

**Weatherford Industrial Trust**

FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

# Weatherford Industrial Trust

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Management Discussion and Analysis	3
Financial Statements:	
Statements of Net Position	5
Statements of Revenues, Expenses, and Changes in Net Position	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Independent Auditor's Report on Internal Control and Compliance	11



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Weatherford Industrial Trust  
a component unit of the City of Weatherford

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities the Weatherford Industrial Trust, as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Weatherford Industrial Trust basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities of the Weatherford Industrial Trust, as of December 31, 2019 and 2018, and the respective changes in financial position, and, where applicable, cash flows thereof 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 management's discussion and analysis on pages 3-4 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021, on our consideration of the Weatherford Industrial Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Weatherford Industrial Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Weatherford Industrial Trust's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma  
September 27, 2021

**Management's Discussion and Analysis**  
**Weatherford Industrial Trust**

This section of the Weatherford Industrial Trust (the Trust) annual financial report presents a discussion and analysis of its financial performance for the year ended December 31, 2019 and December 31, 2018. Please read it in conjunction with the financial statements which follow this section. The following table summarizes the financial position and results of operations of the Trust for 2019 and 2018.

Assets:	2019	2018
Current assets	\$ 418,999	\$ 399,912
Capital assets	726,779	707,695
Other non-current assets	43,261	42,749
Total Assets	<u>1,189,039</u>	<u>1,150,356</u>
Liabilities:		
Current liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Invested in capital assets	726,779	707,695
Unrestricted	462,260	442,661
Total Net Position	<u>\$ 1,189,039</u>	<u>\$ 1,150,356</u>
Operating Revenues:		
Gain on land sales	\$ -	\$ 191,585
Investment income	38,683	2,540
Miscellaneous	-	11
Total Operating Revenues	<u>38,683</u>	<u>194,136</u>
Operating Expenses:		
Cost of land sales	-	-
Other operating expenses	-	-
Total Operating Expenses	<u>-</u>	<u>-</u>
Change in net position	38,683	194,136
Total net position, beginning of the year	<u>1,150,356</u>	<u>956,220</u>
Total net position, end of the year	<u>\$ 1,189,039</u>	<u>\$ 1,150,356</u>

**Management's Discussion and Analysis  
Weatherford Industrial Trust**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The three financial statements presented within the financial statements are as follows:

- Statement of Net Position – This statement presents information reflecting the Trust's assets, liabilities and net position. Net position represents the amount of total assets less total liabilities. The statement of net position is categorized as to current and non-current assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or becoming due within 12 months of the statement date.
- Statement of Revenues, Expenses and Changes in Net Position – This statement reflects the operating revenues and expenses, as well as non-operating revenues and expenses during the operating year. Major sources of operating revenues are gains from the sale of property and investment income. Major sources of expenses are land acquisitions and maintenance of the property acquired. The change in net position for the Trust is similar to net profit or loss for any other business enterprise.
- Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating, financial and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease in cash for the calendar year.

**FINANCIAL HIGHLIGHTS**

- The Trust's total assets at December 31, 2019 increased by \$39,000. Primary change factors were that cash increased by \$19,000 and capital assets increase by \$19,000. In 2018, total assets increased by \$194,000 primarily due to the gain in land sales.
- In 2019, there was a decrease in total operating revenues of \$155,000. Land sales decreased by \$192,000 while investment income increased by \$36,000. In 2018, operating revenues increased by \$96,000 due to the increased gains in land sales.
- Net position increased by \$39,000 in 2019 and \$194,136 in 2018.
- In January 2018, the Weatherford Industrial Trust agreed to purchase 70.839 acres from Cody Bailey for \$9,140 per acre. The trust also agreed to offer Red Rock Behavioral Health Services the last remaining tract of land (9.5 acres) in Phase 2 of the industrial park. That transaction was completed in March 2018 for \$235,625.
- In November 2018, the Trust resolved to authorize and approve the issuance of lease revenue bonds in the amount of \$37,000,000 to provide funds to complete buildings for Weatherford Public Schools.
- In November 2019, changes were made to the Trust Agreement to add two trustees to the board, making for a five-person board. In December 2019, Marvin Hankins resigned from the board and Jeff Berrong, Wes Magill, and Lisa Thiessen were added to the board.

This financial report is designed to provide patrons and interested parties with a general overview of the Trust's finances and to demonstrate the Trust's accountability for its finances. If you have questions about this report or need additional financial information, contact:

Weatherford Industrial Trust  
522 W. Rainey  
Weatherford, OK 73096

**Weatherford Industrial Trust**  
**A Component of the City of Weatherford, Oklahoma**  
**Statements of Net Position**  
**As of December 31, 2019 and December 31, 2018**

	2019	2018
<b><u>Assets</u></b>		
Current assets:		
Cash and cash equivalents	\$ 418,999	\$ 399,912
Total current assets	418,999	399,912
Fixed assets:		
Land held	34,673	34,673
Land available for sale	692,106	673,022
Total fixed assets	726,779	707,695
Other assets		
Investments	43,261	42,749
Total other assets	43,261	42,749
Total assets	\$ 1,189,039	\$ 1,150,356
<b><u>Liabilities and Net Position</u></b>		
Liabilities		
Total liabilities	\$ -	\$ -
Net position		
Invested in capital assets	726,779	707,695
Unrestricted	462,260	442,661
Total net position	\$ 1,189,039	\$ 1,150,356

See accompanying notes

**Weatherford Industrial Trust**  
**A Component of the City of Weatherford, Oklahoma**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2019 and December 31, 2018**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Gain on land sales	\$ -	\$ 191,585
Investment income	38,683	2,540
Miscellaneous	-	11
Total revenues	<u>38,683</u>	<u>194,136</u>
Expenses:		
Operating expenses	<u>-</u>	<u>-</u>
Total expenses	-	-
Change in net position	38,683	194,136
Net position, beginning of year	1,150,356	956,220
Net position, end of year	<u>\$ 1,189,039</u>	<u>\$ 1,150,356</u>



**Weatherford Industrial Trust**  
**A Component of the City of Weatherford, Oklahoma**  
**Statements of Cash Flows**  
**December 31, 2019 and December 31, 2018**

	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Investment income	\$ 38,683	\$ 2,540
Net cash provided by operations	38,683	2,540
 <u>Cash Flows from Investing Activities:</u>		
Cash received on sale of land	-	235,625
Cash paid for land purchase and improvements	(19,084)	(673,022)
Interest income accrued to investment	(512)	(495)
Net cash (used) by investing activities	(19,596)	(437,892)
Increase (decrease) in cash and cash equivalents	19,087	(435,352)
Cash and cash equivalents, beginning of year	399,912	835,264
Cash and cash equivalents, end of year	\$ 418,999	\$ 399,912
 Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 38,683	\$ 194,136
 Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on sale of land	-	(191,596)
Total adjustments	-	(191,596)
Net cash provided by operating activities	\$ 38,683	\$ 2,540

**WEATHERFORD INDUSTRIAL TRUST**  
**A Component of the City of Weatherford, Oklahoma**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2019 and 2018

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Weatherford Industrial Trust (“the “Trust”), an Oklahoma public trust, was originally created on October 31, 1978 as the Industrial Development Trust with the consent of the City of Weatherford, Oklahoma. The Trust agreement has been subsequently amended in April 1985, May 2002, and most recently as of November 26, 2019. The Trust was created under the provisions of Title 60, Oklahoma Statutes and other applicable statutes and laws of the State of Oklahoma. The City of Weatherford is the beneficiary of the Trust and will receive all residual trust funds and assets upon termination of the Trust.

*ORGANIZATIONS, OPERATIONS AND ACTIVITIES* – The purpose of the Trust is to promote the development of industry to strengthen the economy in and around Weatherford, Oklahoma. This is to be accomplished by receiving and purchasing land in the area to be divided into parcels and developed and improved, for sale or lease to entities in the private sector, primarily for industrial or manufacturing enterprises. The Trust may also maintain and administer property and facilities to be used by government or government agencies, including local, state, and federal.

The Trust is authorized to loan or borrow funds, including entering into contracts for the sale of bonds, notes or other obligations for the purposes stated above. As of December 31, 2019 and 2018, the Trust had no indebtedness.

*BASIS OF ACCOUNTING* – The Trust accounts for its operations as an enterprise fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting, similar to private business enterprises. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from non-exchange transactions are recognized when all applicable eligibility requirements are met. The Trust first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available. Revenue is recognized at the point of sale of an individual land parcel. The allocated cost of the land plus improvements is recorded as cost of sale on the sale date.

*ESTIMATES* – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. It is at least reasonably possible that such estimates will change within the next year. Management has evaluated subsequent events through September 27, 2021, the date on which these financial statements were available to be issued, for issues requiring disclosure.

*CASH AND CASH EQUIVALENTS* – Cash and equivalents consist of cash on hand, demand deposits with banks and other financial institutions, and liquid investments with original maturities of three months or less.

**WEATHERFORD INDUSTRIAL TRUST**  
**A Component of the City of Weatherford, Oklahoma**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*CAPITAL ASSETS* – Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. At December 31, 2019 and 2018, capital assets were comprised of land parcels at original cost-plus subsequent improvements. Some of these parcels are intended to be sold and some will be held as described in Note 3.

Land received or purchased has been divided into parcels of varying acreage amounts. Additional expenditures are incurred to prepare these parcels for sale as suitable for building and economic use. These costs are allocated as capital improvements to the individual parcels of property based on their respective acreage amounts, and depreciation is not recorded.

*FAIR VALUE OF FINANCIAL INSTRUMENTS* – The fair value of financial instruments classified as assets and liabilities, including cash and cash equivalents and other current assets and liabilities, if any, approximate carrying value, principally because of the short maturity of those items. The certificates of deposit held by the Trust are comprised of smaller balances that are not generally negotiable and are recorded at their original invested amount plus accrued interest. The total cost of land parcels, as described above, has been determined to be a reasonable measurement of fair value.

*INCOME TAXES* – The Trust is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Therefore, no provision has been made for income taxes.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

The Trust currently maintains a demand deposit account for its operations and three certificates of deposit with a bank in Oklahoma. Two of the certificates are classified as long-term in the Statements of Net Position. These financial instruments potentially subject the Trust to credit risk to the extent that their total balances exceed the federally insured amount of \$250,000. Amounts not insured by the FDIC totaled \$212,260 and \$192,660 at December 31, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Operating account	\$379,128	\$360,664
Short-term certificate of deposit	<u>39,871</u>	<u>39,247</u>
Cash and cash equivalents	<u>\$418,999</u>	<u>\$399,911</u>
Long-term certificates of deposit (2)	<u>\$ 43,261</u>	<u>\$ 42,749</u>

**WEATHERFORD INDUSTRIAL TRUST**  
**A Component of the City of Weatherford, Oklahoma**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2019 and 2018

**NOTE 3 – LAND PARCELS HELD AND TO BE MADE AVAILABLE FOR SALE**

Land acquired and developed through 2018 was comprised of 146 acres divided into twenty-one parcels. Seventeen these parcels were sold, with the last transaction occurring in March of 2018. The two remaining parcels are held on behalf of government and government related entities as of December 31, 2019 and 2018 and are comprised of the following acreage and cost, which includes original cost-plus allocated improvements:

	<u>Acres</u>	<u>Cost</u>
Detention pond	6.50	\$ 16,682
City park	7.01	17,991
	<u>13.51</u>	<u>\$ 34,674</u>

In June 2013, a parcel of land was granted to the Oklahoma National Guard under a reversionary deed for twenty-five years through June 18, 2038.

In February 2018, the Trust purchased land comprised of approximately 70 acres at a cost of \$651,930 with improvements to the land in the year of 21,092 for a total cost at December 31, 2018 of \$673,022. As of December 31, 2019, improvements totaling \$40,176 had been made to the land in preparation for parceling out for future sales, for a total of \$692,106 as of December 31, 2019.

**NOTE 4 – NET POSITION**

The Trust's net position is comprised of the following elements:

	<u>2019</u>	<u>2018</u>
Invested in capital assets		
Held, not for sale	\$ 34,673	\$ 34,673
Held for sale	692,106	673,022
Total invested in capital assets	<u>726,779</u>	<u>707,695</u>
Unrestricted	462,260	442,661
Total net position	<u>\$1,189,039</u>	<u>\$1,150,356</u>

**NOTE 5 – CONTRIBUTED SERVICES AND ADMINISTRATIVE COSTS**

The Trust, while authorized to employ clerical assistance, has relied mainly on Trustees, who serve without compensation, and volunteers who contribute time to maintain banking records. The value of these volunteer contributed services has not been reflected in the accompanying financial statements, as the value has not been determined.



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

To the Board of Trustees  
Weatherford Industrial Trust

We have audited, 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, the financial statements of the Weatherford Industrial Trust (“Trust”) as of and for the year ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Weatherford Industrial Trust’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

*HBC CPAs & Advisors*

Oklahoma City, Oklahoma  
September 27, 2021