

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
ANNUAL FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
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YEAR ENDED AUGUST 31, 2022

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Independent Auditor's Report

Board of Directors
Woods County Industrial Development Authority

Opinion

We have audited the accompanying financial statements of Woods County Industrial Development Authority which comprise the statement of net position, as of August 31, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Woods County Industrial Development Authority as of August 31, 2022; the changes in financial position; and of cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Woods County Industrial Development Authority 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 these financial statements in accordance with the 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 the 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 Woods County Industrial Development Authority 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 and *Government 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Woods County Industrial Development Authority'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Woods County Industrial Development Authority's ability to continue as a going concern for a reasonable period of time.

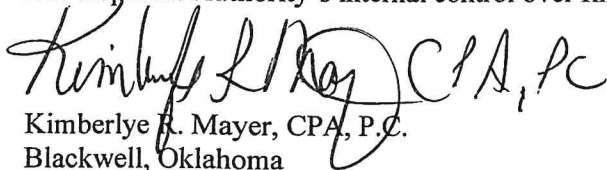
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Woods County Industrial Development Authority has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis 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 basis financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2023 on our consideration of Woods County Industrial Development Authority's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 Woods County Industrial Development Authority's internal control over financial reporting and compliance.



Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
February 12, 2023

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

Board of Directors
Woods County Industrial Development Authority

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 Woods County Industrial Development Authority as of and for the year ended August 31, 2022 and the related notes to the financial statements and have issued our report thereon dated February 12, 2023.

Report on Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements of Woods County Industrial Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Woods County Industrial Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woods County Industrial Development Authority'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 combination of control deficiencies, in internal control that there is reasonable possibility that a material misstatement of the Authority'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.

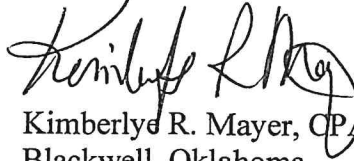
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any 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 Woods County Industrial Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CPA, P.C.

Kimberlye R. Mayer, CPA, P.C.

Blackwell, Oklahoma

February 12, 2023

FINANCIAL STATEMENTS

AND

NOTES

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
AUGUST 31, 2022

ASSETS

Current Assets:

Operating accounts	\$ 261,079
Certificates of deposit	28,379
Total Cash and Cash Equivalents	289,458
Accounts receivable	4,000
Interest receivable	1,257
Prepaid insurance	2,836
Notes receivable, current portion (Note 4)	86,111
Total Current Assets	383,662
Notes receivable (Note 4)	386,645
Trust funds	594,411
Property and equipment (net of accumulated depreciation) (Note 3)	307,471
Total Assets	\$ 1,672,189

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	\$ 3,711
Prepaid rent	
Notes payable (current portion) (Note 5)	65,111
Total Current Liabilities	68,822

Non-current Liabilities:

Notes payable, long term (Note 5)	386,645
Total Non-current Liabilities	386,645

Total Liabilities	455,467
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Net Position:

Net investment in capital assets	307,471
Restricted for endowment fund	450,000
Unrestricted	459,251
Total Net Position	1,216,722

Total Liabilities and Net Position	\$ 1,672,189
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WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED AUGUST 31, 2022

Operating Revenue:	
Donations and grants	\$ 94,540
Rental income	11,400
Interest on notes	24,987
Rail car fees	
Events income (net)	3,156
Total Operating Revenue	134,083
Operating Expense:	
Payroll contract	46,430
Development fees and promotion	3,967
Office, postage and supplies	132
Insurance	3,152
Land lease	778
Professional fees	3,385
Travel, meetings & conferences	3,152
Telephone	4,044
Dues, subscriptions, & memberships	372
Other expense	615
Depreciation	15,327
Interest expense	24,217
Total Operating Expense	105,571
Income (Loss) From Operations	28,512
Non-Operating Revenue (Expense):	
Interest on investments	2,322
Change in Total Non-Operating Revenue (Expense)	2,322
Change in Net Position	30,834
Net Position, beginning of year	1,185,888
Net Position, end of year	\$ 1,216,722

The accompanying report and notes are an integral part of these financial statements.

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2022

Cash Flows From Operating Activities:	
Cash receipts from customers	\$ 96,350
Other operating cash receipts	97,696
Cash payments to suppliers for goods and services	<u>(149,918)</u>
Net cash provided (used) by operating activities	44,128
Cash flows from non-capital financing activities:	
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(7,950)
New loans to others	
New borrowings	
Net cash provided (used) by financing activities	<u>(7,950)</u>
Cash flows from investing activities:	
Interest income	2,322
(Increase) decrease in certificates of deposit	
(Increase) decrease in trust funds	<u>(2,030)</u>
Net cash provided (used) by investing activities	<u>292</u>
Net increase (decrease) in cash and cash equivalents	36,470
Beginning cash and cash equivalents	252,988
Ending cash and cash equivalents	<u><u>\$ 289,458</u></u>
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:	
Income (Loss) from operations	\$ 28,512
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:	
Depreciation	15,327
Changes in assets and liabilities:	
(Increase) decrease in receivables	59,963
(Increase) decrease in prepaids	(264)
Increase (decrease) in payables	<u>(59,410)</u>
Net cash provided (used) by operating activities	<u><u>\$ 44,128</u></u>

The accompanying report and notes are an integral part of these financial statements.

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Woods County Industrial Development Authority was created under the provisions of Title 60 of the Oklahoma Statutes, 1981, the Oklahoma Trust Act, and the laws of the State of Oklahoma. The purpose of this trust is to promote the development of industrial, manufacturing, cultural, and educational activities within and without the territorial limits of Woods County, Oklahoma, and to provide industrial and cultural facilities and additional employment and activities which will benefit and strengthen the culture and economy of Woods County, Oklahoma.

The Authority is governed by an elected Board of Trustees that acts as the authoritative and legislative body of the entity.

Basis of Accounting

The accounting policies of Woods County Industrial Development Authority conform to the basic principles of governmental accounting and financial reporting set forth by the Governmental Accounting Standards Board.

The Authority is classified as an Enterprise Fund. The costs of providing services to the public are financed mainly through user charges. The financial statements of the Authority have been prepared using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Cash and Deposits

Cash is maintained in financial institutions, which provide coverage to depositors through the Federal Deposit Insurance Corporation.

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States Government, its agencies or instrumentalities; collateralized or insured certificates of deposit; insured savings accounts or savings certificates; or county, municipal or school district direct debt.

Income Taxes

As provided in Title 60, Oklahoma Statutes, Woods County Industrial Development Authority is a tax-exempt public trust; consequently, no provision as been made for income taxes.

Restricted Assets

Restricted funds are monies, whose use is limited by legal requirements, or restricted by grantor.

Budget

The Authority is required by state law to adopt an annual budget.

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investments in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Authority legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

NOTE 2 – CASH AND CASH EQUIVALENTS:

The Authority considers all checking and certificates of deposit with a maturity of three months or less to be cash equivalents.

NOTE 3 – PROPERTY AND EQUIPMENT:

Depreciable assets are recorded at cost when purchased or constructed. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable assets. Total depreciation for the year ended August 31, 2022 was \$15,327. The following is a summary by category of changes in property and equipment:

<u>Category</u>	<u>8/31/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>8/31/22</u>
Land and easements	\$	\$	\$	\$
Buildings and improvements	477,481			477,481
Equipment	3,118			3,118
Website development	15,830	7,950		23,780
Accumulated depreciation	(181,581)	(15,327)		(196,908)
Net	<u>\$ 314,848</u>	<u>\$ (7,377)</u>	<u>\$</u>	<u>\$ 307,471</u>

NOTE 4 – NOTES RECEIVABLE:

The Authority has extended a line of credit to Barton Investment Group Manufacturing, LLC for \$100,000. This line of credit carries an interest rate of 3½% and matured December 12, 2009. This line of credit was transferred to a promissory note dated November 16, 2009 and matured December 12, 2010. The promissory note was amended on March 2, 2012, to allow the borrower to make monthly principal payments of \$1,000 and annual interest payments until the note is paid off. No principle payments were made during fiscal year ended August 31, 2022. The balance of this note receivable was \$21,000 at August 31, 2022.

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

NOTE 4 – NOTES RECEIVABLE (continued):

The Authority has a promissory note with Value Added Products. This promissory note corresponds with a note payable to Alva State Bank (see Note 5). The note carried an interest rate of 7½% and matured 11/01/12. The monthly payments were \$9,475. This note was rewritten on November 1, 2009 with an interest rate of 3¼%, monthly payments of \$7,260 and a maturity date of 11/01/21. On August 24, 2015, this note was rewritten with an additional \$276,084 borrowed. The new interest rate is 5% and the monthly payments are \$7,200. The note matures on March 1, 2028. The balance of this note receivable was \$451,756 at August 31, 2022.

NOTE 5 – NOTES PAYABLE:

The Authority entered into a note agreement with Alva State Bank and used real estate as collateral. Through a promissory note, the Authority loaned this money to Value Added Products (see Note 4). This note carries an interest rate of 7½% and matures 11/01/12. The monthly payments are \$9,475. This note was rewritten on November 1, 2009 with an interest rate of 3¼%, monthly payments of \$7,260 and a maturity date of 11/01/21. Principle payments made during the year ended August 31, 2016 were \$54,883. On 8/24/15, this note was rewritten and an additional \$276,084 was borrowed. The new interest rate is 5% and the monthly payments are \$7,200. The note matures March 1, 2028. The balance of this note at August 31, 2022 was \$451,756.

The following is a summary of future debt payments:

<u>Year Ending</u>	<u>Payments</u>	<u>Principal</u>	<u>Interest</u>
8/31/23	\$ 86,400	\$ 65,111	\$ 21,289
8/31/24	86,400	68,442	17,958
8/31/25	86,400	71,944	14,456
8/31/26	86,400	75,625	10,775
8/31/27	86,400	79,494	6,906
8/31/28	93,600	91,140	2,460
Net	<u>\$ 525,600</u>	<u>\$ 451,756</u>	<u>\$ 73,844</u>

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

NOTE 6 – ESTIMATES:

The preparation of financial statements in conformity generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

NOTE 7 – RISK MANAGEMENT:

The Authority is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority manages this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The Authority has had no claims that exceeded its insurance coverage.

NOTE 8 – CONTINGENCIES:

As of August 31, 2022, the Authority did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

The Authority adopted a plan for an Industrial Rail Park in Avard, Oklahoma. The total cost of this project is \$6,880,000. To fund this project, the Authority has obtained a loan commitment of \$2,250,000, a grant commitment from a Trust of \$600,000, and an in-kind commitment from the county of \$250,000. The Authority has submitted other federal and state grant applications for additional funds. On February 21, 2012 the Authority entered into four promissory notes for the purchase of land for the Industrial Rail Park. The funds borrowed totaled \$1,040,000. On June 11, 2012 the Authority transferred this land by fee simple title to the Avard Regional Rail Park Authority (ARRPA), and entered into an agreement whereby the ARRPA agrees to make all payments and to comply with all requirements in accordance with the above promissory notes on behalf of the Authority. ARRPA paid these notes off during their fiscal year ending Jun 30, 2021. In this agreement, the ARRPA shall also be responsible for payment of all taxes and assessments and shall maintain the property in good repair and condition. Because this land and the related debt were transferred to ARRPA, these assets and liabilities have not been recorded in the Authority's financial statements.

WOODS COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED AUGUST 31, 2022

NOTE 9 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the Authority's own assumptions in determining the fair value of investments).

The Authority's financial statements include cash and cash equivalents, certificates of deposit, notes receivable, accounts payable and notes payable. The Authority's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS:

The Authority has evaluated subsequent events through February 12, 2023 the date which the financial statements were available to be issued.