

**Foss Reservoir Public  
Works Authority**

*Audit Report*  
For Year Ending June 30, 2023

**Scott Northrip, CPA**

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# ***SCOTT NORTHRIP, CPA***

P.O. Box 642, Hobart, Oklahoma 73651

## **Independent Auditor's Report**

To the Board of Trustees of  
Foss Reservoir Public Works Authority

### ***Report on the Audit of the Financial Statements***

#### **Opinion**

I have audited the basic financial statements of Foss Reservoir Public Works Authority (Authority), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Foss Reservoir Public Works Authority, as of June 30, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Authority and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair representation of these financial statements in accordance accounting principle generally accepted in the United States of America; 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 Authority's ability to continue as a going concern for 12 months after the date of the financial statements and no conditions were found that raise substantial doubt.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I: a) exercised professional judgement and maintained professional skepticism throughout the audit, b) 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, c) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed, d) evaluate 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, e) conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time, and f) 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 I identified during the audit.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated August 3, 2023, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 effectiveness of the Authority's internal control over financial reporting or on compliance. 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.

*Scott Northrip, CPA*

Scott Northrip  
Certified Public Accountant

August 3, 2023

## Foss Reservoir Public Works Authority

### Comparative Statement of Net Position

As of June 30, 2023 and 2022

<b>ASSETS:</b>	<b>2023</b>	<b>2022</b>
Current Assets:		
Cash & Cash Equivalents (Note 7)	\$ 447,041	\$ 401,601
Accounts Receivable (Note 2)	-	-
<b>Total Current Assets</b>	<b>\$ 447,041</b>	<b>\$ 401,601</b>
Noncurrent Assets:		
Construction in Progress	\$ -	\$ -
Capital Assets: (Note 6)		
Other Capital Assets, net of depreciation	-	-
<b>Total Noncurrent Assets</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 447,041</b>	 <b>\$ 401,601</b>
 <b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities:		
Accounts Payable	\$ -	\$ -
PPP Loan Payable	-	-
Current Portion of Long-term Liabilities	-	-
<b>Total Current Liabilities</b>	<b>\$ -</b>	<b>\$ -</b>
Long-Term Liabilities: (Note 8)		
Notes Payable - net of current portion	\$ -	\$ -
Net Position:		
Restricted Fund Balance (Note 5)	\$ 1,430,000	\$ 1,430,000
Unrestricted Fund Balance	(982,959)	(1,028,399)
<b>Total Net Position</b>	<b>\$ 447,041</b>	<b>\$ 401,601</b>
 <b>TOTAL LIAB. AND NET POSITION</b>	 <b>\$ 447,041</b>	 <b>\$ 401,601</b>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

## Comparative Statement of Activities & Fund Balance

For the Years Ended June 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUES:</b>		
Rent Income	\$ 504,000	\$ 504,000
Ionics Refunds	-	-
Miscellaneous Revenues	600	600
<b>Total Operating Revenues</b>	<b>\$ 504,600</b>	<b>\$ 504,600</b>
<b>OPERATING EXPENSES:</b>		
Salaries	\$ 355,134	\$ 342,308
Depreciation Expense	-	-
Insurance	57,660	51,203
Payroll Taxes	27,168	29,190
Pension Plan Expense	20,920	22,161
Professional Fees	7,002	6,630
Supplies	1,409	1,355
Director's Fees	-	-
Bank Charges	355	282
Secretary Expense	720	720
Miscellaneous Expense	-	-
<b>Total Operating Expenses</b>	<b>\$ 470,368</b>	<b>\$ 453,849</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 34,232</b>	<b>\$ 50,751</b>
<b>OTHER REVENUES (EXPENSES):</b>		
Interest Revenues	\$ 1,208	\$ 834
PPP Loan Forgiveness	-	-
<b>Total Other Revenues(Expenses)</b>	<b>\$ 1,208</b>	<b>\$ 834</b>
<b>NET INCOME</b>	<b>\$ 35,440</b>	<b>\$ 51,585</b>
<b>Net Position:</b>		
Beginning Balance	411,601	360,016
Prior Period Adjustments (Note 9)	-	-
<b>Net Position - Ending</b>	<b>\$ 447,041</b>	<b>\$ 411,601</b>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

Comparative Statement of Cash Flows  
For the Years Ended June 30, 2023 and 2022

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 504,000	\$ 504,000
Receipts from others	600	600
Payments to suppliers	(9,486)	(8,987)
Payments to employees & benefits	(460,882)	(444,862)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 34,232</b>	<b>\$ 50,751</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	\$ -	\$ -
Payments for Construction in Progress	-	-
Proceeds from PPP Loan	-	-
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	\$ 1,208	\$ 834
<b>Net Cash Provided from Investing Activities</b>	<b>\$ 1,208</b>	<b>\$ 834</b>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>\$ 35,440</b>	<b>\$ 51,585</b>
Cash and Investment Balance - Beginning	411,601	360,016
<b>CASH AND INVESTMENT BALANCE - ENDING</b>	<b>\$ 447,041</b>	<b>\$ 411,601</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 34,232	\$ 50,751
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>\$ 34,232</b>	<b>\$ 50,751</b>

See accompanying notes to the financial statements.

# Foss Reservoir Public Works Authority

Notes to the Financial Statements  
For the Years Ended June 30, 2023 and 2022

## **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, 2023 and 2022

## **Note 6 - Capital Assets**

	Balance 7/1/2022	Additions	Discarded	Balance 6/30/2023
Water Treatment Plant	\$ 1,055,000	-	-	\$ 1,055,000
Equipment & Other Assets	240,000	-	-	240,000
<b>Total Assets</b>	<b>1,295,000</b>	<b>-</b>	<b>-</b>	<b>1,295,000</b>
Less: Accumulated Depreciation	1,295,000	-	-	1,295,000
<b>Net Fixed Assets</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>\$ -</b>

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

	Date of Maturity	Interest Rate	Balance
Petty Cash	-	0.00%	\$ -
Checking - 1st Bank & Trust	-	0.10%	147,041
CD - Oklahoma Bank & Trust	11/7/2023	3.25%	100,000
CD - 1st Bank	11/7/2023	1.00%	100,000
CD - 1st Bank	8/11/2023	1.00%	100,000
<b>Total Cash and Investments</b>			<b>\$ 447,041</b>

## **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, 2023 or 2022.

## **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, 2023 and 2022 amounted to \$504,000 and \$504,000, respectively.

## **Note 10 - Retirement Benefits**

The Authority participates in the Oklahoma Municipal Retirement Fund. The Authority contributed 7.20% and 7.19% for years ending June 30, 2023 and 2022, respectively of the employee's participating wages. The employees contribute 3.75%. The Authority contributed \$20,920 and \$22,161 during the years ending June 30, 2023 and 2022.

## **Note 11 - Evaluation of Subsequent Events**

The subsequent events of the Authority were evaluated through August 3, 2023, the date of the financial statements.



# ***SCOTT NORTHRIP, CPA***

P.O. Box 642, Hobart, Oklahoma 73651

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of  
Foss Reservoir Public Works Authority

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Foss Reservoir Public Works Authority (Authority), as of and for the years ending June 30, 2023 and 2022, and have issued my report thereon dated August 3, 2023.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, 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, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing the audit, I considered the Authority's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing 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.

## Report on Compliance and Internal Controls-Continued

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 may exist that have not been identified.

### 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.

*Scott Northrip, CPA*

Scott Northrip  
Certified Public Accountant

August 3, 2023