# Foss Reservoir Public **Works Authority** Audit Report For Year Ending June 30, 2024 Scott Northrip, CPA P.O. Box 642 Hobart, OK 73651 (580) 726-5681

# 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, 2024 and 2023, 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, 2024 and 2023, 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 2, 2024, 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 2, 2024

Comparative Statement of Net Position As of June 30, 2024 and 2023

ASSETS:		2024	2023	
Current Assets: Cash & Cash Equivalents (Note 7) Accounts Receivable (Note 2)	\$	414,201 -	\$	447,041 -
Total Current Assets	\$	414,201	\$	447,041
Noncurrent Assets: Construction in Progress Capital Assets: (Note 6) Other Capital Assets, net of depreciation	\$	- -	\$	-
Total Noncurrent Assets		_	\$	_
TOTAL ASSETS	\$	414,201	\$	447,041
Current Liabilities: Accounts Payable PPP Loan Payable Current Portion of Long-term Liabilities  Total Current Liabilities	\$	- - - -	\$	- - - -
Long-Term Liabilities: (Note 8) Notes Payable - net of current portion	\$	<u> </u>	\$	
Net Position: Restricted Fund Balance (Note 5) Unrestricted Fund Balance Total Net Position	\$ _\$	1,430,000 (1,015,799) 414,201	\$	1,430,000 (982,959) 447,041
TOTAL LIAB. AND NET POSITION	\$	414,201	\$	447,041

Comparative Statement of Activities & Fund Balance For the Years Ended June 30, 2024 and 2023

	2024		2023	
OPERATING REVENUES: Rent Income lonics Refunds	\$	504,000	\$	504,000
Miscellaneous Revenues		650		600
Total Operating Revenues	\$	504,650	\$	504,600
OPERATING EXPENSES:				
Salaries	\$	397,163	\$	355,134
Depreciation Expense	•	_	•	-
Insurance		71,495		57,660
Payroll Taxes		30,410		27,168
Pension Plan Expense		24,516		20,920
Professional Fees		6,810		7,002
Supplies		10,983		1,409
Director's Fees		-		255
Bank Charges		333 720		355 720
Secretary Expense Software Expense		1,235		720
Total Operating Expenses	\$	543,665	\$	470,368
Total Operating Expended		040,000		17 0,000
OPERATING INCOME (LOSS)	\$	(39,015)	_\$_	34,232
OTHER REVENUES (EXPENSES):				
Interest Revenues	\$	6,175	\$	1,208
PPP Loan Forgiveness		-		-
Total Other Revenues(Expenses)	\$	6,175	\$	1,208
NET INCOME	\$	(32,840)	\$	35,440
Net Position:				
Beginning Balance Prior Period Adjustments (Note 9)		447,041 		411,601 
Net Position - Ending	\$	414,201	\$	447,041

Comparative Statement of Cash Flows For the Years Ended June 30, 2024 and 2023

	2024		2023	
CASH FLOWS FROM OPERATING ACTIVITIES: Receipts from customers Receipts from others Payments to suppliers Payments to employees & benefits Net Cash Provided by Operating Activities	\$	504,000 650 (20,081) (523,584) (39,015)	\$	504,000 600 (9,486) (460,882) <b>34,232</b>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: 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>\$</b>	- - - - - -
Net Cash Used In Capital & Related Financing Activities	<u> </u>	<u>-</u>	<u> </u>	
CASH FLOWS FROM INVESTING ACTIVITIES: Investment Receipts	\$	6,175	\$	1,208
Net Cash Provided from Investing Activities	\$	6,175	\$	1,208
INCREASE (DECREASE) IN CASH AND INVESTMENTS	\$	(32,840)	\$	35,440
Cash and Investment Balance - Beginning		447,041		411,601
CASH AND INVESTMENT BALANCE - ENDING	\$	414,201	\$	447,041
Reconciliation of Operating Income (Loss) to Net Cash Provide by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided by Operating Activities: Interest Expense Depreciation expense Change in current assets and liabilities: Accounts Receivable Accounts Payable	\$	39,015  ) - - - -	\$	34,232 - - - -
Net Cash Provided from Operating Activities	\$	39,015	\$	34,232

Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

#### **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.

Notes to the Financial Statements For the Years Ended June 30, 2024 and 2023

#### Note 6 - Capital Assets

	Balance			Balance
	7/1/2023	Additions	Discarded	6/30/2024
Water Treatment Plant	\$ 1,055,000	-	-	\$ 1,055,000
Equipment & Other Assets	240,000	_	-	240,000
Total Assets	1,295,000	-	-	1,295,000
Less: Accumulated Depreciation	1,295,000		_	1,295,000
Net Fixed Assets	\$ -	-	-	\$

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

of Interest
ity Rate Balance
0.00% \$ -
0.10% 68,017
0.00% 15,079
0.75% 31,105
2023 3.25% 100,000
2023 1.00% 100,000
2023 1.00%100,000
\$ 414,201
2

#### 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, 2024 or 2023.

#### **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, 2024 and 2023 amounted to \$504,000 and \$504,000, respectively.

#### Note 10 - Retirement Benefits

The Authority participates in the Oklahoma Municipal Retirement Fund. The Authority contributed 8.2% and 7.20% for years ending June 30, 2024 and 2023, respectively of the employee's participating wages. The employees contribut 3.75%. The Authority contributed \$24,516 and \$20,920 during the years ending June 30, 2024 and 2023.

#### Note 11 - Evaluation of Subsequent Events

The subsequent events of the Authority were evaluated through August 2, 2024, 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, 2024 and 2023, and have issued my report thereon dated August 2, 2024.

#### 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 2, 2024