

Weatherford Industrial Trust

A Component of the City of Weatherford, Oklahoma

FINANCIAL STATEMENTS

For the years ended December 31, 2020

Weatherford Industrial Trust

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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 Weatherford Industrial Trust, as of and for the year ended December 31, 2020, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Weatherford Industrial Trust, as of December 31, 2020, and the respective changes in financial position, and its cash flows 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 July 15, 2022, 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
July 15, 2022

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 years ended December 31, 2020 and 2019. 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 2020 and 2019.

Assets:	2020	2019
Current assets	\$ 475,307	\$ 418,999
Capital assets	745,547	726,779
Other non-current assets	-	43,261
Total Assets	<u>1,220,854</u>	<u>1,189,039</u>
Liabilities:		
Current liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Invested in capital assets	745,547	726,779
Unrestricted	475,307	462,260
Total Net Position	<u>\$ 1,220,854</u>	<u>\$ 1,189,039</u>
Operating Revenues:		
Gain on land sales	\$ -	\$ -
Investment income	36,826	38,683
Miscellaneous	-	-
Total Operating Revenues	<u>36,826</u>	<u>38,683</u>
Operating Expenses:		
Cost of land sales	-	-
Other operating expenses	5,011	-
Total Operating Expenses	<u>5,011</u>	<u>-</u>
Change in net position	31,815	38,683
Total net position, beginning of the year	<u>1,189,039</u>	<u>1,150,356</u>
Total net position, end of the year	<u>\$ 1,220,854</u>	<u>\$ 1,189,039</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, 2020 increased by \$31,000. Primary change factors were that cash increased by \$12,000 and capital assets increase by \$19,000.
- In 2020, there was a decrease in total operating revenues of \$2,000. Interest income made up the majority of this decrease.
- Net position increased by \$31,000 in 2020.
- In January 2018, the Weatherford Industrial Trust agreed to purchase 70.839 acres from Cody Bailey for \$9,140 per acre. The trust has added approximately \$59,000 in improvements to this property as of December 31, 2020.
- 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
Statement of Net Position
As of December 31, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 475,307
Total current assets	475,307
Fixed assets:	
Land held	34,673
Land available for sale	710,874
Total fixed assets	745,547
Other assets	
Investments	-
Total other assets	-
Total assets	\$ 1,220,854

Liabilities and Net Position

Liabilities	
Total liabilities	\$ -
Net position	
Invested in capital assets	745,547
Unrestricted	475,307
Total net position	1,220,854
Total liabilities and net position	\$ 1,220,854

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2020

Revenues:		
Investment income	\$	36,826
Expenses:		
Operating expenses		5,011
Total expenses		<u>5,011</u>
Change in net position		31,815
Net position, beginning of year		1,189,039
Net position, end of year	\$	<u><u>1,220,854</u></u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Statement of Cash Flows
Year Ended December 31, 2020

Cash Flows from Operating Activities:

Change in net position	\$ 31,815
Net cash provided by operating activities	31,815

Cash Flows from Investing Activities:

Proceeds from the transfer of investments	43,261
Cash paid for land purchase and improvements	(18,768)
Net cash provided by investing activities	24,493

Increase (decrease) in cash and cash equivalents	56,308
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Cash and cash equivalents, beginning of year	418,999
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Cash and cash equivalents, end of year	\$ 475,307
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Reconciliation of change in net assets to net cash provided

by operating activities:

Change in net assets	\$ 31,815
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Adjustments to reconcile change in net assets to net cash provided

by operating activities:

Net cash provided by operating activities	\$ 31,815
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Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Notes to Financial Statements
December 31, 2020

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, 2020, 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 July 15, 2022, 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, 2020

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, 2020, 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. 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 \$225,307 at December 31, 2020.

Operating account	\$391,514
Short-term certificate of deposit	<u>83,793</u>
Cash and cash equivalents	<u>\$475,307</u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Notes to Financial Statements
December 31, 2020

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, 2020 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	<u>7.01</u>	<u>17,991</u>
	<u>13.51</u>	<u>\$ 34,673</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 years 2018 and 2019 of \$40,176 for a total cost at December 31, 2019 of \$692,105. As of December 31, 2020, improvements totaling \$18,769 had been made to the land in preparation for parceling out for future sales, for a total of \$710,874 as of December 31, 2020.

NOTE 4 – NET POSITION

The Trust’s net position at December 31, 2020 is comprised of the following elements:

Invested in capital assets	
Held, not for sale	\$ 34,673
Held for sale	<u>710,874</u>
Total invested in capital assets	<u>745,547</u>
Unrestricted	<u>475,307</u>
Total net position	<u>\$1,220,854</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.

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Notes to Financial Statements
December 31, 2020

NOTE 6 – WEATHERFORD PUBLIC SCHOOLS PROJECT

In February, 2019, the Weatherford Industrial Trust of the City of Weatherford, Oklahoma, a public trust and an agency of the State of Oklahoma, did issue a revenue bond dated February 1, 2019 between the Trust and BancFirst, Oklahoma City, as the Trustee. The Weatherford Industrial Trust issued the bond for the purpose of financing a portion of costs of acquiring, constructing, equipping, repairing and remodeling school buildings, acquiring school furniture, fixtures and equipment and acquiring and improving school sites for use by Independent School District #26, Custer County, Oklahoma ("Weatherford Public Schools") funding capitalized interest, and paying cost of issuance. The bond was in the sum of \$35,530,000.00. The terms of the revenue bond agreement, dated on or about March 1, 2019 includes an interest rate of 5%. The bond is secured by a lease on the subject property. The bond does not constitute an indebtedness, general or special, or obligation, legal or moral, of the City of Weatherford or the State of Oklahoma, or any subdivision or agency thereof nor a personal obligation of the Trustees of the Weatherford Industrial Trust nor a general obligation of the Weatherford Industrial Trust, but is a limited and special obligation of the Trust payable solely the revenues and receipts derived by the Trust with respect to the Ground Lease Agreement. As result of the non-commitment determination, the Trust's indebtedness and related receivables from the occupants are not recorded in the financial statements.

The current balance of outstanding bonds payable through BancFirst in semi-annual installments is \$32,755,000.00.



**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, 2020, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2022.

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
July 15, 2022