

**INDEPENDENT  
ACCOUNTANT'S AUDIT REPORT**

**ELMORE CITY  
PUBLIC WORKS AUTHORITY**

**JUNE 30, 2020**

BY



**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**For the Fiscal Year Ended June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Elmore City Public Works Authority  
Elmore City, Oklahoma

We have audited the accompanying modified cash basis financial statements of the Elmore City Public Works Authority of the City of Elmore City, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Elmore City Public Works Authority of the City of Elmore City, Oklahoma, as of June 30, 2020 and the respective changes in modified cash basis 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 1.

### **Basis of Accounting**

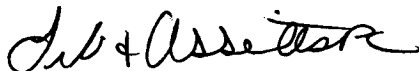
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the Elmore City Public Works Authority and do not purport to, and do not present fairly the financial position of the City of Elmore City, Oklahoma, as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2021, 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 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 Authority's internal control over financial reporting and compliance.



**FURRH & ASSOCIATES, PC**

Lawton, Oklahoma

August 29, 2021

# Elmore City Public Works Authority

Elmore City, Oklahoma

Statement of Net Position

(Modified Cash Basis)

For Year Ended June 30, 2020

## ASSETS

### Current Assets

Cash and Cash Equivalents	\$	264,180	
Restricted Cash and Cash Equivalents		37,431	
Due from Other Funds		69	
Total Current Assets			\$ 301,680

### Fixed Assets

Water and Sewer System		4,200,388	
Accumulated Depreciation		(1,003,074)	
Net Fixed Assets			<u>3,197,314</u>
Total Assets			<u>\$ 3,498,994</u>

## LIABILITIES AND NET POSITION

### Current Liabilities

Current Portion of Notes Payable	\$	29,434	
Accrued Interest Payable		920	
Total Current Liabilities			\$ 30,354

### Long-Term Liabilities

Refundable Meter Deposits		24,808	
Notes Payable, net of current portion		1,559,329	
Total Long Term Liabilities			<u>1,584,137</u>
Total Liabilities			1,614,491

### Net Position

Invested in Capital Assets, Net of Related Debt		1,608,551	
Restricted for Debt Service		12,623	
Unrestricted		263,329	
Total Net Position			<u>1,884,503</u>
Total Liabilities and Net Position			<u>\$ 3,498,994</u>

Please see accompanying notes to financial statements.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Statement of Revenue, Expenses, and Changes in Net Position**  
**(Modified Cash Basis)**  
**Year Ended June 30, 2020**

<b><u>Operating Revenue</u></b>		
Water Revenue	\$ 262,405	
Sewer Revenue	103,772	
Sanitation Revenue	91,299	
Miscellaneous Revenue	10,405	
Total Operating Revenue		\$ 467,881
 <b><u>Operating Expense</u></b>		
Salaries and Benefits	157,144	
Maintenance and Operations	114,918	
Sanitation Services	78,281	
Depreciation	41,393	
Total Operating Expense		391,736
Net Operating Income / (Loss)		76,145
 <b><u>Nonoperating Revenue (Expense)</u></b>		
Grant Revenue	1,185,768	
Interest Expense	(25,978)	
Total Nonoperating Revenue (Expense)		1,159,790
Income / (Loss) before Transfers		1,235,935
 <b><u>Transfers</u></b>		
Transfers In	83,636	
Transfers Out	(83,636)	
Total Transfers In / (Out)		0
Change in Net Position		1,235,935
Net Position, June 30, 2019		648,568
Net Position, June 30, 2020		\$ 1,884,503

Please see accompanying notes to financial statements.

# Elmore City Public Works Authority

## Elmore City, Oklahoma

### Statement of Cash Flows

(Modified Cash Basis)

Year Ended June 30, 2020

#### **Cash Flows from Operating Activities**

Cash Received from Customers	\$	467,881	
Cash Paid for Salaries and Related Costs		(157,144)	
Cash Paid to Suppliers		(193,199)	
Net Cash Provided by Operating Activities	\$		117,538

#### **Cash Flows from Investing Activities**

Increase in Meter Deposits		8,615	
Increase in Fixed Assets		(1,380,936)	
Net Cash Provided by Investing Activities			(1,372,321)

#### **Cash Flows from Capital Financing Activities**

Grant Revenue		1,185,768	
Loan Proceeds		108,972	
Interest Expense		(25,915)	
Net Cash Used by Capital Financing Activities			1,268,825

Net Increase in Cash and Cash Equivalents 14,042

Cash and Cash Equivalents, June 30, 2019 287,569

Cash and Cash Equivalents, June 30, 2020 \$ 301,611

#### **Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Net Operating Income / (Loss) \$ 76,145

Adjustments:

Depreciation \$ 41,393

Total Adjustments 41,393

Net Cash Provided by Operating Activities \$ 117,538

Please see accompanying notes to financial statements.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**Note 1 – Summary of Significant Accounting Policies**

These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from generally accepted accounting principles in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board pronouncements. The modified cash basis of accounting is an acceptable method of accounting under budgetary laws of the State of Oklahoma.

**Reporting Entity**

The Elmore City Public Works Authority was created pursuant to a Trust Indenture as authorized by Title 60, Oklahoma Statutes 1984, section 176-180.3, inclusive and the Oklahoma Trust Act. The governing body of the Authority is the Board of Trustees comprised of five elected members. The Authority is a component unit of its beneficiary, the Town of Elmore City. Elmore City Public Works Authority is a propriety fund that accounts for activities related to the provision of water and sewer services to businesses and residents. It operates the water and sewer treatment plants, water distribution system, sewer collections systems, and pump stations.

**Basis of Accounting**

Proprietary funds are accounted for using the cash basis of accounting modified as follows:

- Capital assets are recorded as assets when purchased and related depreciation is recorded.
- Long term debt is recorded when incurred.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Elmore City Public Works Authority are charges to customers for sales and services. Operating expenses for enterprises 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The Authority is not legally required to adopt a budget for the general fund. Therefore, budget comparison information is not included in the Authority's financial statements.



**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

Assets, Liabilities, and Net Position

*Deposits and investments*

For purposes of the statement of cash flows, the Authority considers short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents. Public trusts created under Oklahoma Statutes Title 60 are not subject to investment limitations and are primarily governed by any restrictions in their trust or note indenture.

*Restricted assets*

Resources required to be set aside for repayment of debt are classified as restricted assets on the balance sheet because their use is limited by applicable loan covenants.

*Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., water and sewer systems). Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

Water and Sewer System	25 years
Machinery and Equipment	10 years
Vehicles	5 years

*Long term obligations*

Long term debt and other long-term obligations are reported as liabilities in the statement of net position.

*Net position*

Net position is divided into three components:

- *Invested in Capital Assets, net of related debt* – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- *Restricted Net Asset* – consists of net assets that are restricted by creditors through debt covenants.
- *Unrestricted Net Assets* – all other net assets are reported in this category.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**Note 2 – Deposits, Investments, and Collateral**

*Deposit Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. The Authority policy regarding custodial credit risk requires collateral for all deposits in excess of Federal Deposit Insurance. At June 30, 2020, the bank balance was \$301,611. This entire amount was insured and collateralized.

Cash and cash equivalents include the following accounts:

Public Works Authority - Checking	\$	244,323	
Meter Deposits Checking		31,912	*
USDA Savings		19,857	
Debit Service Checking		5,519	*
Total Cash in Bank	\$	301,611	

\* Restricted

**Note 3 – Fixed Assets**

Current year changes to fixed assets were as follows:

	Balance 06/30/2019	Additions	Disposals	Balance 06/30/2020
Plant Property & Equipment	\$ 2,819,452	\$ 1,380,936	\$ 0	\$ 4,200,388
Accumulated Depreciation	(961,681)	(41,393)	0	(1,003,074)
Net Fixed Assets	\$ 1,857,771			\$ 3,197,314

Total depreciation expense for the current year was \$41,393, which was charged against current operations.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**Note 4 – Insurance Against Loss Contingencies**

The Authority maintains the following insurance coverage for protection against possible loss contingencies:

- Workers Compensation & Employers Liability
- Commercial Property & Equipment Breakdown
- Comprehensive Auto Liability
- Automobile Physical Damage
- Building and Contents Physical Damage
- Employee Bonds

The Authority is exposed to various risks of loss (torts, theft of, damage to, or destruction of assets, business interruptions, errors and omissions, job-related illnesses or injuries to employees, and acts of God) and has established a risk management strategy that attempts to minimize losses and the carrying cost of insurance. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 5 – Debt**

The Authority has an outstanding loan with USDA Rural Development. The loan proceeds were used improve the existing water system. The original amount of the loan was \$1,618,000 on June 17, 2019. The loan was financed for 40 years at 1.625% which results in monthly payments of \$4,596. As of June 30, 2020, the outstanding principal was \$1,588,763.

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/2021	\$ 29,434	\$ 25,718	\$ 55,152
6/30/2022	29,915	25,237	55,152
6/30/2023	30,405	24,747	55,152
6/30/2024	30,903	24,249	55,152
6/30/2025	31,409	23,743	55,152
6/30/2026 +	1,436,697	412,278	1,848,975
Total	<u>\$ 1,588,763</u>	<u>\$ 535,972</u>	<u>\$ 2,124,735</u>

This loan was refinanced upon completion of the project with the USDA.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes to Financial Statements**  
**Year Ended June 30, 2020**

**Note 6 – Supplemental Disclosure of Cash Flow Information**

Interest expense paid by the Authority for the year ended June 30, 2020, was \$25,978, which was charged to current operations.

**Note 7 – Subsequent Events**

Subsequent events were evaluated through August 29, 2021, which is the date the financial statements were available to be issued.



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**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 Trustees  
Elmore City Public Works Authority  
Elmore City, Oklahoma

We have audited, in accordance with the 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 business-type activities of the Elmore City Public Works Authority, Elmore City, Oklahoma, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated August 29, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Elmore City Public Works 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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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. We identified the following deficiencies: 2019-2 and 2020-2.

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 identified deficiencies in internal control that we consider to be material weaknesses. 2019-1 and 2020-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



FURRH & ASSOCIATES, PC

Lawton, Oklahoma

August 29, 2021

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2020**

**Reportable Conditions of Internal Control, Compliance and Other Matters**

**2019-1    Employee Uniform Allowance (repeat finding)**

Condition – Employees are not required to turn in receipts for money spent on uniforms.

Effect – The Town is not in compliance with IRS regulations regarding accountable plans for uniform allowance (IRC Section 162).

Cause – Lack of Uniform Allowance Policy.

Recommendation – We recommend that management create a written policy to address the accountability of their uniform allowance policy.

Management response – Management concurs. As of March 2, 2021, these expenses are now paid to the employee after they have provided the receipts for the purchase of uniforms.

**2019-2    Credit Card Reconciliation (repeat finding)**

Condition – The Credit Card account has not been reconciled for the past two years.

Effect – In appropriate charges may have been overlooked.

Cause – Lack of oversight by Management.

Recommendation – We recommend that management create a written policy or procedure to ensure that all credit card accounts are reconciled monthly.

Management response – Management concurs. The credit card bank account was reconciled and account was closed 10/09/2019. Currently credit card receipts go directly to the appropriate funds and reconciled monthly.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2020**

**2020-1    Council Meeting Minutes are not Signed**

Condition – Council meeting minutes are not signed by authorized personnel.

Effect – Archived information is not protected from being altered or deleted.

Cause – Lack of oversight by Management.

Recommendation – We recommend Council meeting minutes are signed by authorized personnel at the meeting that they are voted and approved.

Management response – Management concurs. Procedures have been implemented to ensure that all council minutes are signed at the meeting.

**2020-2    Receipts are not attached to Visa Statements**

Condition – Credit card charge slips are not being attached to the Visa statement before payment.

Effect – The Authority could pay for fraudulent charges without knowledge.

Cause – Lack of policy that all charges must have a receipt before payment.

Recommendation – We recommend that Council creates a policy to not approve Visa card payments without proper receipts.

Management response – Management concurs. Procedures have been implemented to ensure that all receipts are attached to the Visa statement before payment.





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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Trustees  
Elmore City Public Works Authority  
Elmore City, Oklahoma

We have audited the compliance of Elmore City Public Works Authority with the types of compliance requirements described in the US Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the each of the Authority's major Federal programs for the year ended June 30, 2020.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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 D - 1 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).

Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program.

**Audit Opinion**

In our opinion, the Authority 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 programs.

## REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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. We did not identify any deficiencies in regards to compliance.

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.

### **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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

## REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the modified cash basis financial statements of the Elmore City Public Works Authority of the City of Elmore City, Oklahoma as of and for the year ended June 30, 2020, and have issued our report thereon dated August 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is 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 records used to prepare the 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.



FURRH & ASSOCIATES, PC

Lawton, Oklahoma

August 29, 2021



**INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Board of Trustees  
Elmore City Public Works Authority  
Elmore City, Oklahoma

We have audited the modified cash basis financial statements of the Elmore City Public Works Authority of the City of Elmore City, Oklahoma as of and for the year ended June 30, 2020, and have issued our report thereon dated August 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements as a whole.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and is 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 records used to prepare the 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.

A handwritten signature in cursive script, appearing to read "J. A. Assiter".

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

August 29, 2021

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Schedule of Federal and State Awards**  
**For Year Ended June 30, 2020**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Award Amount</u>	<u>Expenditures</u>
United States Department of Agriculture	10.7600	<u>\$ 1,307,000</u>	<u>\$ 1,185,768</u>

Please see accompanying notes to the financial statements.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Notes To Schedule of Expenditures of Federal Awards**  
**June 30, 2020**

**Note 1 – Basis of Presentation**

The schedule of expenditures of federal awards are a summary of the Organization's federal award programs prepared on the accrual basis of accounting.

**Elmore City Public Works Authority**  
**Elmore City, Oklahoma**  
**Schedule of Findings and Responses**  
**Year Ended June 30, 2020**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

1. The independent auditor’s report on the financial statements expressed an unqualified opinion.
2. Two material weaknesses were reported in the independent auditor’s report on internal control over financial reporting as Finding 2019-1 and 2020-1.
3. Two significant deficiencies were reported in the independent auditor’s report on internal control over financial reporting as Finding 2019-2 and 2020-2.
4. No instances of noncompliance material to the financial statements of Elmore City Public Works Authority were disclosed during the audit.
5. No material weakness was reported in the internal control over compliance with requirements applicable to major federal awards program was reported in the independent auditor’s report on internal control over compliance.
6. The independent’s auditor’s report on compliance for the major federal awards programs express an unqualified opinion.
7. The federal award programs tested as major programs included:
  - Water and Waste Disposal System for Rural Communities CFDA No. 10.760
8. A threshold of \$300,000 was used to distinguish between Type A and Type B programs, as those terms are defined by the Uniform Guidance.
9. For the year ended June 30, 2020, the Organization did not qualify as a low-risk auditee, as described in Section 530 of the Uniform Guidance.

**Section II – Financial Statements Findings**

**Compliance Findings:**

None.

### **Section III – Federal Award Findings and Questioned Costs**

#### **Compliance Findings:**

None.

#### **Questioned Costs:**

None.