

Wagoner Economic Development Authority

Independent Auditor's Report
and Financial Statements

June 30, 2023

Wagoner Economic Development Authority
June 30, 2023

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	3-4
<i>Required Supplementary Information:</i> Management's Discussion and Analysis	5-6
<i>Financial Statements:</i>	
Statement of Net Position - Modified Cash Basis	7
Statement of Revenues, Expenses, and Changes in Net Position - Modified Cash Basis	8
Statement of Cash Flows - Modified Cash Basis	9
Notes to the Financial Statements	10-13
 Schedule of Audit Findings	 14



Independent Auditor's Report

Wagoner Economic Development Authority
Wagoner, Ok

Opinion

We have audited the accompanying modified cash basis financial statements of Wagoner Economic Development Authority, which are comprised of the Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position, and Statement of Cash Flows as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority'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 Wagoner Economic Development Authority, as of June 30, 2023, and the changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note I.

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 Wagoner Economic 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 opinions.

Emphasis of Matter—Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; 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.

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 Wagoner Economic Development Authority'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.

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Auditor's Responsibility 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 opinions. 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 judgment made by a reasonable user based on the financial statements.

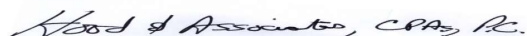
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional 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 Wagoner Economic 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Wagoner Economic 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2024, on our consideration of the Wagoner Economic Development Authority 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 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 Wagoner Economic Development Authority internal control over financial reporting and compliance.



Hood & Associates CPAs, P.C.
Tulsa, OK

November 21, 2024



Report on Internal Control Over Financial Reporting Compliance and on Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Wagoner Economic Development Authority
Wagoner, OK

We have audited the financial statements of Wagoner Economic Development Authority as of and for the year ended June 30, 2023, and have issued our report thereon dated November 21, 2024. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wagoner Economic Development Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wagoner Economic Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wagoner Economic 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 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 or significant deficiencies may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wagoner Economic Development Authority financial statements are free of material misstatement, we performed tests of the 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 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 "Hood & Associates, CPAs, P.C." The signature is written in a cursive, flowing style.

Hood & Associates CPAs, P.C.

Tulsa, OK

November 21, 2024

Wagoner Economic Development Authority
Management Discussion & Analysis
For the Year Ended June 30, 2023

Our discussion and analysis of the City of Wagoner Economic Development Authority's (CWEDA) financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2023. Please read it in conjunction with the financial statements, which begin on page 5.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Balance Sheet (page 7) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (page 8) provide information about the activities of CWEDA as a whole and present a longer-term view of CWEDA's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

REPORTING ON THE AUTHORITY AS A WHOLE

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance.

Our analysis of CWEDA as a whole begins on page 6. One of the most important questions asked about CWEDA's finances is "Is CWEDA as a whole better or worse off as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance report information about CWEDA as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the modified accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues are taken into account when they become available and measurable and expenses when they are incurred.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

The proprietary fund financial statements begin on page 6 and provide detailed information about CWEDA as a whole. The CWEDA Board may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- Governmental funds - The Authority has no governmental funds.
- Proprietary funds - All the Authority's business-type activities are reported here, including the rents, loans, and promotional activities. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The proprietary fund statements provide a detailed view of CWEDA's general operations, and the basic services it provides. Proprietary fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance CWEDA's programs.

THE AUTHORITY AS A WHOLE

As of June 30, 2023:

Current Assets	\$ 647,346
Capital Assets	625,445
Other Assets	<u>133,000</u>
Total Assets	<u>\$ 1,405,791</u>

Total Liabilities

For the year ended June 30, 2023, net assets changed as follows:

Fund Balance June 30, 2022	\$ 1,420,123
Add excess revenues over expenses	<u>(14,332)</u>
Fund Balance June 30, 2023	<u>\$ 1,405,791</u>

THE AUTHORITY'S REVENUE AND EXPENDITURES

The following schedule presents a summary of revenue and expenditures for the fiscal year ended June 30, 2023.

REVENUES:

Lease/Rental	\$ 5,620
Transfer from City EDF	91,332
Miscellaneous- Other	2
Interest	<u>2,717</u>
Total Revenues	<u>\$ 99,671</u>

EXPENDITURES:

Total Expenditures	<u>\$ 114,003</u>
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CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of June 30, 2023, CWEDA had \$463,426 invested in land and \$224,442 in improvements/ other assets. Total capital assets are \$687,868. The value of these assets at June 30, 2023 after depreciation is \$625,445.

DEBT

At the end of June 30, 2023, WEDA did not have any outstanding debt.

CONDITIONS EXPECTED TO EFFECT NEXT YEAR

As in the past, for the coming year the CWEDA board continues to have a great working relationship with the Wagoner City Council, Mayor, and City Superintendent.

SUMMARY

The financial activities of CWEDA for year ending 2023 have been audited as outlined in the Trust's By-Laws. Audit results show CWEDA is operating according to the By-laws and continues to promote economic development through its efforts.

CONTACTING WEDA'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of CWEDA's finances and to show CWEDA's accountability for the money it receives.

Wagoner Economic Development Authority
Statement of Net Position – Modified Cash Basis
June 30, 2023

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 647,346
Capital Assets:	
Property and Equipment – net of accumulated depreciation	625,445
Other Assets:	
Note Receivable	<u>133,000</u>
Total Assets	<u>\$ 1,405,791</u>

LIABILITIES AND NET POSITION

Current Liabilities:	\$ <u>0</u>
Net Position:	
Invested in Capital Assets, net of debt	625,445
Unrestricted	<u>780,346</u>
Total Net Position	<u>1,405,791</u>
Total Liabilities and Net Position	<u>\$ 1,405,791</u>

The accompanying notes are an integral part of the financial statements.

Wagoner Economic Development Authority
Statement of Revenue, Expenses & Changes in Net Position – Modified Cash Basis
For the Year Ended June 30, 2023

Changes in Net Position:

Operating Revenues:

Lease/Rent Income	\$ 5,620
Miscellaneous Income	<u>2</u>
Total Operating Revenues	<u>5,622</u>

Operating Expenses:

Depreciation Expense	12,297
Maintenance & Operation	<u>101,706</u>
Total Expenses	<u>114,003</u>

Operating Income (Loss)	<u>(108,381)</u>
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Non-Operating Income (Expenses)

Transfers in City EDF	91,332
Interest Income	<u>2,717</u>
Total Non-Operating Income (Expenses)	<u>94,049</u>

Net Income (Loss)	(14,332)
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Net Position, beginning of year	<u>1,420,124</u>
Net Position, end of year	<u>\$ 1,405,791</u>

The accompanying notes are an integral part of the financial statement.

Wagoner Economic Development Authority
Statement of Cash Flows
June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 5,622
Cash paid for goods, supplies & services	<u>(94,705)</u>
Net cash provided (used) from operating activities	(89,083)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Transfers in from City EDF	91,332
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	2,717
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CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:

Payments for capital asset purchased	<u>(25,657)</u>
Increase (Decrease) in Cash and Cash Equivalents	(20,691)
Cash and cash equivalents – beginning of year	<u>668,038</u>
Cash and cash equivalents – end of year	<u>\$ 647,346</u>

**RECONCILIATION OF OPERATING NET INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Net Income (Loss) from Operations	\$(108,381)
Adjustments to reconcile net income from operations to net cash provided from operations:	
Depreciation Expenses	12,297
Decrease in Notes Receivable	<u>7,000</u>
Net cash provided (used) by operating activities	<u>\$ (89,083)</u>

The accompanying notes are an integral part of the financial statement.

Wagoner Economic Development Authority

Notes to Financial Statements

June 30, 2023

The following notes to the financial statements are an integral part of Wagoner Economic Development Authority, Wagoner County, Oklahoma's financial statements.

I. Summary of Significant Accounting Policies (continued)

The Wagoner Economic Development Authority is a trust created for the purpose of promoting and encouraging the development of industry and commerce, to further industrial, commercial, manufacturing, cultural, research and educational activities, and to promote and encourage the protection and preservation of the environment. The Authority will do this by instituting, furnishing, providing and supplying physical facilities, improvements and services to the beneficiary and to agencies, instrumentalities and subdivisions thereof and to inhabitants, owners and occupants of property and to governmental, industrial, commercial and mercantile entities, establishments and enterprises within the territorial limits of the City of Wagoner.

The Authority is governed by a board of five trustees who are residents of the State of Oklahoma and are appointed by the Mayor of the City of Wagoner, as authorized by the resolution of the governing body of the beneficiary.

The financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles as applicable to governmental units. The financial statements include all organizations, activities, and functions that comprise the Authority. The Authority has no component units.

Measurement Focus and Basis of Accounting

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

The proprietary funds utilize an "*economic resources*" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the modified cash basis of accounting.

The Statement of Net Position and Statement of Revenue, Expenses & Changes in Net Position are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets and liabilities resulting from cash transactions adjusted for modifications that have substantial support in generally accepted accounting principles.

These modifications include adjustments for the following balances arising from cash transactions:

- assets that normally convert to cash or cash equivalents (certificates of deposit, marketable investments, and receivables resulting from cash)
- liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned

Wagoner Economic Development Authority

Notes to Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued) **Measurement Focus and Basis of Accounting (continued)**

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected, and accrued revenue and receivables) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund is charges to customers for sales and services. The Authority also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budget Presentation

The Authority adopts annual operations and capital budgets. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The current operating budget details the Authority's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings and certain revenues for capital projects.

All unexpended and unencumbered appropriations in the operating budget lapse at the end of the fiscal year. No appropriation for a capital project in the capital budget lapses until the purpose for which the appropriation was made has been accomplished or abandoned.

The Board of Directors adopt a budget at the meeting prior to the beginning of the new fiscal year. Actual revenues and expenditures are monitored and compared with the budget during the year. Significant variations from budgeted amounts are researched and the board is informed of the results.

Concentrations of Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the organization will not be able to recover the value of its deposits or investments that are held in the possession of an outside party. The organization maintains balances of cash and cash equivalents with various financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insure the aggregate total of account balances up to \$250,000 that are held with each of the financial institutions. As of June 30, 2023, the organization exceeded the FDIC insured account balance deposit insurance limits on its bank deposit holdings at of financial institution by \$645,293.

While management of the organization believes that the financial institutions are financially viable, a concentration of custodial risk in excess of FDIC insured account balance limits represents a significant financial risk.

Wagoner Economic Development Authority

Notes to Financial Statements

June 30, 2023

I. Summary of Significant Accounting Policies (continued)

Assets, Liabilities and Net Assets

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Capital Assets

The water system and equipment are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

Equity Classifications

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt --- Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets --- Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets --- All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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 reporting period. Actual results could differ from those estimates.

Wagoner Economic Development Authority

Notes to Financial Statements

June 30, 2023

II. Detailed Notes Concerning the Funds

Deposits and Investments

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan Authority's, and bank and trust companies; and savings accounts or savings certificates of savings and loan Authority's and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Authority invests entirely in certificates of deposit.

State statutes govern the Authority's investment policy. Permissible investments include direct obligations of the United States Government and Agencies; certificates of deposit of savings and loan associations, and bank and trust companies; and savings accounts or savings certificates of savings and loan associations and trust companies. Collateral is required for demand deposits and certificates of deposit for all amounts not covered by federal deposit insurance. Investments are stated at cost. The Authority invests entirely in certificates of deposit.

Changes in Capital Assets

Capital asset activity for the year was as follows:

	7/1/22	Additions (Deletions)	Accumulated Depreciation	6/30/23
Land	\$ 437,769	\$ 25,657	\$ 0	\$ 463,326
Depreciable Assets	174,315	0	(12,297)	162,018
Net Totals	\$ 612,084			\$ 625,345

Notes Receivable

On March 24, 2020 WEDA entered into a mortgage note agreement with an individual for \$140,000. This note bears interest at 5% and is payable in 59 monthly interest installments of \$583 with final payment being the balance of the indebtedness due.

Subsequent Events

Subsequent events have been evaluated through the date the financial statements were available to be issued and no event was found that needed disclosed. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Wagoner Economic Development Authority
Schedule of Audit Findings
For the Year Ended June 30, 2023

A. PRIOR YEAR AUDIT FINDINGS

NONE

B. CURRENT YEAR AUDIT FINDINGS

Compliance

NONE

Internal Control Over Financial Reporting

NONE

C. Questioned Costs

NONE