

CITY OF PERKINS

Perkins, Oklahoma

FINANCIAL STATEMENTS

For the Year Ended June 30, 2013

Bruce G. Luttrell, CPA, PC _____
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**CITY OF PERKINS
PERKINS, OKLAHOMA**

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INDEPENDENT AUDITOR'S REPORT

To the City Commission
City of Perkins, Oklahoma

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Perkins, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Business-Type Activities

Management has not included the Perkins Industrial Development Authority in the City of Perkins, Oklahoma's, financial statements. Accounting principles generally accepted in the United States of America

require the Perkins Industrial Development Authority to be presented as a major enterprise fund and financial information about the Perkins Industrial Development Authority to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net assets. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the business-type activities and the omitted major fund has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Business-Type Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the business-type activities of the City of Perkins, Oklahoma, as of June 30, 2013, or the changes in financial position and, where applicable, cash flows thereof for the year then ended.

Unmodified Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Perkins, Oklahoma, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, on pages 40 through 42, be presented to supplement the basic financial statements. Such 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires 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. My opinion of the basic financial statements is not affected by this missing information.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perkins, Oklahoma's basic financial statements. The schedule of grant funds, on pages 46 and 47, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of grant funds is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of grant funds is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 31, 2013, on my consideration of the City of Perkins, Oklahoma'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 to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Perkins, Oklahoma's, internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Bruce Luttrell". The signature is written in a cursive, flowing style.

Bruce Luttrell, CPA, PC

October 31, 2013

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**CITY OF PERKINS
STATEMENT OF NET ASSETS
JUNE 30, 2013**

Statement 1

	Government Activities	Business-Type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 476,874.80	\$ 256,351.32	\$ 733,226.12
Restricted cash and cash equivalents	30,138.75	55,593.29	85,732.04
Investments	552,104.98	-	552,104.98
Accounts receivable	-	109,863.94	109,863.94
Receivables from other governments	145,800.84	-	145,800.84
Total current assets	<u>1,204,919.37</u>	<u>421,808.55</u>	<u>1,626,727.92</u>
Noncurrent assets			
Debt issue costs (net of amortization)	-	200,252.51	200,252.51
Capital assets:			
Equipment	755,820.39	156,990.06	912,810.45
Vehicles	474,911.63	50,251.04	525,162.67
Land & Improvements	822,689.15	64,300.00	886,989.15
Buildings & Infrastructure	5,170,592.47	12,845,956.89	18,016,549.36
Less accumulated depreciation	<u>(4,139,798.79)</u>	<u>(5,087,440.00)</u>	<u>(9,227,238.79)</u>
Total noncurrent assets	<u>3,084,214.85</u>	<u>8,230,310.50</u>	<u>11,314,525.35</u>
Total assets	<u>4,289,134.22</u>	<u>8,652,119.05</u>	<u>12,941,253.27</u>
Liabilities			
Current liabilities			
Accounts payable	58,740.71	39,557.17	98,297.88
Accrued interest payable	-	38,685.84	38,685.84
Accrued compensated absences	17,938.63	3,037.35	20,975.98
Notes payable - current portion	-	326,015.46	326,015.46
Total current liabilities	<u>76,679.34</u>	<u>407,295.82</u>	<u>483,975.16</u>
Noncurrent liabilities			
Accrued compensated absences	23,987.04	286.93	24,273.97
Refundable deposits	-	104,503.02	104,503.02
Settlement payable (Note 4.C.)	-	21,000.00	21,000.00
Notes payable	-	4,713,446.65	4,713,446.65
Less: current portion	-	<u>(326,015.46)</u>	<u>(326,015.46)</u>
Total noncurrent liabilities	<u>23,987.04</u>	<u>4,513,221.14</u>	<u>4,537,208.18</u>
Total liabilities	<u>100,666.38</u>	<u>4,920,516.96</u>	<u>5,021,183.34</u>
Net assets (Note 1.D.)			
Invested in capital assets, net of related debt	3,084,214.85	3,316,611.34	6,400,826.19
Restricted	19,324.60	55,593.29	74,917.89
Committed	933,440.47	152,797.22	1,086,237.69
Assigned	44,322.16	-	44,322.16
Unassigned	107,165.76	206,600.24	313,766.00
Total net assets	<u>\$ 4,188,467.84</u>	<u>\$ 3,731,602.09</u>	<u>7,920,069.93</u>

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

**CITY OF PERKINS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2013**

Statement 2

Functions/programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets			Totals
	Expenses	Charges for Services	Operating Grants and Contracts	Capital Grants and Contracts	Governmental Activities	Primary Government		
						Business-type Activities	Totals	
Governmental activities								
General Government	\$ 502,933.40	\$ 16,567.27	\$ 2,000.00	\$ 232,600.00	\$ (251,766.13)	\$ -	\$ -	\$ (251,766.13)
Public Safety	868,051.05	167,754.84	23,690.90	9,995.00	(666,610.31)	-	-	(666,610.31)
Streets	122,558.52	-	-	-	(122,558.52)	-	-	(122,558.52)
Culture and Recreation	268,019.53	21,615.00	10,879.51	-	(235,525.02)	-	-	(235,525.02)
Capital Outlay	48,204.99	-	-	-	(48,204.99)	-	-	(48,204.99)
Total governmental activities	1,809,767.49	205,937.11	36,570.41	242,595.00	(1,324,664.97)	-	-	(1,324,664.97)
Business-type activities								
Water	126,814.76	439,912.58	-	-	-	313,097.82	313,097.82	313,097.82
Sewer	136,540.02	542,745.57	-	-	-	406,205.55	406,205.55	406,205.55
Sanitation	194,926.68	277,294.75	-	-	-	82,368.07	82,368.07	82,368.07
Administrative and general	211,582.11	-	-	-	-	(211,582.11)	(211,582.11)	(211,582.11)
Total business-type activities	669,863.57	1,259,952.90	-	-	-	590,089.33	590,089.33	590,089.33
Totals	\$ 2,479,631.06	\$ 1,465,890.01	\$ 36,570.41	\$ 242,595.00	\$ (1,324,664.97)	590,089.33	590,089.33	(734,575.64)
General revenues								
Sales tax					843,882.45	-	-	843,882.45
Use tax					28,549.62	-	-	28,549.62
Intergovernmental revenue not restricted to specific programs					19,717.89	-	-	19,717.89
Intergovernmental revenue restricted for streets & alleys					25,472.12	-	-	25,472.12
Franchise fees					95,009.67	-	-	95,009.67
Donations					296,629.73	-	-	296,629.73
Sales of capital assets					(13,007.25)	(126.23)	-	(13,133.48)
Miscellaneous					53,941.07	12,282.23	-	66,223.30
Investment earnings					9,543.67	1,484.11	-	11,027.78
Interest expense					-	(173,320.65)	-	(173,320.65)
Transfers: In					169,736.24	97,535.34	-	267,271.58
Transfers: Out					(46,797.19)	(326,000.00)	-	(372,797.19)
Total general revenues and transfers					1,482,678.02	(388,145.20)	-	1,094,532.82
Change in net assets					158,013.05	201,944.13	-	359,957.18
Net assets, beginning of year					4,030,454.79	3,529,657.96	-	7,560,112.75
Net assets, end of year					\$ 4,188,467.84	\$ 3,731,602.09	\$ -	\$ 7,920,069.93

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

FUND FINANCIAL STATEMENTS

**CITY OF PERKINS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

Statement 3

	General Fund	Capital Improvements Fund	Oklahoma Territorial Plaza Fund	Perkins Public Library Trust	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 69,473.46	\$ 373,267.57	\$ 34,133.77	\$ -	\$ 476,874.80
Restricted cash and cash equivalents	30,138.75	-	-	-	30,138.75
Investments	-	552,104.98	-	-	552,104.98
Receivables from other governments	120,977.76	24,823.08	-	-	145,800.84
Total assets	<u>\$ 220,589.97</u>	<u>\$ 950,195.63</u>	<u>\$ 34,133.77</u>	<u>\$ -</u>	<u>\$ 1,204,919.37</u>
Liabilities					
Accounts payable	\$ 41,673.17	\$ 16,755.16	\$ 312.38	\$ -	\$ 58,740.71
Total liabilities	<u>41,673.17</u>	<u>16,755.16</u>	<u>312.38</u>	<u>-</u>	<u>58,740.71</u>
Fund Balance (Note 1.D.)					
Restricted	19,324.60	-	-	-	19,324.60
Committed	-	933,440.47	-	-	933,440.47
Assigned	10,814.15	-	33,821.39	-	44,635.54
Unassigned	148,778.05	-	-	-	148,778.05
Total fund balances	<u>178,916.80</u>	<u>933,440.47</u>	<u>33,821.39</u>	<u>-</u>	<u>1,146,178.66</u>
Total liabilities and fund balances	<u>\$ 220,589.97</u>	<u>\$ 950,195.63</u>	<u>\$ 34,133.77</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the Statement of Net Assets 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 is \$ 7,224,013.64

The accumulated depreciation is \$ 4,139,798.79

Net effect for reconciliation

3,084,214.85

Other long-term liabilities are not due and payable in the current-period and therefore are not reported in the funds.

Accrued compensated absences

(41,925.67)

Net assets of governmental activities

\$ 4,188,467.84

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

CITY OF PERKINS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENT FUNDS
YEAR ENDED JUNE 30, 2013

Statement 4

	General Fund	Capital Improvements Fund	Oklahoma Territorial Plaza Fund	Perkins Public Library Trust	Total Governmental Funds
Revenues:					
Sales tax	\$ 562,488.29	\$ 281,394.16	\$ -	\$ -	\$ 843,882.45
Use tax	28,549.62	-	-	-	28,549.62
Franchise fees	95,009.67	-	-	-	95,009.67
License and permits	12,939.10	-	-	-	12,939.10
Intergovernmental	45,190.01	-	-	-	45,190.01
Fines and forfeitures	124,370.04	-	-	-	124,370.04
Charges for services	68,627.97	-	-	-	68,627.97
Grants	279,165.41	-	-	-	279,165.41
Donations	25,602.73	-	11,027.00	-	36,629.73
Miscellaneous	45,711.07	-	8,230.00	-	53,941.07
Investment income	3,882.72	5,659.56	1.39	-	9,543.67
Sale of Capital Assets	9,892.90	-	-	-	9,892.90
Total revenues	<u>1,301,429.53</u>	<u>287,053.72</u>	<u>19,258.39</u>	<u>-</u>	<u>1,607,741.64</u>
Expenditures:					
General government:					
Municipal court	73,915.15	-	-	-	73,915.15
City clerk	4,412.99	-	-	-	4,412.99
Attorney	5,265.00	-	-	-	5,265.00
City manager	75,895.23	-	-	-	75,895.23
General government	341,760.53	-	-	-	341,760.53
Board members	5,113.31	-	-	-	5,113.31
Public safety:					
Police	532,084.87	-	-	-	532,084.87
Fire	143,329.49	-	-	-	143,329.49
Emergency management	66,587.21	-	-	-	66,587.21
Animal control	57,336.89	-	-	-	57,336.89
Permit/Inspection	33,923.36	-	-	-	33,923.36
Streets:					
Streets	89,277.06	-	-	-	89,277.06
Culture and recreation:					
Library	117,509.99	-	-	-	117,509.99
City church	-	-	-	-	-
Parks and recreation	79,715.78	-	33,917.28	-	113,633.06
Capital outlay	-	352,243.12	-	-	352,243.12
Total expenditures paid	<u>1,626,126.86</u>	<u>352,243.12</u>	<u>33,917.28</u>	<u>-</u>	<u>2,012,287.26</u>
Excess of revenues collected over (under) expenditures	<u>(324,697.33)</u>	<u>(65,189.40)</u>	<u>(14,658.89)</u>	<u>-</u>	<u>(404,545.62)</u>
Other financing sources (uses)					
Operating transfers in	290,000.00	-	814.06	-	290,814.06
Operating transfer out	(46,797.19)	-	-	-	(46,797.19)
Total other financing sources (uses)	<u>243,202.81</u>	<u>-</u>	<u>814.06</u>	<u>-</u>	<u>244,016.87</u>
Excess (deficiency) of revenues and other resources over expenditures and other uses	(81,494.52)	(65,189.40)	(13,844.83)	-	(160,528.75)
Fund balances, beginning of year	260,411.32	998,629.87	47,666.22	-	1,306,707.41
Fund balances, end of year	<u>\$ 178,916.80</u>	<u>\$ 933,440.47</u>	<u>\$ 33,821.39</u>	<u>\$ -</u>	<u>\$ 1,146,178.66</u>

(Continued)

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

**CITY OF PERKINS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENT FUNDS
 YEAR ENDED JUNE 30, 2013**

Statement 4 (cont.)

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

Net change in fund balances: total governmental funds	\$	(160,528.75)
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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:

Capital asset purchases capitalized		484,152.22
Depreciation		(154,040.09)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Change in accrued compensated absences		(11,570.33)
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Change in net assets of governmental activities	\$	<u>158,013.05</u>
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The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF PERKINS
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2013**

Statement 5

	Public Works Authority Enterprise Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 256,351.32
Restricted cash and cash equivalents	55,593.29
Investments	-
Accounts receivable	109,863.94
Total current assets	421,808.55
Noncurrent assets	
Debt issue costs (net of amortization)	200,252.51
Capital assets:	
Equipment	156,990.06
Vehicles	50,251.04
Land & Improvements	64,300.00
Buildings & Infrastructure	12,845,956.89
Less accumulated depreciation	(5,087,440.00)
Total noncurrent assets	8,230,310.50
Total assets	8,652,119.05
Liabilities	
Current liabilities	
Accounts payable	39,557.17
Accrued interest payable	38,685.84
Accrued compensated absences	3,037.35
Notes payable - current portion	326,015.46
Total current liabilities	407,295.82
Noncurrent liabilities	
Refundable deposits	104,503.02
Accrued compensated absences	286.93
Settlement payable (Note 4.C.)	21,000.00
Notes payable	4,713,446.65
Less: current portion	(326,015.46)
Total noncurrent liabilities	4,513,221.14
Total liabilities	4,920,516.96
Net assets	
Invested in capital assets, net of related debt	3,316,611.34
Restricted for debt service	55,593.29
Committed to debt service	152,797.22
Unassigned	206,600.24
Total net assets	\$ 3,731,602.09

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

**CITY OF PERKINS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

Statement 6

	Public Works Authority <u>Enterprise Fund</u>
Operating revenue	
Charges for services:	
Water	\$ 407,894.30
Sewer	542,745.57
Sanitation	277,294.75
Penalties	26,218.28
Other	5,800.00
Total operating revenue	<u>1,259,952.90</u>
 Operating expenses:	
Water	93,528.78
Sewer	120,749.84
Sanitation	194,926.68
Administration and general	210,095.45
Depreciation	50,562.82
Total operating expenses	<u>669,863.57</u>
 Net operating income	<u>590,089.33</u>
 Nonoperating revenue (expense)	
Investment income	1,484.11
Interest expense	(173,320.65)
Other income	12,282.23
Grant income	-
Sale of capital assets	(126.23)
Total nonoperating revenue	<u>(159,680.54)</u>
 Net income (loss) before transfers	430,408.79
 Operating transfers: In	97,535.34
Operating transfers: Out	<u>(326,000.00)</u>
 Change in net assets	201,944.13
 Net assets beginning of year	<u>3,529,657.96</u>
 Net asset end of year	<u>\$ 3,731,602.09</u>

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

**CITY OF PERKINS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013**

Statement 7

	Public Works Authority Enterprise Fund
Cash flows from operating activities	
Receipts from customers	\$ 1,254,585.63
Payments to suppliers	(433,836.96)
Payments to employees	(153,573.94)
Receipts of customer utility deposits	21,803.68
Refunds of customer utility deposits	(21,374.17)
Net cash provided (used) by operating activities	667,604.24
Cash flows from noncapital financing activities	
Transfers to other funds	(326,000.00)
Transfers from other funds	97,535.34
Grant income	-
Other income	12,282.23
Net cash provided (used) by noncapital financing activities	(216,182.43)
Cash flows from capital and related financing activities	
Purchase of capital assets	(431,054.31)
Sales of capital assets	(1,165.00)
Amortization of debt issue costs	9,156.87
Issue new capital debt	303,685.89
Principal paid on capital debt	(328,559.76)
Interest paid on capital debt	(173,320.65)
Net cash provided (used) by capital and related financing activities	(621,256.96)
Cash flows from investing activities	
Interest income	1,484.11
Net increase (decrease) in cash and cash equivalents	(168,351.04)
Cash balance beginning of year	480,295.65
Cash balance end of year	\$ 311,944.61
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ 590,089.33
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Cash flows reported in other categories:	
Depreciation expense	50,562.82
Change in assets and liabilities:	
Accounts receivable	(5,367.27)
Refundable deposits	454.51
Accounts payable	38,592.35
Accrued compensated absences	(6,330.34)
Accrued interest payable	(397.16)
Net cash provided by operating activities	\$ 667,604.24

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP.) GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

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*. The basic (but not the only) criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility included, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the City and/or its citizens, or whether the activity is conducted within the geographic boundaries of the City and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the City is able to exercise oversight responsibilities.

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 Unit:	Perkins Public Works Authority Oklahoma Territorial Plaza Trust Perkins Public Library Trust
Omitted Component Unit:	Perkins Industrial Development Authority

BLENDING COMPONENT UNITS

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City Commission, or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.A. FINANCIAL REPORTING ENTITY (continued)

<u>Component Unit</u>	<u>Brief Description / Inclusion Criteria</u>	<u>Fund Included In</u>
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, construct, purchase, install, repair, enlarge, improve, maintain, 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

OMITTED COMPONENT UNIT

Based upon the application of these criteria, the Perkins Industrial Development Authority is considered a component unit of the City of Perkins. However, management has not included the Perkins Industrial Development Authority in the City of Perkins, Oklahoma's, financial statements. Accounting principals generally accepted in the United States of America require the Perkins Industrial Development Authority to be presented as a major enterprise fund and financial information about the Perkins Industrial Development Authority to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net assets. The amount by which this departure would affect the assets, liabilities, net assets, revenues, and expenses of the business-type activities and the omitted major fund is not reasonably determinable.

DISCRETELY PRESENTED COMPONENT UNIT

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The City of Perkins does not have any discretely presented component units.

The Perkins Public Works Authority, and the Oklahoma Territorial Plaza Trust, do not issue separately audited component unit financial statements. The Perkins Industrial Development Authority does issue separately audited component unit financial statements.

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.A. FINANCIAL REPORTING ENTITY (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

1.B. BASIS OF PRESENTATION

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.B. BASIS OF PRESENTATION (continued)

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. Currently, the City does not have any special revenue funds.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes the following capital project fund that is reported as a major fund:

Capital Improvement Fund	Accounts for specific revenues and transfers from other City funds and expenditures for various capital projects. During the current year, the City allocated one cent of its sales tax to the Capital Improvement Fund, to be used for remodeling, renovating, maintaining, and constructing the City's library facilities; repairing and extending the water supply and distribution system; constructing additional water storage facilities; improving and extending the sanitary sewer system; acquiring, remodeling, renovating, maintaining, and constructing the City's fire department facilities and/or equipment; and resurfacing, repairing, paving and improving limited access facilities of the City. Subsequent to July 1, 2013, the City will allocate the extra one half cent to the Capital Improvement Fund to be used for police, fire and emergency management.
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Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

Fund	Brief Description
Public Works Authority	Accounts for the activities of the public trust in providing water, wastewater, and sanitation services to the public.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

MEASUREMENT FOCUS

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (continued)

business-like activities are presented using the economic resources measurement focus, as defined in item b below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

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

BASIS OF ACCOUNTING

In the government-wide Statement of Net Assets and Statement of Activities and the fund financial statements, governmental and business-like activities, and component unit activities, are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

1.D. ASSETS, LIABILITIES, AND EQUITY

CASH AND CASH EQUIVALENTS

For the purpose of financial reporting, “cash and cash equivalents” include all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

INVESTMENTS

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

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.

RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Uncollectible accounts receivable, based upon historical trends, are very minimal and thus immaterial to the financial statements. Thus, no allowance for uncollectible accounts receivable has been recorded. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, alcoholic beverage tax, motor vehicle taxes, and police fines. Business-type activities report utilities and interest earnings as their major receivables. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Uncollectible accounts receivable, based upon historical trends, are very minimal and thus immaterial to the financial statements. Thus, no allowance for uncollectible accounts receivable has been recorded.

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.H. for details of interfund transactions, including receivables and payables 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 statements.

Government-Wide Statements

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

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, 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 primarily of notes payable and accrued compensated absences.

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

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

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:

1-2 years	40 hours
2-7 years	80 hours
7-12 years	120 hours
12-20 years	160 hours
> 20 years	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. Any employee with more than 15 years' service, upon retirement or separation, the City may buy back sick leave at 40 % of their hours. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

EQUITY CLASSIFICATION

Net Assets

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

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

Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.D. ASSETS, LIABILITIES, AND EQUITY (continued)

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City Council or a City official delegated that authority by City Charter or ordinance.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Fund balances at June 30, 2013, for the governmental funds are as follows:

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

	General Fund	Capital Imp. Fund	OK Territorial Plaza Fund	Perkins Public Library Trust	Total
Fund Balances:					
Invested in capital assets, net of related depreciation	1,888,195.80		1,196,019.05		3,084,214.85
Restricted for:					
Drug and Alcohol Enforcement	5,367.21				5,367.21
Bond Fund / CLEET	13,957.39				13,957.39
Total Restricted	19,324.60	0.00	0.00	0.00	19,324.60
Committed to:					
Capital Improvement Projects		933,440.47			933,440.47
Assigned to:					
City Church Savings			815.45		815.45
Thomas Willhite Library Savings	10,813.15				10,813.15
Oklahoma Territorial Plaza			32,693.56		32,693.56
Total Assigned	10,813.15	0.00	33,509.01	0.00	44,322.16
Unassigned	107,165.76				107,165.76
Total Fund Balances	2,025,499.31	933,440.47	1,229,528.06	0.00	4,188,467.84

1.E. REVENUES, EXPENDITURES, AND EXPENSES

SALES TAX

During the current year, the City levied a three cent sales tax on taxable sales within the City. The sales tax was allocated two cents to the General Fund, and one cent to the Capital Improvement Fund. Starting July 1, 2013, the City began collecting an extra one half cent which will be allocated to the Capital Improvement Fund for police, fire, and emergency management. 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. Sales tax collected by the State in June and received by the City in July has been accrued and is included under the caption "Receivable from other governments."

In accordance with a Sales Tax Agreement between the City and the Perkins Industrial Development Authority, dated May 1, 2008, the City agreed to pledge 2 % of the sales tax, allocated to the General Fund, to secure the payment of a \$ 2,940,000 Sales Tax Revenue Note and a \$ 325,000 Sales Tax Revenue Note issued by the Perkins Industrial Development Authority to finance the construction of an assisted living center in the City of Perkins. 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 Industrial Development Authority Sales Tax Fund. The Authority has pledged the Sales Tax Revenue to the trustee (Bank of Oklahoma, National Association) for the purpose of paying debt service on the notes. In the event there is sufficient money in the Note Fund (of the Note Indenture) on or before the last day of each month as required by the Note Indenture and there is no Event of Default as defined in the Indenture, then any remaining Sales Tax Revenue in the Sales Tax Fund 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.

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.E. REVENUES, EXPENDITURES, AND EXPENSES (continued)

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. Use tax collected by the State in June and received by the City in July has been accrued and is included under the caption "Receivable from other governments."

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

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.E. REVENUES, EXPENDITURES, AND EXPENSES (continued)

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

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

FUND FINANCIAL STATEMENTS

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

1. Interfund loans – Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – Sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – Repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditure/expenses in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances – Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the governmental and business-type activities columns of the Statement of Net Assets, except for the net residual amounts due between governmental and business-type activities, which are reported as Internal Balances.
2. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities.
3. Primary government and component unit activity and balances – Resource flows between the primary government (the City and Public Works Authority) and the discretely-presented component unit (if any) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

1.G. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

1.G. USE OF ESTIMATES (continued)

certain reported amounts and disclosures (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.

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, 2013, \$ 557,731.98 of the City's bank balances of \$ 1,369,263.14 was exposed to custodial credit risk as follows:

Collateralized with securities held by the banks' trust departments but not in the City's name	\$ 557,731.98
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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 or instrumentalities;

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.A. DEPOSITS AND INVESTMENTS (continued)

- b) Collateralized or insured certificates of deposit and other evidences of deposit at banks, savings banks, savings and loan associations and credit unions located in this state, or fully insured certificates of deposit at banks, savings banks, savings and loan associations and credit unions located out of state;
- c) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings bank, a savings and loan association or a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed ten percent (10 %) of the surplus funds of the city which may be invested pursuant to this section;
- d) Prime bankers' acceptances which are eligible for purchase by the Federal Reserve System and which do not exceed 270 days' maturity. Purchases of prime banker's acceptances shall not exceed ten percent (10 %) of the surplus funds of the City which may be invested pursuant to this section. Not more than one-half (1/2) of the ten percent (10 %) shall be invested in any one commercial bank pursuant to this paragraph;
- e) Prime commercial paper which shall not have a maturity that exceeds one hundred eighty (180) days nor represent more than ten percent (10 %) of the outstanding paper of an issuing corporation;
- f) Repurchase agreements that have underlying collateral consisting of those items specified in paragraphs a through e of this subsection; and
- g) Money market mutual funds regulated by the Securities and Exchange Commission and which investments consist of those items and those restrictions specified in paragraphs a through f of this subsection.

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, 2013, the City and the Public Works Authority 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 54.7 % invested with one financial institution.

The deposits and investments held at June 30, 2013, are as follows:

Type	Maturity (Months)	Credit Rating	Market Value	Cost
Cash Deposits	N/A	N/A	817,158.16	817,158.16
Investments				
Certificates of Deposit	12	N/A	552,104.98	552,104.98
Total Deposits and Investments			<u>1,369,263.14</u>	<u>1,369,263.14</u>

Reconciliation to Statement of Net Assets

Governmental Activities	\$ 1,058,068.53
Business-Type Activities	<u>311,194.61</u>
	<u>\$ 1,369,263.14</u>

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.B. RESTRICTED ASSETS

The amounts reported as restricted assets are composed of amounts held by the Public Works Authority for utility deposits (refunded upon termination of service or applied to final bill) of \$ 104,503.02; amounts held by the Authority for debt service on the Oklahoma Water Resources Board loan of \$ 152,797.22; amounts held in trustee accounts on behalf of the promissory note in the amount of \$ 18,403.87; sales tax amounts held in the Capital Improvement Fund account for capital improvements of \$ 925,372.55; and amounts held by the City in various grant and other checking accounts of \$ 29,802.20.

3.C. 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

In June, 2009, the Perkins Industrial Development Authority entered into an economic development incentive grant with a local grocery store, wherein the Perkins Industrial Development Authority will pay the grocery company an amount equal to 33 % of the City's sales tax generated by the company, on a quarterly basis. The grant runs for a period of 60 months from the date the company is open for business. The following payments were made during the current year:

September 11, 2012	\$ 8,962.91
December 11, 2012	9,061.82
March 11, 2013	9,100.62
June 11, 2013	8,811.53

3.D. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consist of utilities receivable. Accounts receivable of the governmental activities consist of sales tax (51.0 %), use tax (4.3 %), tobacco tax (0.7 %), alcoholic beverage tax (0.4 %), motor vehicle tax (1.2 %), gasoline excise tax (0.2 %), fines and court costs (24.0 %), and fire runs (18.0 %), and other (0.2 %). Receivables detail at June 30, 2013, is as follows:

	Governmental Activities	Business-type Activities	Total
Accounts receivable	\$ 145,800.84	109,863.94	255,664.78

CITY OF PERKINS
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.E. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at July 1, 2012	Additions	Deductions	Balance at June 30, 2013
<i>Governmental activities:</i>				
Capital assets not being depreciated:				
Land	\$ 822,689.15	\$ _____	\$ _____	\$ 822,689.15
Total capital assets not being depreciated	<u>822,689.15</u>	<u>_____</u>	<u>_____</u>	<u>822,689.15</u>
Other capital assets:				
Machinery, furniture and equipment	687,259.10	69,726.29	1,165.00	755,820.39
Vehicles	447,187.37	40,951.40	13,227.14	474,911.63
Buildings & Infrastructure	4,786,256.12	407,236.50	22,900.15	5,170,592.47
Total other capital assets at historical cost	<u>5,920,702.59</u>	<u>517,914.19</u>	<u>37,292.29</u>	<u>6,401,324.49</u>
Less accumulated depreciation for:				
Machinery, furniture and equipment	388,677.01	22,964.67	1,038.77	410,602.91
Vehicles	396,920.42	58,632.32	12,951.55	442,601.19
Buildings & Infrastructure	3,214,151.59	72,443.10	_____	3,286,594.69
Total accumulated depreciation	<u>3,999,749.02</u>	<u>154,040.09</u>	<u>13,990.32</u>	<u>4,139,798.79</u>
Other capital assets, net	<u>1,920,953.57</u>	<u>363,874.10</u>	<u><23,301.97></u>	<u>2,261,525.70</u>
Government activities capital assets, net	<u>\$ 2,743,642.72</u>	<u>\$ 363,874.10</u>	<u>\$ <23,301.97></u>	<u>\$ 3,084,214.85</u>
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 64,300.00	\$ _____	\$ _____	\$ 64,300.00
Total capital assets not being depreciated	<u>64,300.00</u>	<u>_____</u>	<u>_____</u>	<u>64,300.00</u>
Other capital assets:				
Machinery, furniture and equipment	154,681.62	3,473.44	1,165.00	156,990.06
Vehicles	42,251.04	8,000.00	_____	50,251.04
Buildings & utility property	12,425,211.02	420,745.87	_____	12,845,956.89
Total other capital assets at historical cost	<u>12,622,143.68</u>	<u>432,219.31</u>	<u>1,165.00</u>	<u>13,053,197.99</u>
Less accumulated depreciation for:				
Machinery, furniture and equipment	103,217.89	5,432.40	1,038.77	107,611.52
Vehicles	39,426.31	666.70	_____	40,093.01
Buildings & utility property	4,895,271.75	44,463.72	_____	4,939,735.47
Total accumulated depreciation	<u>5,037,915.95</u>	<u>50,562.82</u>	<u>1,038.77</u>	<u>5,087,440.00</u>
Other capital assets, net	<u>7,584,227.73</u>	<u>381,656.49</u>	<u><126.23></u>	<u>7,965,757.99</u>
Business-type activities capital assets, net	<u>\$ 7,648,527.73</u>	<u>\$ 381,656.49</u>	<u>\$ <126.23></u>	<u>\$ 8,030,057.99</u>

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

Primary Government:	
Governmental Activities:	
General Government	\$ 9,908.16
Public Safety	73,973.99
Streets	33,281.46
Culture and Recreation	36,876.48
Total depreciation expense for governmental activities	<u>\$ 154,040.09</u>

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.E. CAPITAL ASSETS (continued)

Business-Type Activities:	
Water	\$ 33,285.98
Sewer	15,790.18
Admin and general	<u>1,486.66</u>
Total depreciation expense for business-type activities	<u>\$ 50,562.82</u>

3.F. ACCOUNTS PAYABLE

Payables in the General Fund and nonmajor governmental funds are composed entirely of payables to vendors. Payables of Utilities Enterprise Fund are also composed entirely of payables to vendors.

3.G. LONG-TERM DEBT

The reporting entity's long-term debt 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, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

Accrued Compensated Absences:

• Current Portion	\$ 17,938.63
• Noncurrent portion	<u>23,987.04</u>
•	
Total Governmental activity debt	<u>\$ 41,925.67</u>

BUSINESS-TYPE ACTIVITIES

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

Notes Payable:

- In September 2005, the Authority entered into a loan with a local bank for \$ 160,000, for the purchase of the Community Center Building. The Authority made a \$ 50,000 down payment on the purchase. The loan was for five years, and has been extended through September 14, 2015, with monthly payments of principal and interest (at 4.25 %) beginning October 14, 2005, of \$ 1,208.75. 90,072.02
- In April 2004, the Authority entered into a loan agreement with the Oklahoma Water Resources Board for \$ 180,000. The loan is for a period of 20 years, with monthly payments of principal and interest

CITY OF PERKINS
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.G. LONG-TERM DEBT (continued)

beginning April 15, 2004. The loan includes interest based on the OWRB's State Loan Program Revenue Bonds, currently 1.23 %. The monthly payments are made to a debt service fund maintained by a trustee. Bank of Oklahoma NA serves as the trustee under the loan. 124,350.00

- 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 % 4,499,024.63

Total Notes Payable \$ 4,713,446.65

In May 2009, the Perkins Public Works Authority entered into a \$ 7,225,000 loan with the Oklahoma Water Resources Board, through the Clean Water SRF (State Revolving Fund) Loan Program, for improvements to the wastewater system. The total cost of the project is estimated at \$ 7,225,000. However, part of the funding (\$ 2,000,000) is from a grant from EPA (Environmental Protection Agency) to the OWRB, under the Clean Water State Revolving Fund – American Recovery and Reinvestment Act of 2009 (ARRA.) Through June 30, 2012, a total of \$ 6,921,314.11 was drawn under the loan agreement, and expended, and \$ 433,500.00 had been paid on the principal. During the current year, the final \$ 303,685.89 was drawn under the loan and \$ 292,475.37 was paid on the principal. And, in accordance with the agreement with the Oklahoma Water Resources Board, \$ 2,000,000.00 of those proceeds were funded through the American Recovery and Reinvestment Act of 2009, and that amount of the loan principal has been forgiven, pending compliance with all ARRA regulations.

In connection with the loan to purchase the Community Center Building, the City entered into a lease agreement with the Perkins Public Works Authority for a term of 100 years and continuing for so long as any indebtedness of the Authority secured by a pledge of the City's lease payments is outstanding. The City's lease is automatically renewed each July 1 until such time as the principal and interest on the note has been paid.

Settlement Payable:

- During a previous year, the suit by Rural Water District # 3 was settled through mediation (see Note 4.C.) The settlement requires the Perkins Public Works Authority to pay the water district \$ 1,500.00 per month for ten years \$ 21,000.00

Refundable Deposits:

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

Utility Deposits – Refundable \$ 104,503.02

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.G. LONG-TERM DEBT (continued)

Accrued Compensated Absences:

• Current portion	\$ 3,037.35
• Noncurrent portion	286.93
	\$ 3,324.28

CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2013.

Type of Debt	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Amount Due Within One Year
Governmental Activities:					
Accrued compensated absences	30,355.34	11,570.33		41,925.67	17,938.63
Business-Type Activities:					
Notes payable	4,720,320.52	303,685.89	310,559.76	4,713,446.65	308,015.46
Settlement payable	39,000.00		18,000.00	21,000.00	18,000.00
Accrued compensated absences	9,654.62		6,330.34	3,324.28	3,037.35
Refundable deposits	104,048.51	21,803.68	21,349.17	104,503.02	104,503.02
Total Business-Type Activities	4,873,023.65	325,489.57	356,239.27	4,842,273.95	433,555.83

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, 2013, are as follows:

Year Ended June 30,	\$ 180,000 Settlement Payable		OWRB \$ 7,225,000 Loan	
	Principal	Interest	Principal	Interest
2014	18,000	-	289,000	25,621
2015	3,000	-	289,000	23,939
2016	-	-	289,000	22,257
2017	-	-	289,000	20,575
2018	-	-	289,000	18,893
2019-2023	-	-	1,445,000	69,235
2024-2028	-	-	1,445,000	27,285
2029-2033	-	-	164,024	826
Total	21,000	-	4,499,024	208,631

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

3.G. LONG-TERM DEBT (continued)

Year Ended June 30,	OWRB \$ 180,000 Loan		Bank Loan \$ 160,000 Loan	
	Principal	Interest	Principal	Interest
2014	8,100	1,482	10,915	3,590
2015	8,500	1,380	11,389	3,116
2016	8,900	1,364	11,882	2,623
2017	9,500	1,160	12,397	2,108
2018	9,900	1,041	12,934	1,571
2019-2023	58,700	3,174	30,555	1,448
2024-2028	20,750	262	-	-
2029-2033	-	-	-	-
Total	<u>124,350</u>	<u>9,863</u>	<u>90,072</u>	<u>14,456</u>

OPERATING LEASE

On November 5, 2012, the City entered into a lease purchase agreement, for four police cars, with Ford Motor Credit Company. The total price of the cars was \$ 116,672. The City entered into a 36 month lease, which included a section that terminated the lease if funding was not appropriated by the City for the lease's succeeding years. The lease called for three annual payments of \$ 40,951.40 beginning November 5, 2012, which include interest at 5 %. The annual lease payments are as follows:

Year ending June 30	Total
2014	\$ 40,951.40
2015	40,951.40
Total	81,902.80
Less interest	<5,757.20>
Net lease obligations	<u>\$ 76,145.60</u>

3.H. INTERFUND TRANSFERS AND BALANCES

INTERFUND TRANSFERS

Transfers between funds of the primary government for the year ended June 30, 2013, were as follows:

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

	Transfers In	Transfers Out
MAJOR FUNDS		
GENERAL FUND		
Public Works Authority	290,000.00	
Oklahoma Territorial Plaza Trust		814.06
Perkins Industrial Development Authority		45,983.13
Capital Improvement Fund	206,502.79	
Total General Fund	496,502.79	46,797.19
ENTERPRISE FUND		
Public Works Authority		
General Fund		290,000.00
Perkins Industrial Development Authority		36,000.00
Oklahoma Territorial Plaza Trust		
Capital Improvement Fund	97,535.34	
Total Enterprise Fund	97,535.34	326,000.00
CAPITAL IMPROVEMENT FUND		
General Fund		206,502.79
Public Works Authority		97,535.34
Total Capital Improvement Fund	0.00	304,038.13
OKLAHOMA TERRITORIAL PLAZA TRUST		
General Fund	814.06	
Perkins Public Works Authority		
Total Oklahoma Territorial Plaza Trust	814.06	0.00
COMPONENT UNIT		
Perkins Industrial Development Authority		
General Fund	45,983.13	
Perkins Public Works Authority	36,000.00	
GRAND TOTALS	676,835.32	676,835.32

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 above schedule 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.

NOTE 4: OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

OKLAHOMA MUNICIPAL RETIREMENT FUNDS

The City provides a defined benefit plan, with the Oklahoma Municipal Retirement Fund, for all employees except the city manager. The plan is available to all full-time employees not already participating in another

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

state plan. In a defined benefit plan, benefits are actuarially determined based on number of years of service, as determined under the plan. Benefits vest after ten years. All employees contribute to the Plan an amount equal to 4.5 per cent of annual compensation. The City contributed at the rate of 13.83 % of employee compensation for the year ended June 30, 2013.

The city manager participates in the CMO plan of the Oklahoma Municipal Retirement Fund, which is the defined contribution plan for city managers only. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, investment earnings, and forfeitures of other participants' benefits that may be allocated to such participant's account. The City contributes 10 % of covered payroll, and the city manager contributes 3 %. These percentages can vary from year to year. Participants are permitted to make voluntary deductible contributions to the plan. Benefits are immediately vested.

For the year ended June 30, 2013, the following amounts relate to the plans:

	<u>City Manager</u>	<u>All Others</u>
City total payroll	\$ 61,710	\$ 783,444
Payroll for covered employees	61,710	441,847
Employee contributions made	1,851	20,121
Employer (City) contributions made	6,171	61,838
City contributions as a % of covered payroll	10 %	13.8 %

OKLAHOMA POLICE AND FIREFIGHTER'S PENSION AND RETIREMENT SYSTEMS

The City of Perkins participates in two statewide, cost-sharing, multiple-employer defined benefit plans on behalf of police officers and firefighters. The systems are administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations, as necessary. The following is a summary of eligibility factors, contribution methods, and benefit provisions.

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Eligibility to participate	All full-time officers employed by a participating municipality; not less than 21 years of age or more than 45 years of age when hired	All full-time or voluntary firefighters of a participating municipality and hired before age 45.
Authority establishing contribution obligations and benefits	State Statute	State Statute

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

	<u>Oklahoma Police Pension and Retirement System</u>	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Plan members' contribution rate	8 % of covered payroll	8 % of covered payroll
City's contribution rate	13 % of covered payroll	13 % of covered payroll \$ 60 per volunteer
Period required to vest	10 years	10 years
Benefits and eligibility for distribution (full-time)	20 years credited service, 2.5 % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.	20 years credited service, 2.5 % of final average salary multiplied by the years of credited service with a maximum of 30 years considered; if vested, at or after age 50, or after 10 but before 20 years of credited service, with reduced benefits.
Benefits and eligibility for distribution (volunteer)		20 years credited service equal to \$ 6.69 per month per year of service, with a maximum of 30 years considered
Deferred retirement option	Yes, 20 years credited service with additional option to participate in deferred option plan for a maximum of 5 years	Yes, 20 years credited service with continued service for 30 or more years
Provisions for:		
Cost of living adjustments (normal retirement)	Yes	Yes, if vested by 5/05
Death (duty, non-duty, post retirement)	Yes	Yes
Disability (duty, non-duty)	Yes	Yes
Cost of living allowances	Yes	Yes

Trend Information

Contributions required by State Statute:

<u>Year End</u>	<u>Oklahoma Police Pension and Retirement System</u>		<u>Oklahoma Firefighter's Pension and Retirement System</u>	
	<u>Required Contribution</u>	<u>Percentage Contributed</u>	<u>Required Contribution</u>	<u>Percentage Contributed</u>
June 30, 2013	\$ 21,364	100 %	\$ 6,728	100 %
June 30, 2012	\$ 15,564	100 %	\$ 3,475	100 %
June 30, 2011	\$ 17,495	100 %	\$ 3,110	100 %

CITY OF PERKINS
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS (continued)

Contributions required by State Statute and made for each of the past three fiscal years for the volunteer firefighters:

June 30, 2013	\$	1,320.00
June 30, 2012		1,320.00
June 30, 2011		1,500.00

Trend information showing the progress of the systems in accumulating sufficient assets to pay benefits when due is presented in the annual financial reports of the respective plans. Copies of these reports may be obtained from the respective state retirement systems.

4.A.1. TERMINATION BENEFITS

At June 30, 2013, 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.

Related-Party Investments

As of June 30, 2013, the System held no related-party investments of the City or of its component units.

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; employees' health and life; and natural disasters.

The City manages these various risks of loss as follows:

<u>Type of Loss</u>	<u>Method Managed</u>	<u>Risk of Loss Retained</u>
a. Torts, errors, and omissions	Purchased insurance with Oklahoma Municipal Assurance Group	(1)
b. Physical property loss and natural disasters	Purchased commercial insurance, with a deductible of \$ 1,000	Deductible amount
c. Workers compensation, health and life	Workers comp is insured through State Insurance Fund with no deductible. City participates in the OMAG risk entity pool with a deductible of \$ 1,000 for each individual.	None (2)

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.

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.B. RISK MANAGEMENT (continued)

Risk Entity Pools

The City participates in the Oklahoma Municipal Assurance Group Liability Protection Plan and Life and Health Benefit Plan (risk entity pools.)

(1) Liability Protection Plan

The basic insurance agreements cover claims against municipalities for all government functions, utilities, and services covered in the Plan. These include bodily injury, property damage, wrongful acts, personal injury, and related torts under the State tort claims law and federal civil rights laws.

All public officials, employees, services, and municipal functions are covered unless they are specifically listed as exclusions in the Plan.

The title to all assets acquired by the Plan are vested in the Group. In the event of termination of the Group, such property shall belong to the then members of the Group in equal shares. Each participating City pays all costs, premiums, or other fees attributable to its respective participation in the Plan, and is responsible for its obligation under any contract entered into with the Plan.

Reserves for claim losses include provisions for reported claims on a case basis and an estimate of claims incurred but not reported limited by aggregate and individual loss levels as specified by the Plan's reinsurance contracts. These credits, if any, represent contingent liabilities of the Plan if the reinsurer was unable to meet its obligations under the reinsurance agreement.

The Plan's insurance agreements are reinsured for excess losses based upon the contract year. The significant components of each reinsurance contract can be obtained from the Plan's annual financial report.

(2) Life and Health Benefit Plan

The City participated in the Oklahoma Municipal Assurance Group Life and Health Benefit Plan (the Plan) as a Class II participant. The title to all assets acquired by the Plan are vested in the Plan. In the event of termination of the Plan, such property shall belong to the then members of the Plan in equal shares. Each participating City pays for all costs, contributions, or other fees attributable to its respective participation in any plan, policy or service established under this agreement, and is responsible for its obligation under any contract entered into with the Plan.

The Plan's reserves for policy and contract claims are provided on municipalities in which the Plan has insured risk and include provisions for reported claims and an estimate for claims incurred but not reported. The reserves are based on the estimated ultimate cost of settling the claims, including the effects of general economic conditions, and were determined using paid claims data for claims paid subsequent to year-end and the Plan's historical claims experience.

The Plan has excess stop-loss agreements, which cover losses in excess of specific and aggregate retention levels. Such agreements are closely connected to the Plan's underwriting process such that the coverage is provided based upon a participating municipality's classification. The plan classifies participating municipalities into three categories: Class I, Class II, and Class III. Such classification is dependent upon

CITY OF PERKINS
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.B. RISK MANAGEMENT (continued)

the number of covered employees with Class I municipalities having the most employees and Class III having the least employees.

Class II and Class III are pooled together under one excess stop-loss agreement between the Plan and the excess stop-loss carrier. This agreement is similar in nature to the Class I municipality agreements; however, no amounts are refundable to Class II and Class III municipalities for contributions collected in excess of benefits paid and the Plan is responsible for claims incurred but not paid as of June 30, 2013. If a Class II and Class III municipality renews, the renewal excess stop-loss agreement covers claims incurred before June 30, 2013, and paid in the renewal period.

4.C. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Ad Valorem Assessment

The City settled a lawsuit by a former police officer in a previous year, which alleged a violation of the Fair Labor Standards Act, for \$ 26,882. The judgment was assigned to a third party. The assignment will be paid by the City through a levy of ad valorem tax, over a three year period, on all taxable property within the City. The first levy under the ad valorem tax (\$ 9,772.09) was collected during the previous year, and \$ 9,632.72 was paid to the third party. During the current year, the second levy under the ad valorem tax (\$ 15,602.75) was collected, and \$ 15,732.72 was paid to the third party.

Water District Settlement

During the year ended June 30, 2004, the suit by Payne County Rural Water District No. 3 was settled through mediation. The major terms of the settlement included the payment of \$ 120,000.00 to the Water District, which was paid by the City's insurance carriers upon obtaining all releases and a monthly payment of \$ 1,500.00 to be paid to the Water District, by the Perkins Public Works Authority, for ten years. The City's boundaries, and service areas remained substantially the same as they were before the suit. The \$ 180,000 was recorded as an extraordinary item, and a judgment payable, in the June 30, 2004 government-wide financial statements. The balance of the judgment payable as of June 30, 2013, is \$ 21,000.00

Other Commitments

The City was approved for a \$ 4,800 Rural Economic Action Plan Grant (REAP) from the State of Oklahoma, administered through the Central Oklahoma Economic Development District (COEDD) to replace the sidewalk in front of the library. The funding period ran from July 1, 2012, through June 30, 2013. During the current year, the entire amount of the grant was drawn and expended. See the Schedule of Grant Funds for further details.

The City has been approved for a \$ 60,186.50 Draught Grant from the State of Oklahoma, administered through the Oklahoma Water Resources Board, to drill a test well, a new production well, and installing a pumping system and related electrical controls. The grant requires the City to provide 50 % of the cost of the project, or \$ 60,186.50. During the current year, the entire amount of the grant was received, and the City expended \$ 22,998.08 of the grant funds. The City expended \$ 21,621.90 in

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.C. COMMITMENTS AND CONTINGENCIES (continued)

matching funds during the current year. See the Schedule of Grant Funds for further details.

The City has been approved for a \$ 9,995 Justice Assistance Grant – Local Law Enforcement (JAG-LLE), through the District Attorneys Council to purchase four semi-rugged laptop computers and vehicle mounts. The funding period ran from July 1, 2012, through June 30, 2013. The grant did not require any matching funds. During the current year, the entire amount of the grant was drawn, and expended. See the Schedule of Grant Funds for further details.

During the current year, the City received a \$ 2,000 basic level grant from the Healthy Communities Incentive Grants Program, funded through the Oklahoma Tobacco Settlement Endowment Trust Fund (TSET) to help build a sidewalk on the east side of main street to S.H. 33. The funding period runs from May 24, 2013, through June 30, 2014. The \$ 2,000 was received, and expended, during the current year.

The City was previously approved for a \$ 262,500 Home Investment Partnership Program grant, funded through the Oklahoma Housing Finance Agency (Department of Housing and Urban Development) to refurbish four homes for low income individuals. The grant called for matching funds of \$ 62,500 on the City's behalf. The funding period ran from August 1, 2011, through February 1, 2013. During the previous year, \$ 29,900 was drawn, and expended, under the grant. During the current year, the remaining \$ 232,600 was drawn, and expended, under the grant. The City provided the \$ 62,500 in matching costs during the current year. See the Schedule of Grant Funds for further details.

The City was previously approved for a 2012 State and Local Assistance Sub-Grant, through the Oklahoma Department of Emergency Management, funded by the Department of Homeland Security – Federal Emergency Management Agency, to provide financial and technical assistance to improve emergency management capabilities. The grant provides up to half the funding for necessary and essential state and local emergency preparedness personnel and expenses, not to exceed \$ 31,396.50. The funding period runs concurrently with the federal fiscal year. During the previous year, \$ 5,000 was received, and expended, under the grant. During the current year, a total of \$ 5,000 was received, and expended, under this grant. See the Schedule of Grant Funds for further details

The City has been approved for a 2013 State and Local Assistance Sub-Grant, through the Oklahoma Department of Emergency Management, funded by the Department of Homeland Security – Federal Emergency Management Agency, to provide financial and technical assistance to improve emergency management capabilities. The grant provides up to half the funding for necessary and essential state and local emergency preparedness personnel and expenses, not to exceed \$ 28,017.00. The funding period runs concurrently with the federal fiscal year. During the current year, a total of \$ 5,000 was received, and expended, under this grant. See the Schedule of Grant Funds for further details

Grant Program Involvement

In the normal course of operations, the City participates in various federal or state grant/loan programs from year to year. The grant/loan 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. Any liability of reimbursement that 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.

CITY OF PERKINS
Perkins, Oklahoma

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2013

4.C. COMMITMENTS AND CONTINGENCIES (continued)

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 (except for the settlement discussed in Note 4.C.) 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 (as discussed in Note 4.C.) While the outcome of the above noted proceedings cannot be predicted (except for the judgment discussed in Note 4.C.), 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 October 31, 2013, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF PERKINS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

EXHIBIT 1

	Budgeted Amounts		Actual Amounts	Variance w/ Final Budget
	Original	Final		
Resources (Inflows):				
Prior Yr Surplus Forward	120,930	120,930	148,875	27,945
Alcohol Beverage Tax	8,500	8,500	8,858	358
Police Asset Forfeiture	-	5,300	5,300	-
Cigarette Tax	10,516	10,516	10,860	344
Copy & Fax Fees	3,131	3,131	3,466	335
Dog Licenses	1,400	1,400	1,513	113
Donations	4,000	21,816	25,603	3,787
Fire Protection	12,000	12,000	13,160	1,160
Fire Rural Subscriptions	25,000	25,000	27,600	2,600
Rescue Runs	-	-	2,625	2,625
Franchise Fee	88,000	88,000	95,010	7,010
Gasoline Tax	5,285	5,285	5,268	(17)
Gain (Loss) Sale of Asset	-	-	9,491	9,491
Operating Grants	12,900	16,643	16,625	(18)
Capital Grants	10,000	19,995	27,202	7,207
State Aid	2,500	2,739	2,739	-
HOME Grant	262,500	262,500	232,600	(29,900)
ILL Postage	75	75	104	29
Impound Fees	3,880	3,880	1,580	(2,300)
Interest Income	7,569	7,569	3,883	(3,686)
Intox Enforcement	1,250	1,250	725	(525)
Juvenile Court Fines	-	-	1,489	1,489
Miscellaneous Income	37,779	37,779	6,193	(31,586)
Motor Vehicle Tax	18,984	18,984	20,204	1,220
Ordinance Violation Fees	59,000	62,500	104,150	41,650
Court Costs	18,550	18,550	19,006	456
Overdue / Lost Books	1,800	1,800	2,124	324
Insurance Claim Reimbursement	-	-	1,000	1,000
Settlement \$ from Payne County Assessor	9,000	9,633	15,603	5,970
Permit Fees	9,550	9,550	9,846	296
Rent / Lease	14,400	14,400	14,400	-
Sales Tax	470,000	497,974	562,488	64,514
Service Charges	25	25	125	100
Sign-Up Fees	24,000	24,000	21,615	(2,385)
Spay/Neuter Deposits	50	50	-	(50)
Tag & License Seizures	25	25	25	-
Use Tax	38,600	38,600	28,550	(10,050)
Transfers In	400,000	400,000	290,000	(110,000)
Amounts available for appropriation	1,681,199	1,750,399	1,739,902	(10,497)

**CITY OF PERKINS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

EXHIBIT 1

	Budgeted Amounts		Actual Amounts	Variance w/ Final Budget
	Original	Final		
Charges to Appropriations (Outflows):				
General Government:				
Capital Outlay	264,000	237,520	233,450	(4,070)
Fund Transfer	-	47,071	46,797	(274)
Materials & Supplies	5,400	5,400	7,209	1,809
Other Services & Charges	40,266	40,899	48,141	7,242
Personal Services	59,868	59,868	52,961	(6,907)
Total General Government	369,534	390,758	388,558	(2,200)
Animal Control / Code Enforcement:				
Capital Outlay	6,000	6,000	254	(5,746)
Materials & Supplies	5,220	5,220	4,980	(240)
Other Services & Charges	6,678	6,678	8,371	1,693
Personal Services	44,669	44,669	43,732	(937)
Total Animal Control / Code Enforce	62,567	62,567	57,337	(5,230)
Board Members:				
Other Services & Charges	1,430	1,430	1,208	(222)
Personal Services	3,898	3,898	3,905	7
Total Board Members	5,328	5,328	5,113	(215)
City Attorney:				
Other Services & Charges	7,000	7,000	5,265	(1,735)
City Clerk:				
Other Services & Charges	2,000	2,000	1,440	(560)
Personal Services	2,932	2,932	2,973	41
Total City Clerk	4,932	4,932	4,413	(519)
City Manager:				
Other Services & Charges	7,380	7,380	7,269	(111)
Personal Services	70,929	70,929	68,626	(2,303)
Total City Manager	78,309	78,309	75,895	(2,414)
Emergency Management:				
Capital Outlay	21,800	17,300	10,814	(6,486)
Materials & Supplies	3,555	6,555	4,863	(1,692)
Other Services & Charges	7,368	7,368	7,467	99
Personal Services	45,111	45,111	43,443	(1,668)
Total Emergency Management	77,834	76,334	66,587	(9,747)
Fire Department:				
Capital Outlay	1,000	1,000	4,735	3,735
Materials & Supplies	21,700	31,965	26,191	(5,774)
Other Services & Charges	35,880	38,287	38,813	526
Personal Services	78,415	78,415	73,590	(4,825)
Total Fire Department	136,995	149,667	143,329	(6,338)
Planning Commission:				
Other Services & Charges	250	250	-	(250)
Total Planning Commission	250	250	-	(250)

Unaudited - See the Independent Auditor's Report

**CITY OF PERKINS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

EXHIBIT 1

	Budgeted Amounts		Actual Amounts	Variance w/ Final Budget
	Original	Final		
Library:				
Capital Outlay	1,000	1,000	4,800	3,800
Materials & Supplies	10,300	12,802	13,333	531
Other Services & Charges	15,421	16,996	14,147	(2,849)
Personal Services	87,589	87,589	85,231	(2,358)
Total Library	<u>114,310</u>	<u>118,387</u>	<u>117,510</u>	<u>(877)</u>
Municipal Court:				
Capital Outlay	1,000	1,000	278	(722)
Materials & Supplies	2,150	2,200	1,198	(1,002)
Other Services & Charges	16,600	20,050	18,211	(1,839)
Personal Services	53,635	53,635	54,229	594
Total Municipal Court	<u>73,385</u>	<u>76,885</u>	<u>73,915</u>	<u>(2,970)</u>
Parks & Recreation:				
Capital Outlay	12,498	12,498	11,082	(1,416)
Materials & Supplies	14,710	15,809	13,674	(2,135)
Other Services & Charges	19,784	19,784	21,501	1,717
Personal Services	41,301	41,301	33,458	(7,843)
Total Parks & Recreation	<u>88,293</u>	<u>89,392</u>	<u>79,716</u>	<u>(9,676)</u>
Permit Inspection:				
Capital Outlay	500	500	-	(500)
Materials & Supplies	1,850	1,850	1,603	(247)
Other Services & Charges	4,170	4,170	1,379	(2,791)
Personal Services	34,837	34,837	30,941	(3,896)
Total Parks & Recreation	<u>41,357</u>	<u>41,357</u>	<u>33,923</u>	<u>(7,434)</u>
Police:				
Capital Outlay	45,000	54,995	52,970	(2,025)
Materials & Supplies	46,150	46,150	36,839	(9,311)
Other Services & Charges	43,017	56,650	54,297	(2,353)
Personal Services	401,707	401,707	387,980	(13,727)
Total Police	<u>535,874</u>	<u>559,502</u>	<u>532,085</u>	<u>(27,417)</u>
Streets & Alleys:				
Capital Outlay	2,500	2,500	1,092	(1,408)
Materials & Supplies	4,300	4,300	3,207	(1,093)
Other Services & Charges	47,049	47,049	48,308	1,259
Personal Services	31,382	35,882	36,670	788
Total Streets & Alleys:	<u>85,231</u>	<u>89,731</u>	<u>89,277</u>	<u>(454)</u>
Total Charges to Appropriations	<u>1,681,199</u>	<u>1,750,399</u>	<u>1,672,924</u>	<u>(77,475)</u>
Ending Budgetary General Fund Balance	<u>-</u>	<u>-</u>		<u>66,978</u>
Fund Transfer - General Government			(46,797)	
General Fund Expenditures - Statement of Revenues, Expenditures, and Changes in Fund Balance			<u>1,626,127</u>	

Unaudited - See the Independent Auditor's Report

CITY OF PERKINS
NOTES TO BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013

Budget Law

The City prepares its annual operating budget under the provisions of the Municipal Budget Act (the "New Budget Act"). In accordance with those provisions, the following process is used to adopt the annual budget:

- a. Prior to June 1, the City Manager submits to the City Commission a proposed operating budget for the fiscal year commencing the following July 1.
- b. Public hearings are conducted to obtain citizen comments. At least one public hearing must be held no later than 15 days prior to July 1.
- c. Subsequent to the public hearings but no later than seven days prior to July 1, the budget is adopted by resolution of the City Commission.
- d. The adopted budget is filed with the Office of State Auditor and Inspector.

The legal level of control at which expenditures may not legally exceed appropriations is the department level within a fund.

All transfers of appropriations between funds and supplemental appropriations require City Commission approval. The City Manager may transfer appropriations between object categories within a department, or between departments, without City Commission approval. Supplemental appropriations must also be filed with the Office of State Auditor and Inspector.

Basis of Accounting

The budget is prepared on the accrual basis of accounting.

OTHER SUPPLEMENTARY INFORMATION

**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
Perkins, Oklahoma

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perkins, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Perkins, Oklahoma's, basic financial statements and have issued my report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

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

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

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Perkins, Oklahoma'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Bruce G. Luttrell". The signature is written in a cursive style with a large initial "B".

Bruce G. Luttrell, CPA, PC

October 31, 2013

**CITY OF PERKINS
SCHEDULE OF GRANT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit 2

Federal/State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash Accrued or Deferred Revenue at July 1, 2012	Contract Receipts Revenue Recognized	Contract Disbursements Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recognized	Match Disbursements Expenditures	Cash Accrued or Deferred Revenue at June 30, 2013
<u>U.S. Department of Housing and Urban Development</u>										
Passed through the Oklahoma Housing Finance Agency										
HOME Investment Partnership Program	14-239	1383 HOME 11	262,500.00	-	232,600.00	232,600.00	-	62,500.00	62,500.00	-
<u>U.S. Department of Justice, Bureau of Justice Assistance</u>										
Passed through the State of Oklahoma District Attorneys Council										
Local Law Enforcement Grant	JAG-LLE-2012-Perkins CI-00068	16.738	9,995.00	-	9,995.00	9,995.00	-	-	-	-
<u>U.S. Department of Homeland Security</u>										
Passed through the Oklahoma Department of Emergency Management										
Emergency Management Performance Grant										
State and Local Assistance	97.042	2012	31,396.50	-	5,000.00	5,000.00	-	-	-	-
Sub-Grants:	97.042	2013	28,017.00	-	11,800.00	11,800.00	-	-	-	-
			59,413.50	-	16,800.00	16,800.00	-	-	-	-
<u>U.S. Environmental Protection Agency</u>										
Passed through the Oklahoma Water Resources Board										
Cap Grants for State Revolving Fund	66.458	ORF-09-0002-CW	7,225,000.00	-	303,685.89	303,685.89	-	-	-	-

(continued)

**CITY OF PERKINS
SCHEDULE OF GRANT FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

Exhibit 2

Federal/State Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Cash Accrued or Deferred Revenue at July 1, 2012	Contract Receipts Revenue Recognized	Contract Disbursements Expenditures	Interest Earned Federal Funds	Match Receipts or Revenue Recognized	Match Disbursements Expenditures	Cash Accrued or Deferred Revenue at June 30, 2013
<u>Rural Economic Action Plan Grant</u>										
Passed through the Central Oklahoma Economic Development District:										
# 2012-2013 REAP Fund 24			4,800.00	-	4,800.00	4,800.00	-	420.50	420.50	-
<u>State of Oklahoma</u>										
Passed through the Oklahoma Water Resources Board										
Draught Grant FAP-12-0005-D			60,186.50	-	60,186.50	22,998.08	-	21,621.90	21,621.90	37,188.42
Passed through the Oklahoma Tobacco Settlement Endowment Trust										
Healthy Communities Incentive Grants Program Basic Grant										
			2,000.00	-	2,000.00	2,000.00	-	-	-	-
			62,186.50	-	62,186.50	24,998.08	-	21,621.90	21,621.90	37,188.42