

MUSKOGEE INDUSTRIAL TRUST

MUSKOGEE, OKLAHOMA

FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE YEARS ENDED SEPTEMBER 30, 2019 and 2018

MUSKOGEE INDUSTRIAL TRUST
Muskogee, Oklahoma

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of
Muskogee Industrial Trust
Muskogee, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and primary government of Muskogee Industrial Trust as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Trust'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and primary government of Muskogee Industrial Trust, as of September 30, 2019 and 2018, and the respective changes in fund net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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 operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Muskogee Industrial Trust's basic financial statements. The schedule of projects - statement of net position – assets, schedule of projects - statement of net position – liabilities & net position and schedule of minimum lease payments to be received are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of projects - statement of net position – assets, schedule of projects - statement of net position – liabilities & net position and schedule of minimum lease payments to be received 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 our opinion, the schedule of projects - statement of net position – assets, schedule of projects - statement of net position – liabilities & net position and schedule of minimum lease payments to be received are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 27, 2020 on our consideration of Muskogee Industrial Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not 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 Muskogee Industrial Trust's internal control over financial reporting and compliance.



Kathy Hewitt, CPA, LLP

Muskogee, OK

January 27, 2020

BASIC FINANCIAL STATEMENTS

MUSKOGEE INDUSTRIAL TRUST
Statement of Net Position
As of September 30, 2019 and 2018

	9/30/2019	9/30/2019	9/30/2018	
ASSETS	Business Type Activities- Enterprise Fund	Total Primary Government	Total Primary Government	Difference
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 727,125	\$ 727,125	\$ 567,280	159,845
Trustee Investment Accounts	\$ 1	\$ 1	\$ 1	-
Account Receivable - Current Portion	\$ 61,607	\$ 61,607	\$ 61,519	88
Short Term Investments	\$ 227,943	\$ 227,943	\$ 224,337	3,606
Current Portion of:				
Net Investment in Direct Financing Leases	\$ 5,375,544	\$ 5,375,544	\$ 5,375,544	-
Note Receivable-Muskogee City/County Port Authority	\$ 264,936	\$ 264,936	\$ 346,465	(81,529)
Accrued Interest Receivable-Muskogee City/Cty Port Authority	\$ 4,938	\$ 4,938	\$ 6,440	(1,502)
Total	\$ 6,662,094	\$ 6,662,094	\$ 6,581,586	\$ 80,509
 OTHER ASSETS				
Minimum Lease Payments Receivable	\$ 112,842,231	\$ 112,842,231	118,217,775	(5,375,544)
Less Unearned Income	\$ (15,847,231)	\$ (15,847,231)	(18,940,324)	3,093,093
Less Current Portion	\$ (5,375,544)	\$ (5,375,544)	(5,375,544)	(0)
Note Receivable-Muskogee City/County Port Authority	\$ -	\$ -	-	-
Less Current Portion	\$ -	\$ -	-	-
Net	\$ 91,619,456	\$ 91,619,456	\$ 93,901,907	\$ (2,282,451)
 TOTAL ASSETS	 \$ 98,281,550	 \$ 98,281,550	 \$ 100,483,493	 \$ (2,201,943)

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Statement of Net Position
As of September 30, 2019 and 2018

	9/30/2019 Business Type Activities- Enterprise Fund	9/30/2019 Total Primary Government	9/30/2018 Total Primary Government
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable-Current Portion	\$ 7,000	\$ 7,000	\$ 7,070
Bond Proceeds Due Lessors	\$ 61	\$ 61	\$ 61
Current Maturities of Mortgages & Bonds Payable	\$ 2,450,000	\$ 2,450,000	\$ 2,360,000
Total Current Liabilities	\$ 2,457,061	\$ 2,457,061	\$ 2,367,131
LONG TERM LIABILITIES			
Mortgages & Bonds Payable on Capital Leases	\$ 89,816,795	\$ 89,816,795	\$ 91,090,031
Less Current Maturities of Mortgages & Bonds Payable	\$ (2,450,000)	\$ (2,450,000)	\$ (2,360,000)
Total Long Term Liabilities	\$ 87,366,795	\$ 87,366,795	\$ 88,730,031
Total Liabilities	\$ 89,823,856	\$ 89,823,856	\$ 91,097,162
NET POSITION			
UNASSIGNED NET POSITION BEGINNING OF YEAR	\$ 10,413,144	\$ 10,413,144	\$ 10,413,144
LESS EXCESS EXPENSES OVER REVENUES-PRIOR YEAR	\$ (1,026,814)	\$ (1,026,814)	\$ (1,026,814)
LESS EXCESS EXPENSES OVER REVENUES-CURRENT YEAR	\$ (928,636)	\$ (928,636)	\$ -
UNASSIGNED NET POSITION AT YEAR END	\$ 8,457,694	\$ 8,457,694	\$ 9,386,330
TOTAL LIABILITIES AND NET POSITION	\$ 98,281,550	\$ 98,281,550	\$ 100,483,492
TOTAL ASSETS	\$ 98,281,550	\$ 98,281,550	102,703,417

The accompanying notes are all integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Twelve Months Ended September 30, 2019 and 2018

	<u>9/30/2019</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
	Business Type Activities Enterprise Fund	Total Primary Government	Total Primary Government
EXPENSES			
Interest on Bonds and Mortgages	\$ 2,913,662	\$ 2,913,662	\$ 2,776,116
Legal, Audit and Supply Fees	\$ 8,101	\$ 8,101	\$ 1,155
Total Expenses	<u>\$ 2,921,764</u>	<u>\$ 2,921,764</u>	<u>\$ 2,777,271</u>
REVENUES			
Administrative fees	\$ 63,584	\$ 63,584	\$ 58,816
Earned Income	\$ 1,917,007	\$ 1,917,007	\$ 1,689,562
Interest Income from Investments	\$ 12,537	\$ 12,537	\$ 2,079
Total Revenues	<u>\$ 1,993,128</u>	<u>\$ 1,993,128</u>	<u>\$ 1,750,457</u>
Changes in Fund Net Position	\$ (928,636)	\$ (928,636)	\$ (1,026,814)
Fund Net Position, Beginning of Year	\$ 9,386,330	\$ 9,386,330	\$ 10,413,144
Prior Period Adjustment	\$ -	\$ -	\$ -
Fund Net Position, End of Year	<u><u>\$ 8,457,694</u></u>	<u><u>\$ 8,457,694</u></u>	<u><u>\$ 9,386,330</u></u>

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Statement of Cash Flows
For the Twelve Months Ended September 30, 2019

	9/30/2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Loss	\$ (928,636)
ADJUSTMENTS TO RECONCILE NET INCOME	
Interest in certificates of deposit	\$ (3,606)
Changes in Accounts Receivable	\$ (88)
Changes in Accounts Payable	\$ (70)
Changes in Accrued Interest	\$ 1,502
Changes in Current Maturities	<u>\$ 90,000</u>
Net Cash Provided by Operating Activities	\$ (840,899)
CASH FLOWS FROM INVESTING ACTIVITIES	
Changes in Unearned Income from Bonds and Leases	\$ 5,375,544
Principal Received on Investment Loan	\$ 81,529
Changes in Minimum Lease Payments from Bonds and Leases	<u>\$ (3,093,093)</u>
Net cash provided by investing activities	\$ 2,363,980
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Changes in Deferred Debt Defeasement	\$ 1,086,764
Changes in Bonds and Leases	\$ (2,360,000)
Changes in Current Maturities of Bonds and Leases	<u>\$ (90,000)</u>
Net cash provided by financing activities	\$ (1,363,236)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 159,846
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>\$ 567,279</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 727,125</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Changes in Fund Net Position	\$ (941,173)
Adjustment to reconcile changes in fund net position to net cash used by operating activities	
Interest Income from Investments	\$ 12,537
Changes in assets and liabilities	
Increase in interest due from lessor	\$ (2,618,980)
Decrease in unearned income	<u>\$ 2,618,980</u>
Net cash used by operating activities	<u><u>\$ (928,636)</u></u>

The accompanying notes are an integral part of these statements

NOTES TO FINANCIAL STATEMENTS

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2019 and 2018

NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Muskogee Industrial Trust is a public trust created pursuant to 60 Oklahoma Statutes 1969, Sections 176 to 180, inclusive for the purpose of permitting the City of Muskogee, as beneficiary, to own, acquire, construct, reconstruct, extend, equip, improve, maintain, sell, lease, contract or deal in or dispose of any land, buildings or facilities of any nature that can be used in securing or developing industry within or near the City of Muskogee. The following is a summary of the more significant accounting policies employed by the Trust:

BASIS OF ACCOUNTING

The Trust utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses (including depreciation if applicable) are recorded when the liability is incurred or economic asset used.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Trust considers all highly liquid investments (including restricted assets if applicable) with maturity of three months or less when purchased to be cash equivalents.

The Trust maintains a variable-percent interest bearing checking account at BancFirst, Muskogee, Oklahoma branch.

All of the leases in which the Trust is involved are accounted for as direct financing leases in accordance with FASB Statement #13. The net investment in the lease is determined by reducing the net minimum lease payments receivable by the unearned income.

SHORT TERM INVESTMENTS

The Trust maintains certificates of deposit at Firststar Bank with maturities of 12 months or more.

INCOME TAXES

The Trust as an agent of the City of Muskogee, Oklahoma, is not subject to income taxes. Accordingly, interest paid on obligations by the Trust are not subject to Federal income tax.

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2019 and 2018

FAIR VALUE MEASUREMENTS

The Trust accounts for its financial assets and liabilities in accordance with ASC 820-10. This codified standard defines fair value measurement based on an exit price. An exit price, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as opposed to an entry price which is the transaction price that would be paid to acquire an asset or received to assume a liability. In most instances these prices are different, however they can be equal. The codified standard also establishes valuation techniques which include the following:

1. Market approach – prices derived from market transactions for identical or comparable assets or liabilities,
2. Income approach – conversion of future amounts such as cash flows or earnings to a single present amount based on current market expectations about those future amounts and/or,
3. Cost approach – the amount that would currently be required to replace the service capacity of an asset.

Finally, the codified standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

- | | |
|----------|--|
| Level 1: | Quoted prices in active markets for identical assets or liabilities. These include, but are not limited to, cash and cash equivalents, common and preferred stocks, and mutual funds; |
| Level 2: | Inputs that are derived principally from or corroborated by observable market data. These include, but are not limited to, government agency issues, corporate bonds and municipal securities; |
| Level 3: | Inputs that are unobservable and significant to the overall fair value measurement. These include, but are not limited to, non-public common stocks and personally held notes receivable. |

Financial assets and liabilities of the Trust are carried at fair value on a recurring basis in the financial statements. The Trust's financial instruments include investments and beneficial interest in assets, if any, held by others. All financial instruments of the Trust are valued using inputs qualifying as Level 1 in the above-defined hierarchy.

MUSKOGEE INDUSTRIAL TRUST
Notes to Financial Statements
September 30, 2019 and 2018

USE OF ESTIMATES

The Trust has made estimates and assumptions required for the preparation of its financial statements on the basis of accounting described in the first note above that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECEIVABLES/PAYABLES

During a prior fiscal year the Trust entered into a loan agreement with the Muskogee City-County Port Authority. The purpose of the loan is to purchase real estate parcels within the Port site. The total loan proceeds available were \$500,000. The note was re-written when it became due on April 17, 2017. Interest accrues at the rate of 4% per annum. Principal and interest payments of \$95,580.22 are due annually for five years.

INVESTMENT IN FINANCIAL TRANSACTIONS

The Trust is engaged in the financing of industrial property including real estate, equipment and furniture and fixtures principally as lessor under direct financing leases. The two leases outstanding at September 30, 2019 and 2018, had initial terms of thirty (30) years.

Future minimum lease payments to be received for the two industrial property leases under direct financing leases for years ending September 30th of said year are as follows:

Years 2019 and 2020 are \$2,541,431 and \$2,541,431 respectively.
Thereafter they total \$98,378,265.

Net investment in direct financing leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

On July 1, 2013, the Trust engaged in financing educational facilities lease revenue bonds for the Independent School District No. 20, Muskogee Public Schools project. Initial maturity is September 1, 2022. (Payments are scheduled on September 1 each year. Interest expense was reported as of September 1, 2019 and 2018.)

On October 16, 2013, the Trust engaged in financing of property for the Independent School District No. 29, Hilldale Public Schools of Muskogee County, Oklahoma. Initial maturity is August 15, 2023. (Payments are scheduled on August 15 each year. Interest expense was reported as of August 15, 2019 and 2018.)

MUSKOGEE INDUSTRIAL TRUST

Notes to Financial Statements

September 30, 2019 and 2018

Future minimum lease payments to be received for the two educational facilities leases under direct financing leases for years ending September 30th of said year are as follows:

Years 2019 and 2020 are \$2,843,526 and \$2,834,113 respectively.
Thereafter they total \$6,557,282.

Net investment in educational facilities leases is pledged as collateral on the related mortgage and bonds payable obligations. Earned income consists principally of transfers from unearned income to offset incremental initial direct costs charged to expense.

SUBSEQUENT EVENTS

We have evaluated all events subsequent to the net position dates of September 30, 2019 and 2018, through the financial statement issuance date of January 27, 2020, and determined there are no subsequent events requiring additional disclosure.

OTHER REPORTS

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

To the Trustees of
Muskogee Industrial Trust
Muskogee, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and primary government of Muskogee Industrial Trust, as of and for the years ended September 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise Muskogee Industrial Trust's basic financial statements, and have issued our report thereon dated January 27, 2020.

Internal Control over Financial Reporting

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

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

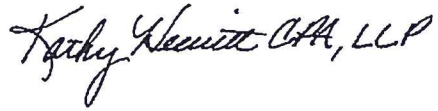
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Muskogee Industrial Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our 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 our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kathy Hewitt CPA, LLP". The signature is written in a cursive, flowing style.

Kathy Hewitt, CPA, LLP

Muskogee, OK

January 27, 2020

SUPPLEMENTARY INFORMATION

MUSKOGEE INDUSTRIAL TRUST
Schedule of Projects - Statement of Net Position
As of September 30, 2019

ASSETS

CURRENT ASSETS

Cash
Trustee Investment Accounts
Account Receivable - Current Portion
Investment-Certificate of Deposit
Current Portion of Net Investment in Direct Financing Leases
Loan Receivable-Muskogee City/Cty Port Authority
Accrued Interest Receivable-Muskogee City/Cty Port Auth.

	Oklahoma Gas & Electric 1976 Refunded 1995	1982 Refunded 1987& 1997	I-20 School District	Hilldale School District	Muskogee City/County Port Auth.	Administration	Total
\$	-	\$	-	\$	-	\$ 727,126	\$ 727,126
\$	1	-	-	-	-	\$	1
\$	22,539	\$ 39,068	-	-	-	\$	61,607
\$	-	-	-	-	-	\$ 227,943	\$ 227,943
\$	1,296,000	\$ 1,245,431	\$ 1,983,000	\$ 851,113	-	-	\$ 5,375,544
\$	-	-	-	-	-	-	-
\$	-	-	-	-	4,938	-	\$ 4,938
\$	1,318,540	\$ 1,284,499	\$ 1,983,000	\$ 851,113	\$ 4,938	\$ 955,069	\$ 6,397,159
NET INVESTMENT IN DIRECT FINANCING LEASES							
\$	39,204,000	\$ 64,257,127	\$ 6,069,000	\$ 3,312,104	\$	-	\$ 112,842,231
\$	(6,804,000)	\$ (8,257,128)	\$ (454,000)	\$ (332,104)	\$	-	\$ (15,847,231)
\$	(1,296,000)	\$ (1,245,431)	\$ (1,983,000)	\$ (851,113)	\$	-	\$ (5,375,544)
\$	31,104,000	\$ 54,754,568	\$ 3,632,000	\$ 2,128,887	\$	-	\$ 91,619,455
OTHER ASSETS							
\$	-	-	-	-	264,936	-	\$ 264,936
\$	31,104,000	\$ 54,754,568	\$ 3,632,000	\$ 2,128,887	\$ 264,936	-	\$ 91,884,391
\$	32,422,540	\$ 56,039,068	\$ 5,615,000	\$ 2,980,000	\$ 269,874	\$ 955,069	\$ 98,281,550

Total Assets

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Schedule of Projects - Statement of Net Position
As of September 30, 2019

	Oklahoma Gas & Electric		1982		I-20		Hilldale		Muskogee		Total
	1976	1982	Refunded	1987 & 1997	School	District	School	District	City/County	Administration	
	Refunded				District		District		Port Auth.		
LIABILITIES											
CURRENT LIABILITIES											
Account Payable-Current Portion	\$ -	\$ -	-	\$ -	check this	-	check this	-	-	7,000	7,000
Bond Proceeds Due Lessees	\$ -	\$ -	-	-	-	-	-	-	-	61	61
Current Portion of Mortgages, Bonds & Capital Leases Payable	\$ -	\$ -	-	-	1,740,000	710,000	-	-	-	-	2,450,000
Total Current Liabilities	\$ -	\$ -	-	-	1,740,000	710,000	-	-	-	7,061	2,457,061
LONG TERM LIABILITIES											
Mortgages & Bonds Payable on Capital Leases	\$ 32,400,000	\$ 56,000,000	\$ -	\$ -	5,615,000	2,980,000	-	-	-	-	96,995,000
Less Current Portion of Mortgages, Bonds & Capital Leases Payable	\$ -	\$ -	-	-	(1,740,000)	(710,000)	-	-	-	-	(2,450,000)
Less Deferred Debt Expense - Net	\$ (1,701,932)	\$ (5,476,272)	-	-	-	-	-	-	-	-	(7,178,204)
Total Long Term Liabilities	\$ 30,698,068	\$ 50,523,728	\$ -	\$ -	3,875,000	2,270,000	-	-	-	-	87,366,796
Total Liabilities	\$ 30,698,068	\$ 50,523,728	\$ -	\$ -	5,615,000	2,980,000	-	-	-	7,061	89,823,857
NET POSITION											
Total Liabilities and Net Position	\$ 1,724,472	\$ 5,515,340	\$ -	\$ -	-	-	-	-	269,874	948,008	8,457,694
	\$ 32,422,540	\$ 56,039,068	\$ -	\$ -	5,615,000	2,980,000	-	-	269,874	955,069	98,281,551

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Schedule of Minimum Lease and Bond Payments to be Received
September 30, 2019

PROJECT	2019	2020	2021	2022	2023	Later Years
INDUSTRIAL PROPERTY FINANCING LEASES						
Oklahoma Gas & Electric-1976 Refunded 1995	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 34,020,000
Oklahoma Gas & Electric-1982 Refunded 1987 & 1997	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 59,275,403
	\$ 2,541,431	\$ 2,541,431	\$ 2,541,431	\$ 2,541,431	\$ 2,541,431	\$ 93,295,403
EDUCATIONAL FACILITIES LEASE						
I-20 School District	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 120,000	\$ -
Hilldale School District	\$ 851,113	\$ 840,822	\$ 834,653	\$ 822,387	\$ 814,242	\$ -
	\$ 2,834,113	\$ 2,823,822	\$ 2,817,653	\$ 2,805,387	\$ 934,242	\$ -
Total	\$ 5,375,544	\$ 5,365,253	\$ 5,359,084	\$ 5,346,818	\$ 3,475,673	\$ 93,295,403

The accompanying notes are an integral part of these statements

MUSKOGEE INDUSTRIAL TRUST
Schedule of Projects - Statement of Net Position
As of September 30, 2018

		Oklahoma Gas & Electric		I-20		Hilldale	Muskogee	Total
		1976	1982	School	District	School	City/County	
		Refunded	Refunded	District	District	District	Port Auth.	
		1995	1987& 1997					
ASSETS								
CURRENT ASSETS								
Cash	\$	-	\$	-	\$	-	\$	567,279
Trustee Investment Accounts	\$	1	\$	-	\$	-	\$	1
Account Receivable - Current Portion	\$	22,539	\$	39,012	\$	-	\$	61,551
Investment-Certificate of Deposit	\$	-	\$	-	\$	-	\$	224,337
Current Portion of Net Investment in Direct Financing Leases	\$	1,296,000	\$	1,245,431	\$	851,113	\$	5,375,544
Loan Receivable-Muskogee City/Cty Port Authority	\$	-	\$	-	\$	-	\$	81,529
Accrued Interest Receivable-Muskogee City/Cty Port Auth.	\$	-	\$	-	\$	-	\$	6,440
Total Current Assets	\$	1,318,540	\$	1,284,443	\$	851,113	\$	791,616
NET INVESTMENT IN DIRECT FINANCING LEASES								
Total Minimum Lease Payments Receivable	\$	40,500,000	\$	65,502,559	\$	4,163,216	\$	-
Less Unearned Income	\$	(8,100,000)	\$	(9,580,108)	\$	(493,216)	\$	-
Less Current Portion	\$	(1,296,000)	\$	(1,245,431)	\$	(851,113)	\$	-
Net Investment In Direct Financing Leases	\$	31,104,000	\$	54,677,020	\$	2,818,887	\$	-
OTHER ASSETS								
Long Term - Loan Receivable-Muskogee City/Cty Port Authority	\$	-	\$	-	\$	-	\$	264,936
Total Assets	\$	31,104,000	\$	54,677,020	\$	2,818,887	\$	264,936
	\$	32,422,540	\$	55,961,463	\$	3,670,000	\$	791,616
								100,483,524

MUSKOGEE INDUSTRIAL TRUST
Schedule of Projects - Statement of Net Position
As of September 30, 2018

	Oklahoma Gas & Electric	1982	I-20	Hilldale	Muskogee	Administration	Total
	1976	Refunded	School	School	City/County		
	1995	1987 & 1997	District	District	Port Auth.		
LIABILITIES							
CURRENT LIABILITIES							
Account Payable-Current Portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,070	\$ 7,070
Bond Proceeds Due Lessees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 61	\$ 61
Current Portion of Mortgages & Bonds Payable	\$ -	\$ -	\$ 1,670,000	\$ 690,000	\$ -	\$ -	\$ 2,360,000
Total Current Liabilities	\$ -	\$ -	\$ 1,670,000	\$ 690,000	\$ -	\$ 7,131	\$ 2,367,131
LONG TERM LIABILITIES							
Mortgages & Bonds Payable on Capital Leases	\$ 32,400,000	\$ 56,000,000	\$ 5,615,000	\$ 2,980,000	\$ -	\$ -	\$ 96,995,000
- Net of Current Portion	\$ (2,026,110)	\$ (6,238,859)	\$ -	\$ -	\$ -	\$ -	\$ (8,264,969)
Less Deferred Debt Expense - Net	\$ 30,373,890	\$ 49,761,141	\$ 5,615,000	\$ 2,980,000	\$ -	\$ -	\$ 88,730,031
Total Long Term Liabilities	\$ 30,373,890	\$ 49,761,141	\$ 7,285,000	\$ 3,670,000	\$ -	\$ 7,131	\$ 91,097,162
Total Liabilities	\$ 30,373,890	\$ 49,761,141	\$ 7,285,000	\$ 3,670,000	\$ -	\$ 7,131	\$ 91,097,162
NET POSITION							
Total Liabilities and Net Position	\$ 2,048,618	\$ 6,200,322	\$ -	\$ -	\$ 352,905	\$ 784,485	\$ 9,386,330
	\$ 32,422,508	\$ 55,961,463	\$ 7,285,000	\$ 3,670,000	\$ 352,905	\$ 791,616	\$ 100,483,492

MUSKOGEE INDUSTRIAL TRUST
Schedule of Minimum Lease and Bond Payments to be Received
September 30, 2018

PROJECT	2020	2021	2022	2023	Later Years
INDUSTRIAL PROPERTY FINANCING LEASES					
Oklahoma Gas & Electric-1976 Refunded 1995	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 1,296,000	\$ 34,020,000
Oklahoma Gas & Electric-1982 Refunded 1987 & 1997	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 1,245,431	\$ 59,275,403
	<u>\$ 2,541,431</u>	<u>\$ 2,541,431</u>	<u>\$ 2,541,431</u>	<u>\$ 2,541,431</u>	<u>\$ 93,295,403</u>
EDUCATIONAL FACILITIES LEASE					
I-20 School District	\$ 1,983,000	\$ 1,983,000	\$ 1,983,000	\$ 120,000	-
Hilldale School District	\$ 840,822	\$ 834,653	\$ 822,387	\$ 814,242	-
	<u>\$ 2,823,822</u>	<u>\$ 2,817,653</u>	<u>\$ 2,805,387</u>	<u>\$ 934,242</u>	<u>-</u>
Total	\$ 5,365,253	\$ 5,359,084	\$ 5,346,818	\$ 3,475,673	\$ 93,295,403

The accompanying notes are an integral part of these statements