



**Foss Reservoir Public  
Works Authority**  
*Audit Report*  
For Year Ending June 30, 2012

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# SCOTT NORTHRIP, CPA

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## Independent Auditor's Report

To The Board of Trustees of  
Foss Reservoir Public Works Authority

I have audited the basic financial statements of Foss Reservoir Public Works Authority(Authority), as of and for the years ended June 30, 2012 and 2011. These financial statements are the responsibility of Foss Reservoir Public Works Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the 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 I 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foss Reservoir Public Works Authority, as of June 30, 2012 and 2011, and the results of its activities and its cash flows and its changes in fund balance for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 24, 2012, on my consideration of the Authority's internal control and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit. Management has elected not to include required supplemental information, management' discussions and analysis as indicated in GASB Statement No. 34.

*Scott Northrip, CPA*

Scott Northrip  
Certified Public Accountant

October 24, 2012

# Foss Reservoir Public Works Authority

Statement of Net Assets  
As of June 30, 2012 and 2011

<b>ASSETS:</b>	<u>2012</u>	<u>2011</u>
<b>Current Assets:</b>		
Cash & Cash Equivalents (Note 7)	\$ 381,481	\$ 353,679
Accounts Receivable (Note 2)	-	-
<b>Total Current Assets</b>	<u>\$ 381,481</u>	<u>\$ 353,679</u>
<b>Noncurrent Assets:</b>		
Construction in Progress	\$ -	\$ -
Capital Assets: (Note 6)		
Other Capital Assets, net of depreciation	-	-
<b>Total Noncurrent Assets</b>	<u>\$ -</u>	<u>\$ -</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 381,481</u></u>	 <u><u>\$ 353,679</u></u>
 <b>LIABILITIES AND NET ASSETS:</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ -	\$ -
Interest Payable	-	-
Current Portion of Long-term Liabilities	-	-
<b>Total Current Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
 <b>Long-Term Liabilities: (Note 8)</b>		
Notes Payable - net of current portion	\$ -	\$ -
 <b>Net Assets:</b>		
Restricted Fund Balance (Note 5)	\$ 1,430,000	\$ 1,430,000
Unrestricted Fund Balance	(1,048,519)	(1,076,321)
<b>Total Fund Balance</b>	<u>\$ 381,481</u>	<u>\$ 353,679</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 381,481</u></u>	 <u><u>\$ 353,679</u></u>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

## Combined Statement of Activities & Fund Balance

For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUES:</b>		
Rent Income	\$ 446,250	\$ 424,750
Ionics Refunds	1,952	-
Miscellaneous Revenues	1,242	600
<b>Total Operating Revenues</b>	<u>\$ 449,444</u>	<u>\$ 425,350</u>
<b>OPERATING EXPENSES:</b>		
Salaries	\$ 304,190	\$ 288,012
Depreciation Expense	-	-
Insurance	39,989	41,984
Payroll Taxes	28,923	21,247
Pension Plan Expense	41,667	37,124
Professional Fees	4,710	4,530
Supplies	3,351	3,039
Director's Fees	-	-
Bank Charges	199	206
Secretary Expense	600	600
Miscellaneous Expense	-	-
<b>Total Operating Expenses</b>	<u>\$ 423,629</u>	<u>\$ 396,742</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 25,815</u>	<u>\$ 28,608</u>
<b>OTHER REVENUES (EXPENSES):</b>		
Interest Revenues	\$ 1,987	\$ 2,905
Transfer from Foss Res. PWA	-	-
<b>Total Other Revenues(Expenses)</b>	<u>\$ 1,987</u>	<u>\$ 2,905</u>
<b>NET INCOME</b>	<u>\$ 27,802</u>	<u>\$ 31,513</u>
<b>Fund Balance:</b>		
Beginning Balance	353,679	322,166
Prior Period Adjustments (Note 9)	-	-
<b>Fund Balance - Ending</b>	<u>\$ 381,481</u>	<u>\$ 353,679</u>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

Comparative Statement of Cash Flows  
For the Years Ended June 30, 2012 and 2011

	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 446,250	\$ 424,750
Receipts from others	3,194	600
Payments to suppliers	(8,860)	(8,375)
Payments to employees & benefits	(414,769)	(388,367)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 25,815</b>	<b>\$ 28,608</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	\$ -	\$ -
Payments for Construction in Progress	-	-
Proceeds from Grants	-	-
Principal payments on notes payable	-	-
Interest paid on notes payable	-	-
Transfer from Foss Reservoir PWA	-	-
Proceeds from sale of assets	-	-
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>	<b>\$ -</b>	<b>\$ -</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Receipts	\$ 1,987	\$ 2,905
<b>Net Cash Provided from Investing Activities</b>	<b>\$ 1,987</b>	<b>\$ 2,905</b>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>\$ 27,802</b>	<b>\$ 31,513</b>
Cash and Investment Balance - Beginning	353,679	322,166
<b>CASH AND INVESTMENT BALANCE - ENDING</b>	<b>\$ 381,481</b>	<b>\$ 353,679</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 25,815	\$ 28,608
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:		
Interest Expense	-	-
Depreciation expense	-	-
Change in current assets and liabilities:		
Accounts Receivable	-	-
Accounts Payable	-	-
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 25,815</b>	<b>\$ 28,608</b>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

Notes to the Financial Statements  
For the Years Ended June 30, 2012 and 2011

## **Note 1 - Significant Accounting Policies**

### **Organization:**

Foss Reservoir Public Works Authority (Authority) is an Oklahoma public trust which owns and leases the water treatment plant located at Foss Reservoir. The initial funding came from contributions from the Cities of Clinton, New Cordell, Hobart, and Bessie. The Authority is governed by a board of directors selected by the mentioned towns.

### **Basis of Accounting:**

The Authority is a proprietary fund type of entity and uses the accrual method of accounting which reports revenues when earned and expenses when incurred. The Authority is not legally required by state law to adopt a budget or report on budget comparisons in this report.

### **Capital Assets and Depreciation:**

The Authority records its capital assets at their historical cost. Depreciation is calculated on each individual asset using the straight-line method of depreciation at the asset's estimated useful life. The Authority estimates the useful lives of the assets based on the type of asset. The lives range from 4 to 40 years.

### **Income Tax:**

The Authority is exempt from federal and state income taxes under IRS Code Section 115 (a) as an agency of the State of Oklahoma.

## **Note 2 - Accounts Receivable**

The Authority didn't have any accounts receivable as of the date of the audit.

## **Note 3 - Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **Note 4 - Contingencies**

The Authority didn't have any contingencies as of the date of the audit.

## **Note 5 - Restricted Assets**

The Authority has restricted fund balance for contributions made by the Cities mentioned above for the initial costs of \$580,000 and government grants of \$850,000.

# Foss Reservoir Public Works Authority

## Notes to the Financial Statements

For the Years Ended June 30, 2012 and 2011

### **Note 6 - Capital Assets**

	Balance 7/1/2011	Additions	Discarded	Balance 6/30/2012
Water Treatment Plant	\$ 1,055,000	-	-	\$ 1,055,000
Equipment & Other Assets	240,000	-	-	240,000
<b>Total Assets</b>	1,295,000	-	-	1,295,000
Less: Accumulated Depreciation	1,295,000	-	-	1,295,000
<b>Net Fixed Assets</b>	\$ -	-	-	\$ -

### **Note 7 - Components of Cash and Investments**

	Date of Maturity	Interest Rate	Balance
Petty Cash	-	0.00%	\$ -
Checking - 1st Bank & Trust	-	0.25%	81,481
CD - Oklahoma Bank & Trust	2/19/2013	0.45%	100,000
CD - 1st Bank	11/7/2012	0.40%	100,000
CD - 1st Bank	2/11/2013	0.40%	100,000
<b>Total Cash and Investments</b>			\$ 381,481

### **Note 8 - Long Term Liabilities**

The Authority didn't have any long-term liabilities as of the date of the audit.

### **Note 9 - Prior Period Adjustments**

There were no prior period adjustments in the financial statements for the years ending June 30, 2012 or 2011.

### **Note 10 - Related Party Transactions**

The Authority receives rent on the fixed assets from Foss Reservoir Master Conservancy District which has the same board of directors as the Authority. The rent received for the years ending June 30, 2012 and 2011 amounted to \$446,250 and \$424,750, respectively.

### **Note 10 - Retirement Benefits**

The Authority participates in the Oklahoma Municipal Retirement Fund. The Authority contributed 15.36% and 15.36% for years ending June 30, 2012 and 2011, respectively of employee's the participating wages. The employees contribut 3.75%. The Authority contributed \$41,667 and \$37,124 during the years ending June 30, 2012 and 2011.

# ***SCOTT NORTHRIP, CPA***

P.O. Box 642, Hobart, Oklahoma 73651

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OF THE FINANCIAL STATEMENTS IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
Foss Reservoir Public Works Authority  
Clinton, Oklahoma

I have audited the basic financial statements of Foss Reservoir Public Works Authority (Authority), as of and for the year ending June 30, 2012, and have issued my report thereon dated October 24, 2012. I conducted the 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.

### Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of the Authority's compliance with certain laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, my objective was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that require to be reported under *Government Auditing Standards*.

### Internal Control

In planning and performing the audit, I considered Foss Reservoir Public Works Authority's internal control over financial reporting in order to determine the auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design of operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function.

Report on Compliance and Internal Controls-Continued

I noted no matters involving internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of internal controls that, in my judgment, could adversely Foss Reservoir Public Works Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements or its ability to administer its programs in accordance with applicable laws and regulations.

This report is intended for the information of the board of trustees, and the State of Oklahoma. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*Scott Northrip, CPA*

Scott Northrip  
Certified Public Accountant

October 24, 2012