

Weatherford Industrial Trust

FINANCIAL STATEMENTS

For the year ended December 31, 2023

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

Opinion

We have audited the accompanying financial statements of the Weatherford Industrial Trust, a component unit of the City of Weatherford, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Weatherford Industrial Trust's basic financial statements as listed in the table of contents.

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, 2023, and the 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Weatherford Industrial Trust and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Weatherford Industrial Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Weatherford Industrial Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about the Weatherford Industrial Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Weatherford Industrial Trust's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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*, we have also issued our report dated November 26, 2024, on our consideration of the Authority'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 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 Trust's internal control over financial reporting and compliance.



Oklahoma City, Oklahoma
November 26, 2024

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, 2023 and 2022. 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 2023 and 2022, along with a comparison showing changes relative to the prior year.

Assets:	2023	2022
Current assets	\$ 330,463	\$ 306,452
Land	4,069,395	2,451,734
Other non-current assets	44,802	44,292
Total Assets	<u>4,444,660</u>	<u>2,802,478</u>
Liabilities:		
Current liabilities	-	-
Total Liabilities	<u>-</u>	<u>-</u>
Net Position:		
Invested in land	4,069,395	2,451,734
Unrestricted	375,265	350,744
Total Net Position	<u>\$ 4,444,660</u>	<u>\$ 2,802,478</u>
Operating Revenues:		
Gain on land sales	\$ -	\$ -
Investment income	35,941	33,629
Noncash federal grant subrecipient	1,294,129	1,105,954
Noncash costs incurred by city	323,532	276,489
Miscellaneous	-	-
Total Operating Revenues	<u>1,653,602</u>	<u>1,416,072</u>
Operating Expenses:		
Cost of land sales	-	-
Other operating expenses	11,420	15,220
Total Operating Expenses	<u>11,420</u>	<u>15,220</u>
Change in net position	1,642,182	1,400,852
Total net position, beginning of the year	<u>2,802,478</u>	<u>1,401,626</u>
Total net position, end of the year	<u>\$ 4,444,660</u>	<u>\$ 2,802,478</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

- **Increase in Total Assets**: The Trust's total assets increased by \$1,642,182 as of December 31, 2023. This growth is primarily due to \$1,617,661 in assets resulting from federal grants received and expended by the City of Weatherford for infrastructure improvements that benefit the Trust.
- **Operating Revenues**: In 2023, the Trust recorded a significant increase in total operating revenues, amounting to \$237,529. This growth was driven by the federal grant received by the City of Weatherford, designated for the benefit of the Weatherford Industrial Trust. The infusion of funds positively impacted the Trust's operating revenues during the year.
- **Increase in Net Position**: The Trust's net position increased by \$1,642,182 in 2023, reflecting the positive financial impact of the federal grants and associated infrastructure improvements.
- **Federal Grants and Infrastructure Improvements**: The Weatherford Industrial Trust was named as a subrecipient of a federal grant awarded to the City of Weatherford. While the Trust does not directly receive these funds, it benefited from the funding as the City used it to improve land owned by the Trust, enhancing its value for future resale. In 2023, the City expended \$1,294,129 in federal funds and \$323,532 in City funds (totaling \$1,617,661) for these improvements. In 2022, expenditures were \$1,036,832 in federal funds and \$345,611 in City funds (totaling \$1,382,443).

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, 2023

Assets

Current assets:

Cash and cash equivalents	\$ 330,463
Total current assets	<u>330,463</u>

Fixed assets:

Land held	34,674
Land available for sale	4,034,721
Total fixed assets	<u>4,069,395</u>

Other non-current assets

Investments	44,802
Total other assets	<u>44,802</u>

Total assets	<u><u>\$ 4,444,660</u></u>
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Liabilities and Net Position

Liabilities	\$ -
Total liabilities	<u>-</u>

Net position

Invested in capital assets	4,069,395
Unrestricted	375,265
Total net position	<u><u>\$ 4,444,660</u></u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2023

Operating revenues:	
Gain on land sales	\$ -
Investment income	35,941
Noncash federal grant subrecipient	1,294,129
Noncash costs incurred by city	323,532
Miscellaneous	-
Total revenues	<u>1,653,602</u>
Expenses:	
Operating expenses	<u>11,420</u>
Total expenses	11,420
Change in net position	1,642,182
Net position, beginning of year	<u>2,802,478</u>
Net position, end of year	<u><u>\$ 4,444,660</u></u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Statement of Cash Flows
Year Ended December 31, 2023

Cash Flows from Operating Activities:

Cash received from bonds and interest	\$ 35,941
Cash paid to vendors	<u>(11,420)</u>
Net cash provided by operations	<u>24,521</u>

Cash Flows from Investing Activities:

Withdrawals from the transfer of investments	(510)
Cash paid for land purchase and improvements	<u>-</u>
Net cash (used) by investing activities	<u>(510)</u>

Increase (decrease) in cash and cash equivalents 24,011

Cash and cash equivalents, beginning of year	306,452
Cash and cash equivalents, end of year	<u><u>\$ 330,463</u></u>

Reconciliation of change in net assets to net cash provided
by operating activities:

Change in net assets	<u>\$ 1,642,182</u>
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Adjustments to reconcile change in net assets to net cash provided
by operating activities:

Noncash federal grant subrecipient	<u>(1,617,661)</u>
Total adjustments	<u>(1,617,661)</u>
Net cash provided by operating activities	<u><u>\$ 24,521</u></u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

The Weatherford Industrial Trust (“the Trust”) is an Oklahoma public trust established on October 31, 1978, as the Industrial Development Trust, with the consent of the City of Weatherford, Oklahoma. The Trust Agreement has been amended multiple times, most recently on November 26, 2019. The Trust was created under the provisions of Title 60 of the Oklahoma Statutes and other applicable laws. The City of Weatherford is the sole beneficiary of the Trust and will receive all residual trust funds and assets upon termination.

ORGANIZATIONS, OPERATIONS AND ACTIVITIES – The purpose of the Trust is to promote industrial development and strengthen the economy in and around Weatherford, Oklahoma. This is achieved by acquiring and developing land for sale or lease to private sector entities, primarily those engaged in industrial or manufacturing activities. The Trust may also maintain and administer property and facilities for use by government entities, including local, state, and federal agencies.

The Trust is authorized to borrow or loan funds and enter into contracts for the issuance of bonds, notes, or other obligations to achieve its objectives. As of December 31, 2023, the Trust had no outstanding debt.

BASIS OF ACCOUNTING – The Trust operates as an enterprise fund and uses the economic resources measurement focus and the accrual basis of accounting, similar to private business enterprises. Revenues and expenses are recognized when they are earned and incurred, respectively. Restricted net position is applied first when an expense is incurred for purposes where both restricted and unrestricted net position are available. Revenue is recognized at the point of sale of individual land parcels, with the allocated cost of the land and improvements recorded as the cost of sales on the date of sale.

ESTIMATES – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions. These estimates affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

CASH AND CASH EQUIVALENTS – Cash and cash equivalents consist of cash on hand, demand deposits with banks and 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, 2023

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 at fair value at the date of donation, if acquired by gift. Land parcels are recorded at their original cost plus subsequent improvements. Some parcels are intended for sale, while others are held for governmental or public use as described in Note 3. Improvements are capitalized and allocated to individual parcels based on acreage, and no depreciation is recorded for land.

FAIR VALUE OF FINANCIAL INSTRUMENTS – The fair value of financial instruments classified as assets and liabilities, including cash and cash equivalents, approximates their carrying value due to the short maturity of these items. Certificates of deposit are recorded at their original invested amounts plus accrued interest. The cost of land parcels is deemed a reasonable estimate of fair value.

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

SUBSEQUENT EVENTS – Management has evaluated subsequent events through November 26, 2024, the date on which these financial statements were available to be issued, for issues requiring disclosure.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Trust maintains cash and cash equivalents with commercial banks and major financial institutions. These accounts may exceed Federal Deposit Insurance Corporation (FDIC) limits from time to time. The Trust has not experienced any losses and does not believe it is exposed to any significant credit risk. The Trust currently holds a demand deposit account for its operations and three certificates of deposit with a local bank. Two of the certificates are classified as long-term investments in the Statement of Net Position.

Operating account	\$ 288,998
Short-term certificate of deposit	<u>41,465</u>
Cash and cash equivalents	<u>\$ 330,463</u>
Long-term certificates of deposit (2)	<u>\$ 44,802</u>

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

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

Land acquired and developed through 2018 consisted of 146 acres divided into twenty-one parcels. Seventeen of these parcels were sold by March 2018. The two remaining parcels are held for government use as of December 31, 2023, as follows:

	<u>Acres</u>	<u>Cost</u>
Detention pond	6.50	\$ 16,682
City park	<u>7.01</u>	<u>17,992</u>
	<u>13.51</u>	<u>\$ 34,674</u>

Additional land was acquired in 2018, and improvements have been made since then, bringing the total cumulative cost of land and improvements to \$4,034,721 as of December 31, 2023. Improvements were primarily funded through federal grants as detailed in Note 5.

NOTE 4 – NET POSITION

The Trust's net position consists of the following as of December 31, 2023:

Invested in capital assets	
Held, not for sale	\$ 34,674
Held for sale	<u>4,034,721</u>
Total invested in capital assets	<u>4,069,395</u>
Unrestricted	<u>375,265</u>
Total net position	<u>\$ 4,444,660</u>

NOTE 5 – SUBRECIPIENT GRANTS

The Trust is a subrecipient of a federal grant awarded to the City of Weatherford from the United States Department of Commerce, Economic Development Administration (EDA). The grant was intended for infrastructure improvements at the Weatherford Business and Technology Park, owned by the Trust. Although the Trust did not directly receive funds, it benefited from the project as the improvements enhanced the value of its land. The cumulative value of the improvements made through this grant is \$4,034,721 as of December 31, 2023.

NOTE 6 – CONTRIBUTED SERVICES AND ADMINISTRATIVE COSTS

The Trust relies on the volunteer services of its Trustees and other individuals to maintain records and carry out administrative tasks. The value of these contributed services is not recorded in the financial statements due to the lack of a reliable measurement basis.

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 – 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 \$31,282,051.



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

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, 2023, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements, and have issued our report thereon dated November 26, 2024.

Report on 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.

Report on 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.

A handwritten signature in black ink that reads "HBC CPA & Advisors". The signature is stylized and appears to be written with a marker or thick pen.

Oklahoma City, Oklahoma
November 26, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees
Weatherford Industrial Trust

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Weatherford Industrial Trust compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Weatherford Industrial Trust's major federal programs for the year ended December 31, 2023. The Weatherford Industrial Trust's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Weatherford Industrial Trust, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Weatherford Industrial Trust and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Weatherford Industrial Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implantation, and maintenance of effective internal control over compliances with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Weatherford Industrial Trust's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Weatherford Industrial Trust's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment

made by a reasonable user of the report on compliance about the Weatherford Industrial Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Weatherford Industrial Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Weatherford Industrial Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Weatherford Industrial Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Oklahoma City, Oklahoma
November 26, 2024

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Other Identification Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Commerce</u>					
Economic Development Cluster					
Economic Adjustment Assistance	11.307	08-79-05369	City of Weatherford, OK	N/A	\$ 1,294,129
Total Federal Awards Expended					\$ 1,294,129

Weatherford Industrial Trust
A Component of the City of Weatherford, Oklahoma
Notes to the Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "SEFA") includes the federal award activity of Weatherford Industrial Trust under programs of the United States federal government for the year ended December 31, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

B. Basis of Accounting

Expenditures reported in the SEFA are presented on the accrual basis of accounting, consistent with the Weatherford Industrial Trust's financial statements. Under this basis, expenditures are recorded when the related liability is incurred, regardless of the timing of the related cash flows.

C. Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of Weatherford Industrial Trust's program costs. The total program costs, which include Weatherford Industrial Trust's portion of matching funds and other contributions, are greater than the amounts reflected in the SEFA.

D. Indirect Cost Rate

The Weatherford Industrial Trust has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, Section 200.414. As a result, the expenditures reported in the SEFA do not include any indirect cost recoveries.

E. Subrecipient Activity

During the year ended December 31, 2023, the Trust acted as a subrecipient for federal funds passed through the City of Weatherford. The Trust's participation in the federal program, titled the Department of Commerce Economic Adjustment Assistance Grant, was primarily for the benefit of infrastructure improvements at the Weatherford Business and Technology Park. The Trust did not directly receive federal funds but benefited from the enhancements and capital improvements funded through this program.

Weatherford Industrial Trust
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

I. Summary of Auditors' Results

Financial Statements

Type of audit report issued	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
• Noncompliance which is material to the financial statements noted?	No

Federal Rewards

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs

CDFA Number	Name of Federal Program or Cluster
11.307	Economic Adjustment Assistance- Economic Development Cluster
Dollar threshold to distinguish between Type A and Type B programs	\$750,000
Auditee qualifies as a low-risk auditee?	No

II. Financial Statement Findings

None noted.

Weatherford Industrial Trust
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2023

There were no prior year audit findings for the period ended December 31, 2022.