate that money each year, to be paid over as received for immediate deposit in a bank designated by the Authority, in an account to be established entitled the Perkins Public Works Authority Sales Tax Account. The Authority has pledged the Sales Tax Revenue to the Oklahoma Water Resources Board for the purpose of paying debt service on the note. In the event the Authority is current on its debt service payments as required by the loan agreement and there is no event of default as defined in the loan agreement, then any remaining Sales Tax Revenue in the Sales Tax Account shall be transferred back to the special account established in the General Fund of the City and shall be available on the last day of the month for any lawful purpose.

### USE TAX

The City levies a three-cent use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Oklahoma Tax Commission and remitted to the City in the month following receipt by the Tax Commission, which is one month after the tax is received from the vendors. The use tax is allocated entirely to the General Fund.

## PROGRAM REVENUES

In the Statement of Activities, revenues that are derived directly from each activity or from parties outside the City's taxpayers are reported as program revenues. The City has the following program revenues in each activity:

General Government	Permit fees
Public Safety	Fine revenue, fire protection, operating and capital grants including State Department of Agriculture grants
Culture and Recreation	Sign up fees, gate fees, use fees, operating and capital grants include an Oklahoma Department of Libraries grant

All other governmental revenues are reported as general. All taxes are classified as general revenue even if restricted for a specific purpose, except for the commercial vehicle tax and the gasoline excise tax, both of which are restricted for street and alley purposes.

## OPERATING REVENUE AND EXPENSES

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

### **1.F. INTERNAL AND INTERFUND BALANCES AND ACTIVITIES**

The City's policy is to eliminate interfund 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 not eliminated in the fund financial statements.

### **1.G. USE OF ESTIMATES**

The preparation of financial statements in conformity with the modified cash basis 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 (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

## **NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

### **2.A. UNINSURED AND UNCOLLATERALIZED DEPOSITS**

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State or political subdivision debt obligations, surety bonds, or certain letters of credit. As reflected in Note 3.A., all deposits were fully insured or collateralized at June 30, 2023.

## NOTE 3. DETAIL NOTES – TRANSACTION CLASSES/ACCOUNTS

### 3.A. DEPOSITS AND INVESTMENTS

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy for custodial credit risk for deposits states, "Safety of principal is the foremost objective of the investment program. All collateral pledged to secure public funds shall be valued at no more than market value. The collateralization level will be 110 % of market value of principal and accrued interest. Collateral will be held by the City Finance Director of the City of Perkins or by an independent third party with whom the entity has a current custodial agreement." As of June 30, 2023, \$4,851,976 of the City's bank balances were collateralized with securities held by the banks' trust departments but not in the City's name. The remainder of the City's funds were covered by FDIC insurance.

*Investment Interest Rate Risk* - The City of Perkins' investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Reserve funds may be invested with maturities exceeding three years from date of purchase if the maturity is made to coincide with the expected use of the funds. All other funds maturities will be no more than three years from date of purchase.

*Investment Credit Risk* - The City's investment policy limits investments to any securities authorized in the Oklahoma State Statutes, 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, or obligations to the payment of which the full faith and credit of the State 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 Securities and Exchange Commission and in which investments consist of the investments mentioned in the previous paragraphs a, b, c, and d.

As of June 30, 2023, the City did not hold any securities with credit ratings since they are all non-negotiable time deposits.

Public trusts created under O.S. Title 60 are not subject to the above noted investment limitations and are primarily governed by any restrictions in their trust or bond indentures. For the year ended June 30, 2023, the City, the Public Works Authority, the Oklahoma Territorial Plaza Trust, and the Perkins Public Library Trust complied, in all material respects, with these investment restrictions.

*Concentration of Credit Risk* – The City of Perkins' investment policy has no limit on the amount of the City's investment portfolio that may be invested in a single financial institution, with the exception of investment in prime bankers acceptances shall not exceed 10 % of the surplus funds of the City, and investment in prime commercial paper shall not be more than 10 % of the outstanding paper of the issuing corporation. Of the City's investments, all were in certificates of deposit with 75 % invested with one financial institution.

Deposits and Investments at June 30, 2023:	Maturity			
Asset Classification:	(Months)	Credit Rating	Market Value	Cost
Cash	N/A	N/A	\$ 4,388,675	\$ 4,388,675
Investments:				
Certificates of Deposit	12	N/A	463,301	463,301
Total Deposits and Investments:			<u>\$ 4,851,976</u>	<u>\$ 4,851,976</u>

Reconciliation of cash to Statement of Net Position	
Governmental Activities	\$ 3,221,832
Business-Type Activities	<u>1,166,843</u>
	<u>\$ 4,388,675</u>

### 3.B. RESTRICTED REVENUES

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	See Note 1.E.
Gasoline Excise & Commercial Vehicle Tax	Street & Alley purposes
Grant proceeds	Grant expenditures
G.O. bond proceeds	Capital expenditures

### 3.C. CAPITAL ASSETS

Capital assets beginning balances are restated in accordance with prior period adjustment in Note 1.H.

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	6/30/2022 Balance	Additions	Deletions	6/30/2023 Balance
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 456,287	\$ -	\$ -	\$ 456,287
Construction in Process	1,561,261	205,090	(1,766,351)	-
Total capital assets not being depreciated	<u>2,017,548</u>	<u>205,090</u>	<u>(1,766,351)</u>	<u>456,287</u>
Other capital assets:				
Machinery, Furn. & Equip.	1,653,872	96,047	(21,071)	1,728,848
Vehicles	1,156,867	53,603	-	1,210,470
Buildings & Infrastructure	6,522,231	1,840,839	-	8,363,070
Total other capital assets at historical cost	<u>9,332,970</u>	<u>1,990,489</u>	<u>(21,071)</u>	<u>11,302,388</u>
Less accumulated depreciation for:				
Machinery, Furn. & Equip.	1,037,126	151,381	(21,071)	1,167,436
Vehicles	1,044,651	45,281	-	1,089,932
Buildings & Infrastructure	4,411,555	138,995	-	4,550,550
Total accumulated depreciation	<u>6,493,332</u>	<u>335,657</u>	<u>(21,071)</u>	<u>6,807,918</u>
Other capital assets, net	<u>2,839,638</u>	<u>1,654,832</u>	<u>-</u>	<u>4,494,470</u>
Governmental activities capital assets, net	<u>\$ 4,857,186</u>	<u>\$ 1,859,922</u>	<u>\$ (1,766,351)</u>	<u>\$ 4,950,757</u>

	6/30/2022 Balance	Additions	Deletions	6/30/2023 Balance
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
Other capital assets:				
Machinery, Furn. & Equip.	2,339,295	69,948	-	2,409,243
Vehicles	112,913	48,258	-	161,171
Buildings & Utility Property	13,922,157	-	-	13,922,157
Total other capital assets at historical cost	16,374,365	118,206	-	16,492,571
Less accumulated depreciation for:				
Machinery, Furn. & Equip.	518,879	104,345	-	623,224
Vehicles	47,095	9,795	-	56,890
Buildings & Utility Property	7,004,194	205,849	-	7,210,043
Total accumulated depreciation	7,570,168	319,989	-	7,890,157
Other capital assets, net	8,804,197	(201,783)	-	8,602,414
Business-type activities capital assets, net	<u>\$ 8,804,197</u>	<u>\$ (201,783)</u>	<u>\$ -</u>	<u>\$ 8,602,414</u>

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

Primary Government:	
General Government	\$ 28,513
Public Safety	182,012
Streets	69,366
Culture and Recreation	55,766
Total depreciation expense for governmental activities:	<u>\$ 335,657</u>
Business-Type Activities:	
Sanitation	\$ 48,526
Sewer	182,532
Water	88,931
Total depreciation expense for business-type activities:	<u>\$ 319,989</u>

### 3.D. LONG TERM DEBT

The reporting entity's long-term debt arising from cash transactions is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

#### GOVERNMENTAL ACTIVITIES

As of June 30, 2023, the governmental long-term debt of the financial reporting entity consisted of the following:

In June 2016, the City issued \$ 1,285,000 in General Obligation Bonds for the purpose of financing water system improvements within the City, payable from ad valorem taxes on all taxable property within the City. The bonds mature \$ 90,000 each June 1, starting in 2018, with a final maturity of \$ 115,000 on June 1, 2031. They carry interest at varying rates from 2 to 5 percent, beginning June 1, 2017. \$ 745,000

In June 2019, the City issued \$1,800,000 of general obligation bonds for the purpose of street improvements in the City, payable from Ad Valorem taxes on all taxable property within the City. The bonds mature at \$125,000 each June 1, starting in 2021 with a final maturity of \$175,000 on June 1, 2034. The bonds carry interest at varying rates from 2 to 5 percent, beginning June 1, 2020. 1,425,000

Total governmental long-term debt of the financial reporting entity: \$ 2,170,000

BUSINESS-TYPE ACTIVITIES

As of June 30, 2023, the long-term debt from proprietary fund resources consisted of the following:

In May 2009, the Authority entered into a loan agreement with the Oklahoma Water Resources Board, as part of the wastewater project discussed below, for a maximum amount of \$ 7,225,000. The loan is for a period of 20 years, with semi-annual payments of principal beginning March 15, 2011, and interest beginning September 15, 2009. The loan includes interest based on the OWRB’s State Loan Program Revenue Bonds, currently 2.91 % \$ 2,236,451

In May 2019, the Authority entered into a loan agreement with the Stroud National Bank, to purchase equipment, for \$ 53,361. The loan is for a period of 5 years, with semi-annual payments of interest, and an administrative fee, beginning May 03, 2020. Interest is included at 4.25 %. 19,242

In March 2021, the Authority entered into a loan agreement with the Stroud National Bank, to purchase two Ford trucks, for \$ 73,816. The loan is for a period of 3 years, with annual payments of principal and interest, beginning May 01, 2021. Interest is included at 3.5 %. 18,825

Total Notes Payable, proprietary fund \$ 2,274,518

In connection with the May 2009 OWRB loan, the City must maintain a minimum debt coverage ratio of the pledged Net Revenues Available for Debt Service equal to at least 125% of the maximum annual amount required for debt services, known as the “rate covenant”. On June 30, 2023, the City was in compliance with this covenant.

Refundable Deposits:

- Refundable deposits reported as a liability within the Statement of Net Assets are composed of the following:

Utility Deposits – Refundable \$ 116,223

## CHANGES IN LONG-TERM DEBT

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

Type of Debt	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Amount Due Within One Year
Governmental Activities:					
General Obligation Bonds 2016	\$ 835,000	\$ -	\$ (90,000)	\$ 745,000	\$ 90,000
General Obligation Bonds 2019	1,550,000	-	(125,000)	1,425,000	125,000
Financing Lease	16,790	-	(16,790)	-	-
Total Governmental Activities	<u>\$ 2,644,818</u>	<u>\$ -</u>	<u>\$ (231,790)</u>	<u>\$ 2,170,000</u>	<u>\$ 215,000</u>

Type of Debt	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023	Amount Due Within One Year
Business-Type Activities:					
Notes Payable	\$ 2,499,259	\$ -	\$ (262,808)	\$ 2,236,451	\$ 289,000
Loan Payable - Trucks	37,132	-	(18,307)	18,825	18,825
Loan Payable - Tractor	28,399	-	(9,157)	19,242	9,514
Refundable Deposits	122,053	21,111	(26,941)	116,223	-
Total Business-Type Activities	<u>\$ 3,014,749</u>	<u>\$ 21,111</u>	<u>\$ (317,213)</u>	<u>\$ 2,390,741</u>	<u>\$ 317,339</u>

## DEBT SERVICE REQUIREMENTS TO MATURITY

The annual debt service requirements to maturity, including principal and interest, for long-term debt, except for refundable deposits, as of June 30, 2023, are as follows:

Governmental Funds:

For the Year Ended	G.O Bond \$1,285,000 Loan		G.O Bond \$1,800,000 Loan	
	Prin	Int	Prin	Int
2024	\$ 90,000	\$ 23,979	\$ 125,000	37,906
2025	90,000	21,279	125,000	34,156
2026	90,000	20,552	125,000	31,656
2027	90,000	19,962	125,000	29,000
2028	90,000	18,043	125,000	26,188
2029-2033	295,000	23,493	625,000	98,750
2034-2039	-	-	175,000	5,250
	<u>\$ 745,000</u>	<u>\$ 127,308</u>	<u>\$ 1,425,000</u>	<u>\$ 288,625</u>



Proprietary Funds:

For the Year Ended	OWRB \$7,225,000 Loan		Stroud National Bank \$73,816 Loan		Stroud National Bank \$53,361 Loan	
	Prin	Int	Prin	Int	Prin	Int
2024	\$ 289,000	\$ 10,075	\$ 18,825	\$ 1,212	\$ 9,514	\$ 816
2025	289,000	8,979	-	-	9,729	413
2026	289,000	8,112	-	-	-	-
2027	289,000	7,899	-	-	-	-
2028	289,000	7,382	-	-	-	-
2029-2034	791,451	12,728	-	-	-	-
	<u>\$ 2,236,451</u>	<u>\$ 55,175</u>	<u>\$ 18,825</u>	<u>\$ 1,212</u>	<u>\$ 19,242</u>	<u>\$ 1,229</u>

**3.E. INTERFUND TRANSFERS AND BALANCES**

The City transfers one-third of its sales tax to the Capital Improvements Fund for specific capital improvement projects.

The other transfers reflected in the schedule below are used to move restricted resources collected by the General Fund to the funds authorized to spend the resources and to move capitalized assets from the Capital Improvement Fund to the appropriate fund.

Interfund transfers as of June 30, 2023 are as follows:

<b>MAJOR FUNDS:</b>	<b>Transfers In</b>	<b>Transfers Out</b>
<b>GENERAL FUND</b>		
Public Works Authority	\$ 311,277	\$ -
Oklahoma Territorial Plaza		7,000
Total General Fund	<u>311,277</u>	<u>7,000</u>
<b>ENTERPRISE FUND</b>		
Public Works Authority	29,803	200,000
Industrial Development Authority	-	111,277
Total Enterprise Fund	<u>29,803</u>	<u>311,277</u>
<b>CAPITAL IMPROVEMENT FUND</b>		
Public Works Authority	-	29,803
Public Library Trust Fund	-	20,000
Total Capital Improvement Fund	<u>-</u>	<u>49,803</u>
<b>OKLAHOMA TERRITORIAL PLAZA</b>		
General Fund	7,000	-
Total Oklahoma Territorial Plaza Fund	<u>7,000</u>	<u>-</u>
<b>PUBLIC LIBRARY TRUST FUND</b>		
Capital Improvement Fund	20,000	-
Total Public Library Trust Fund	<u>20,000</u>	<u>-</u>
<b>Total Transfers In/Out</b>	<u>\$ 368,080</u>	<u>\$ 368,080</u>

**NOTE 4: OTHER NOTES**

**4.A. PENSION PLANS**

The City of Perkins participates in four pension or retirement plans:

1. Oklahoma Municipal Retirement Fund (OMRF)
2. Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan)
3. Oklahoma Firefighter’s Pension and Retirement System (OFPRS) – a statewide cost-sharing plan
4. Oklahoma Police Pension and Retirement System (OPPRS) – a statewide cost-sharing plan

**OKLAHOMA MUNICIPAL RETIREMENT FUND, (OMRF)**

*Plan Summary Information.* The City of Perkins, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Municipal Retirement Fund (OMRF). The OMRF defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members (except those covered by the Police and Firefighters Pension Systems) and beneficiaries. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements.

The OMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from their website at [www.okmrf.org](http://www.okmrf.org), or from OkMRF by writing to:

OMRF  
 525 Central Park Drive, Suite 320  
 Oklahoma City, OK 73105

*Funding Policy.* The City participates under Plan BB, under which employees are required to contribute 4.5 % of their annual pay, and the City contributes 2.76 % of the employees’ annual pay.

The OMRF contributions are as follows:

**Schedule of Retirement Plan Contributions OMRF Cost-Sharing Plan**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2019	\$ 34,361	\$ 34,361
2020	31,650	31,650
2021	31,614	31,614
2022	27,622	27,622
2023	23,091	23,091

**CITY MANAGER PLAN (the CMO PLAN)**

**Plan Description** – During the current year, the City provided a defined contribution plan and trust known as the Oklahoma Municipal Retirement Fund Customized Manager Option Plan Retirement Plan and Trust (the CMO Plan) in the form of The Oklahoma Municipal Retirement Fund Master Defined Contribution Plan (OkMRF). The plan is administered by JP Morgan Chase Bank of Oklahoma City, Oklahoma. The

defined contribution plan is available to any person who is in the position of City Manager. Separate financial statements are not available.

**Funding Policy** – Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate upon employment, and voluntarily elect their percentage contribution with a minimum contribution of 3 % of compensation. The City makes contributions to the CMO Plan based on the employment agreement with the employee and employer contributions are immediately vested. The City contributed 10 % during the year ended June 30, 2023. The authority to establish and amend the provisions of the plan rests with the City Commission. Contributions to the plan for the year ended June 30, 2023, for employee and employer were \$3,246 and \$11,635, respectively, on a covered payroll of \$116,352.

**FIREFIGHTER’S PENSION AND RETIREMENT SYSTEM, (OFPRS)**

*Plan Summary Information.* The City of Perkins, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Firefighter’s Pension and Retirement System (OFPRS). This plan covers all full-time and volunteer firemen. The OFPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to the requirements of Title 11, Section 22-102, the Town must participate in the plan if they employ full-time or volunteer firefighters. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirement.

The OFPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OFPRS, 4545 N. Lincoln Blvd., Suite 265, Oklahoma City, OK 73105-3414.

*Funding Policy.* For volunteer firefighters the City is required by state law to contribute \$ 60 per year for each volunteer firefighter, while there is no required contribution by the volunteer.

**Schedule of Retirement Plan Contributions for Volunteer Firefighters**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2019	\$ 840	\$ 840
2020	360	360
2021	1,020	1,020
2022	660	660
2023	900	900

The City participates in the OFPRS for all paid firefighters. OFPRS plan members are required to contribute 9 % to the plan. The City is required by state law to contribute 14 % per year of covered payroll per paid firefighter. The Plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary.

**Schedule of Retirement Plan Contributions OFPRS Cost-Sharing Plan**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2019	\$ 11,814	\$ 11,814
2020	11,164	11,164
2021	12,329	12,329
2022	14,129	14,129
2023	13,218	13,218

## **POLICE PENSION AND RETIREMENT SYSTEM, (OPPRS)**

*Plan Summary Information.* The City of Perkins, as the employer, participates in a statewide cost-sharing multiple employer defined benefit pension plan through the Oklahoma Police Pension & Retirement System (OPPRS). The OPPRS defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Pursuant to Title 11, section 50-102, the City must participate in the plan if they employ a certain number of fulltime police officers. The City has no responsibility or authority for the operation or administration of the pension program nor has it any related liability, except for the current contribution requirements. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to:

OPPRS  
1001 N.W. 63 rd. St., Suite 305  
Oklahoma City, OK 73116-7335

*Funding Policy.* The City is required by state law to contribute 13 % of covered payroll per year for each police officer. Employees contribute 8 % of covered payroll. The Plan is funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The OPPRS contributions are as follows:

### **Schedule of Retirement Plan Contributions OPPRS Cost-Sharing Plan**

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Amount Contributed</u>
2019	\$ 30,738	\$ 30,738
2020	29,943	29,943
2021	30,571	30,571
2022	32,361	32,361
2023	35,333	35,333

#### **4.A.1. TERMINATION BENEFITS**

At June 30, 2023, the City's reporting entity had no terminated employees participating in COBRA health care in various options available from the City. COBRA participants pay 100 % of the premium cost for continuing coverage. COBRA continuation coverage benefits are available for eligible employees for 18 months. Dependents of employees who lose coverage due to a qualifying event are eligible for 30 months. Benefits provided are not material to the financial statements.

#### **4.B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City manages these various risks of loss by securing commercial insurance for all risks. Management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

#### 4.C. COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

##### COMMITMENTS

##### Ad Valorem Assessment

The City's General Obligation bonds are payable through an ad valorem tax levy. The levies under the ad valorem tax are as follows:

	<u>Levy</u>	<u>Paid</u>
June 30, 2022	\$ 274,356	\$ 274,356
June 30, 2023	262,724	262,724

##### Other Commitments

##### *Federal and State Award Programs:*

The City participates in various federal and state grant programs from year to year. In 2023, the City's involvement in federal and state award programs was not significant. The programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. The City has not been notified of any noncompliance with federal or state award requirements. Any liability or reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

##### CONTINGENCIES

##### Litigation

The City is a party to various legal proceedings that normally occur in the course of governmental operations. The financial statements do not include any accruals or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a 3-year period by a City "Sinking Fund" for the payment of any court assessed judgment rendered against the City. While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the City and the State statute relating to judgments, the City feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the City.

#### 4.D. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 7, 2023, which is the date the financial statements were available to be issued.

**MICHAEL W. GREEN**

***Certified Public Accountant***

827 W. Locust Street  
Stilwell, Oklahoma 74960  
(918) 696-6298

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 City Commission  
City of Perkins, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business-type activities, and each major fund of the City of Perkins, Oklahoma (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued my report thereon dated December 7, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of City'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 City'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 I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 City'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 City'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 fluid and cursive, with the first name "Michael" and last name "Green" clearly distinguishable.

Michael Green, CPA  
December 7, 2023