

WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY

Financial Statements

For the Year Ended

JUNE 30, 2012



Clothier & Company CPA's P.C.

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**WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
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FOR THE YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Wagoner Industrial Development Authority
Wagoner, OK 74477

We have audited the accompanying financial statements of the business-type activities of Wagoner Industry Development Authority as of and for the year ended June 30, 2012, which comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the respective financial position of the business-type activities of the Wagoner Industrial Development Authority as of June 30, 2012, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2012 on our consideration of the Wagoner Industrial Development 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 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 *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I through III is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Wagoner Industrial Development Authority's financial statements as a whole. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the financial statements. The budgetary comparison information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Clothier + Company CPAs".

Clothier and Company CPA's
August 20, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Wagoner Industrial Development Authority's (WIDA) financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2012. Please read it in conjunction with the financial statements, which begin on page 2.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Balance Sheet (on page 2) and the Statement of Revenues, Expenditures and Changes in Fund Balances (page 3) provide information about the activities of the WIDA as a whole and present a longer-term view of the WIDA'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 the WIDA as a whole begins on page II. One of the most important questions asked about the WIDA's finances is "Is the WIDA as a whole better off 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 the WIDA 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 and expenses are taken into account regardless of when cash is received or paid.

Reporting the Authority's Most Significant Funds

Fund Financial Statements

The proprietary fund financial statements begin on page 2 and provide detailed information about WIDA as a whole. The WIDA 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 the WIDA's general operations and the basic services it provides. Proprietary fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the WIDA's programs.

THE AUTHORITY AS A WHOLE

The Authority's assets and liabilities for June 30, 2012 were:

	Current Year	Increase (Decrease)	Percent of Increase (Decrease)
Current Assets	\$ 489,772	(477,242)	(97.44)%
Capital Assets	737,064	(8,989)	(1.22)%
Total Assets	<u>\$ 1,226,836</u>		
Current Liabilities	\$ 32,411	0	0.00%
Non-Current Liabilities	133,696	(568,870)	(425.50)%
Total Liabilities	<u>\$ 166,106</u>		

For the year ended June 30, 2012 net assets changed as follows:

Fund Balance July 1, 2011	\$ 978,090
Add excess revenue over expenditures	82,639
Fund Balance June 30, 2012	<u>\$ 1,060,729</u>

The Fund Balance for June 30, 2012 that was reserved as Invested in Net Assets was \$570,957, whereas the Unrestricted Fund Balance was \$489,772.

THE AUTHORITY'S REVENUE AND EXPENDITURES

The following schedule presents a summary of revenue and expenditures for the fiscal year ended June 30, 2012, and the amount and percentage of increase in relation to the prior year.

	FYE Amount	Percent of Total	Increase (Decrease) From FYE	Percent Increase (Decrease)
Revenues:				
Lease/Rental	\$ 12,440	9.79%	(35,263)	(283.46)%
Transfer from City				
EDF	60,000	47.23%	(5,010)	(8.35)%
Miscellaneous/Other	29,495	23.22%	(66,621)	(225.87)%
Interest	25,109	19.76%	23,033	(91.73)%
Total Revenues	<u>\$ 127,044</u>	<u>100.00%</u>		
Expenditures:				
Total Expenditures	<u>\$ 44,405</u>	<u>100.00%</u>	(19,590)	(44.12)%

BUDGETARY COMMENTS

The future of WIDA is very exciting due to a great working relationship of the WIDA board, City Council and County Commissioners. We now have in place a system that can track income and expenses and be used for all future budgets.

The budget amounts for June 30, 2012 for revenue was \$21,812 less than the actual amount. The budgeted expenditures were \$38,354 more than the actual amount. Transfers were the same as the budgeted amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2012, the WIDA had \$692,150 invested in land at an industrial park, \$55,029 invested in the Moody building, and \$800 invested in a billboard. Total capital assets are \$747,979. The value of these assets at June 30, 2012 after depreciation is \$737,064.

Debt

At June 30, 2012, WIDA had an outstanding note with First Bank of Wagoner. The balance of the note at June 30, 2012 was \$166,106. The current portion of that is \$32,411. WIDA also paid of a note with the Lawrence Allen Hefner Living Revocable Trust. The amount paid was \$525,000.

CONDITIONS EXPECTED TO EFFECT NEXT YEAR

WIDA has sold our 30,000-sq. ft. shell building. WIDA will start this process again, hopefully this fiscal year either in Park I or Park II. We have purchased 67 acres of additional land (Park II) that will be used for industrial development. On this property are structures that will be used for rental property until it is developed for industrial use. WIDA will be looking to hire an Industrial Park Engineer to layout Park II with a possible railroad spur for industrial use. WIDA has joined forces with Wagoner County Economic Development to market all of the industrial sites in the county.

CONTACTING THE W. I. D. A.'S FINANCIAL MANAGEMENT

This financial report is designed to provide users with a general overview of the WIDA's finances and to show the WIDA's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Charles Burns, Chairman of WIDA at 918-906-8906.

THE WAGONER INDUSTRIAL DEVELOPMENT AUTH.
BALANCE SHEET
JUNE 30, 2012

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 41,057
Receivables, Net of Allowances for Uncollectable Amounts	
Lease Receivable	<u>127,682</u>
Total Current Assets	<u>168,739</u>
Noncurrent Assets	
Fixed Assets Net Accumulated Depreciation	737,064
Noncurrent Lease Receivable	<u>321,033</u>
Total Noncurrent Assets	<u>1,058,097</u>
Total Assets	<u><u>\$ 1,226,836</u></u>

LIABILITIES AND FUND BALANCES

Current Liabilities	
Current Portion LT Debt	\$ 32,411
Total Current Liabilities	<u>32,411</u>
Noncurrent Liabilities	
Notes Payable	<u>133,696</u>
Total Noncurrent Liabilities	<u>133,696</u>
Total Liabilities	<u>166,107</u>
Fund Balances	
Reserved for:	
Investment in General Fixed Assets	570,957
Unrestricted Fund Balance	<u>489,772</u>
Total Fund Balances	<u>1,060,729</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,226,836</u></u>

See accompanying footnotes and auditors' report.

THE WAGONER INDUSTRIAL DEVELOPMENT AUTH.
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

REVENUES

Lease Income	\$ 12,440
Transfers In City EDF	60,000
Misc. Income	2,555
Total Revenues	<u>74,995</u>

EXPENDITURES

Office Supplies	196
Personnel	505
Advertising	850
Telephone	525
Accounting Services	3,750
Membership Dues	55
Mileage	20
Miscellaneous Expense	412
Consulting	3,398
Legal & Professional	1,937
Wagoner Christmas Show	600
Depreciation Expense	1,429
Interest Expense	19,587
Repairs & Upkeep Park I	200
Insurance Park I	234
Utilities Park I	19
Legal & Professional park I	1,375
Insurance Park II	230
Utilities Park II	35
Legal & Professional Park II	9,048
Total Expenditures	<u>44,405</u>
Excess (deficiency) of Revenues Over Expenditures	<u>30,590</u>

OTHER FINANCING SOURCES (USES)

Interest Revenue	25,109
Property Sales	26,940
Transfers Out	0
Total Other Financing Sources and Uses	<u>52,049</u>
Net Change in Fund Balance	82,639
Fund Balances - Beginning	978,090
Fund Balances - Ending	<u><u>\$ 1,060,729</u></u>

WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
June 30, 2012

Net Cash Flow From Operating Activities:

Receipts from Customers	\$ 91,352
Payments to Suppliers	<u>(23,389)</u>

Net Cash Provided by Operating Activities 67,963

Cash Flows From Financing Activities:

Proceeds From Issuance of Debt	0
Principal Paid on Debt	(568,870)
Interest Paid on Debt	<u>(19,587)</u>

Net Cash Provided (Used) by Financing Activities (588,457)

Cash Flows From Capital and Investing Activities:

Interest Received on Cash Deposits	25,109
Receipts from Sale of Fixed Assets	34,500
Acquisition of Fixed Assets	<u>0</u>

Net Cash Used for Capital and Investing Activities 59,609

Net Increase (Decrease) in Cash and Cash Equivalents (460,885)

Cash and Cash Equivalents July 1, 2011 501,942

Cash and Cash Equivalents June 30, 2012 \$ 41,057

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities

Operating Income	\$ 30,590
Adjustments to reconcile operating income to net cash provided by operating activities:	
Interest expense	19,587
Depreciation expense	1,429
(Increase)/decrease in accounts receivable	<u>16,357</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 67,963</u></u>

See accompanying footnotes and auditors' report.

**WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wagoner Industrial 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.

Basic of Accounting

The Authority uses a flow of economic resources measurement focus. With this focus, all assets and all liabilities associated with the activities of the Authority are included on the balance sheet. Total fund balances are segregated into amounts invested in fixed assets, net of related debt, restricted and unrestricted. The statement of revenues, expenditures, and changes in fund balances present increases (e.g. revenues) and decreases (e.g. expenses) in net fund balances. The financial statements are presented on a modified accrual basis of accounting which measures cash and all other financial assets that can be readily be converted to cash.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities, the 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.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent all investments, which are short term, highly liquid, and readily convertible to a specified cash value. These investments generally have original maturities of three months or less. Cash equivalents consist of cash in bank and on hand.

WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. Deposits are exposed to custodial credit risk if they are not covered by depository insurance.

At June 30, 2012 the Authority had \$41,057 in deposits in the First Bank and Trust Co. of Wagoner, Oklahoma. All of the deposits are covered by FDIC insurance.

NOTE 3 – LEASE RECEIVABLES

On September 1, 2005 the Authority leased property located on Highway 69 south of the City to Elastomer. Lease payments of \$ 6000 per month beginning September 1, 2005 to and including September 1, 2017 are required. Elastomer has an option to purchase the property by paying out the value of future lease payments. The value of future lease payment is based on a 5% amortization. At June 30, 2012 the purchase option was \$376,216.

On June 17, 2011 the Authority signed an electric service agreement with Lake Region Electric Cooperative, Inc. (LREC) to upgrade electrical service to Elastomer Specialties. The Authority paid LREC \$41,000 of the estimated \$75,000 project cost. LREC agreed to refund 10% of the annual electric bill for the facility for a period of 5 years or a total of \$41,000, whichever comes first. The refund period will start January 1, 2012. LREC will issue a check no later than February of each year for the previous calendar year's electric revenue. The first check will be issued in 2013.

No allowance for doubtful accounts considered necessary.

NOTE 4 – FIXED ASSETS

Capital assets purchased or acquired are carried at historical costs or estimated historical cost. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on capital assets is calculated on the straight-line basis over the following estimated useful lives:

Building and improvements.....	40 Years
Equipment.....	5-7 Years

A summary of general fixed assets for the year ended June 30, 2012, follows:

	Balance 6/30/11	Additions (Deletions)	Accum. Depreciation	Balance 6/30/11
Land	699,710	(7,560)	0	692,150
Buildings	46,343	0	(1,429)	44,914
	<u>746,053</u>	<u>(7,560)</u>	<u>(1,429)</u>	<u>737,064</u>

WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY

NOTE 5 – LONG TERM DEBT

On September 1, 2005, the Authority signed a promissory note with First Bank and Trust Company of Wagoner in the amount of \$420,340.40 to acquire the property and buy out the remainder of the lease with Dale Moton of DMT Trucking. The property is the collateral on the loan. The property was acquired and put on a lease purchase option to Elastomer. The balance on the note at June 30, 2012 was \$166,107. The interest rate on the note is variable. It is currently at 4.0% and will remain at the current rate until November 10, 2014 and then will be adjusted every three years thereafter.

On August 3, 2010 the Authority signed a promissory note with the Lawrence Allen Hefner living Revocable Trust Dated February 5, 2010 in the amount of \$525,000 to acquire a certain tract of land to be known as Industrial Park II. The property is collateral on the loan. Interest only payments will be made for the first thirty-five (35) months. Thirty-six (36) months from date of note the Authority shall pay \$55,000 to the trust. Thereafter, monthly payments of \$2,646.28 will be required until the remaining balance is paid in full. The interest rate is fixed at 5% for the duration of the note. This note was paid in full during the year.

	Balance <u>6/30/11</u>	<u>Proceeds</u>	<u>Payments</u>	Balance <u>6/30/12</u>
First Bank & Trust	209,976	0	43,869	166,106
LA Hefner Trust	<u>525,000</u>	<u>0</u>	<u>525,000</u>	<u>0</u>
Totals	<u>\$734,976</u>	<u>\$ 0</u>	<u>\$ 568,869</u>	<u>\$166,106</u>

The maturity redemption is as follows:

	<u>Current Maturities</u>	<u>Debt Service</u>
2013	32,411	38,464
2014	32,411	37,164
2015	32,411	35,868
2016	32,411	34,572
2017	32,411	33,275
2018-2022	4,052	4,070



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**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
Wagoner Industrial Development Authority
Wagoner, OK 74477

We have audited the financial statements of the business-type activities of Wagoner Industrial Development Authority as of and for the year ended June 30, 2012, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated August 20, 2012. 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

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Authority's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exist when the design of 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatements, 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 *Governmental Auditing Standards*.

This report is intended solely for the information and use of management, Board of Trustees, others within the organization, and the State of Oklahoma Auditor and Inspector, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Clothier & Company CPA's". The signature is written in a cursive, flowing style.

Clothier & Company CPA's
August 20, 2012

SUPPLEMENTARY INFORMATION

WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR JUNE 30, 2012

	Original Budget	Final Budget	Y - T - D Actual	Variance
<u>Revenue</u>				
Park II House Rental	3,900	3,900	5,984	(2,084)
Elastomer Lease	72,000	72,000	0	72,000
Workforce Lease	1,560	1,560	1,560	0
T-Mobile Lease	4,896	4,896	4,896	0
Property Sales	0	0	26,940	(26,940)
Misc. Income	0	0	2,555	(2,555)
Transfer From City EDF	60,000	60,000	60,000	0
Transher From EDF-Adver.	5,000	5,000	0	5,000
Interest Income	1,500	1,500	25,109	(23,609)
Total Revenue	<u>148,856</u>	<u>148,856</u>	<u>127,044</u>	<u>21,812</u>
<u>General Expenses</u>				
Office Supplies	500	500	196	304
Personel	1,000	1,000	505	495
Advertising	5,000	5,000	850	4,150
Repairs & Maintenance	3,000	1,000	0	1,000
Telephone/Utilities	800	800	525	275
Auditing	2,500	2,500	3,750	(1,250)
Membership Dues	1,600	1,600	55	1,545
Promo. Meals	400	400	0	400
Marketing Representative	4,000	4,000	0	4,000
Mileage	2,000	2,000	20	1,980
Miscellaneous	2,000	2,000	412	1,588
Consulting	0	0	3,398	(3,398)
Legal & Professional	0	2,000	1,937	63
Wagoner Christmas Show	0	0	600	(600)
N.P. Elastomer Interest	51,600	51,600	51,600	0
Total General Expenses	<u>74,400</u>	<u>74,400</u>	<u>63,848</u>	<u>10,552</u>
<u>Industrial Park I</u>				
Repairs/Upkeep	750	750	200	550
Insurance	750	750	234	516
Appraisals/Certifications	500	500	0	500
Consulting Fees	1,000	1,000	0	1,000
Legal Fees	3,000	3,000	1,375	1,625
Utilities	0	0	19	(19)
Total Industrial Park I	<u>6,000</u>	<u>6,000</u>	<u>1,828</u>	<u>4,172</u>
<u>Industrial Park II</u>				
Repairs/Upkeep	4,500	4,500	0	4,500
Insurance	2,400	2,400	230	2,170
Appraisals/Certifications	1,500	1,500	0	1,500
Utilities	900	900	35	865
N.P. Industrial Park II	27,000	539,000	536,857	2,143
Engineering Fees	10,000	10,000	0	10,000
Consulting Fees	5,000	5,000	0	5,000
Legal Fees	6,500	6,500	9,048	(2,548)
Total Industrial Park II	<u>57,800</u>	<u>569,800</u>	<u>546,170</u>	<u>23,630</u>
Total Expenses	<u>138,200</u>	<u>650,200</u>	<u>611,846</u>	<u>38,354</u>

**WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR JUNE 30, 2012**

NOTE 1 - BASIS OF ACCOUNTING

The Budget to Actual Comparison is prepared on the cash basis of accounting. The revenues are what they collect during the year and the expenses are what they pay out during the year.

**NOTE 2 - RECONCILIATION OF BUDGET TO ACTUAL COMPARISON TO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE**

Expenses per Budget to Actual Comparison	\$611,846
Less: Note principal payments	(568,870)
Add: Depreciation expense	<u>1,429</u>
Expenses per Statement of Revenues, Expenditures, and Changes in Fund Balance	<u><u>\$44,405</u></u>

**WAGONER INDUSTRIAL DEVELOPMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE PERIOD ENDED JUNE 30, 2012**

Section I – Summary of Prior Year Audit Finding

2011-1 Under insured deposits.

Condition – The Authority has \$501,942 in deposits at First Bank and Trust in Wagoner, Oklahoma, of which \$250,000 are covered by FDIC and \$251,942 are not insured or collateralized.

Current Status – All deposits are insured this year.

Section II – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued. – Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____yes X no
- Significant control deficiencies identified that are
Not considered to be material weaknesses? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Section III – Financial Statement Findings

No findings.