

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11, DELAWARE COUNTY, OKLAHOMA**

TWIN OAKS, OKLAHOMA

**AUDITED FINANCIAL STATEMENTS AND NOTES
For the year ended December 31, 2016 & 2017**

Audited by:

ROBERT ST. PIERRE C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANT
1113 NORTH SECOND ST.
STILWELL, OK 74960

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rural Water, Sewer, Gas and Solid Waste Management District No. 11, Delaware County, Oklahoma
Twin Oaks, Oklahoma 74368

Report on the Financial Statements

We have audited the accompanying financial statements of Rural Water, Sewer, Gas and Solid Waste Management District No. 11 as of and for the years then ended **December 31, 2016 and 2017**, and the related notes to the financial statements, which collectively comprise the District's 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 accounting principles 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 of material misstatement.

Auditor's Responsibility

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 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 purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluation 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Water, Sewer, Gas and Solid Waste Management District No. 11 as of **December 31, 2016 and 2017**, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

The Rural Water, Sewer, Gas and Solid Waste Management District No. 11 has not presented the management discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued a report dated **September 27, 2021**, on our consideration of Rural Water, Sewer, Gas and Solid Waste Management District No. 11, internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Rural Water, Sewer, Gas, and Solid Waste Management District No. 11 internal control over financial reporting and compliance

Robert St. Pierre

Robert St. Pierre, C.P.A., P.C.
Stilwell, OK 74960
September 27, 2021

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11, DELAWARE COUNTY, OKLAHOMA
STATEMENT OF NET POSITION
DECEMBER 31, 2016 & 2017**

ASSETS	2017	2016
CURRENT ASSETS:		
Cash In Bank-Operating Account (Note B)	\$ 284,662	\$ 121,078
Accounts Receivable (Net of Allowance) (Notes C)	21,764	30,545
Pre-Paid Insurance	2,271	2,194
TOTAL CURRENT ASSETS	308,697	153,817
FIXED ASSETS:		
Construction in Progress	44,190	-
Water System (Note D)	2,619,968	2,769,968
Vehicles (Note D)	31,115	31,115
Equipment (Note D)	10,640	10,640
<i>Accumulated Depreciation (Note D)</i>	<i>(298,866)</i>	<i>(246,398)</i>
NET FIXED ASSETS	2,407,047	2,565,325
TOTAL ASSETS	\$ 2,715,744	\$ 2,719,142
LIABILITIES AND FUND EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 21,282	\$ 28,067
Payroll Payable	2,566	7,377
Payroll Tax Payable	799	2,110
Current Portion of Long Term-Debt (Note E)	6,999	6,658
TOTAL CURRENT LIABILITIES	31,646	44,213
LONG-TERM LIABILITIES (Note E)	-	7,000
TOTAL LONG-TERM LIABILITIES	-	7,000
TOTAL LIABILITIES	31,646	51,213
NET POSITION		
Investment in Fixed Assets Net of Related Debt	2,400,048	2,551,667
Unrestricted	284,050	116,263
TOTAL NET POSITION	2,684,098	2,667,930
TOTAL LIABILITIES AND NET ASSETS	\$ 2,715,744	\$ 2,719,142

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11, DELAWARE COUNTY, OKLAHOMA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 & 2017**

	2017	2016
REVENUE:		
Water Sales & Memberships	\$ 313,106	\$ 313,535
	<hr/>	<hr/>
TOTAL OPERATING REVENUE	313,106	313,535
	<hr/>	<hr/>
EXPENDITURES:		
Water Purchased	168,855	159,341
Fuel	5,037	5,570
Bank Charges	6,032	1,099
Lab Fees	72	1,250
Repairs & Maintenance	62,915	1,320
Dues & Subscriptions	550	802
Insurance	5,375	5,205
Auto Expense	483	1,183
Professional Fees	175	300
Miscellaneous	947	7,026
Office Supplies	2,290	3,740
Utilities & Telephone	2,400	2,063
Water Line Supplies	22,173	24,547
Payroll Expense	42,076	71,741
Payroll Tax Expense	4,130	5,891
Depreciation	72,618	75,472
Bad Debt Expense	15,786	-
Meals & Entertainment	51	-
Advertising & Promotion	424	-
	<hr/>	<hr/>
TOTAL OPERATING EXPENDITURES	412,389	366,550
	<hr/>	<hr/>
NET INCOME FROM OPERATIONS	(99,283)	(53,015)
	<hr/>	<hr/>
OTHER INCOME (EXPENDITURES):		
Interest Income	44	20
Gain (Loss) on Sale of Equipment	70,150	-
Interest Expense	(533)	(857)
Cherokee Nation Grant	45,790	-
	<hr/>	<hr/>
TOTAL OTHER INCOME AND EXPENSE	115,451	(837)
	<hr/>	<hr/>
NET INCOME	16,168	(53,852)
	<hr/>	<hr/>
NET POSITION, BEGINNING OF THE YEAR	2,667,930	2,721,782
	<hr/>	<hr/>
NET POSITION, END OF THE YEAR	\$ 2,684,098	\$ 2,667,930
	<hr/>	<hr/>

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11, DELAWARE COUNTY, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 & 2017**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Inflows:		
Payments Received from Customers	\$ 321,887	\$ 315,313
Cash Outflows:		
Payments to Suppliers for Goods and Services	<u>(352,755)</u>	<u>(276,114)</u>
Net Cash Provided (Used) by Operating Expenses	<u>(30,868)</u>	<u>39,199</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to Capital Assets	(44,190)	(10,640)
Proceeds from the Sale of Capital Assets	200,000	-
Net Cash Provided (Used) for Capital & Related Financing Activities	<u>155,810</u>	<u>(10,640)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Retirement of Long-Term Debt	(6,659)	(6,333)
Interest Paid on Long-Term Debt	(533)	(857)
Other Income	-	-
Grant Proceeds	45,790	-
Interest Income	44	20
Net Cash Provided (Used) for Investing Activities	<u>38,642</u>	<u>(7,170)</u>
NET CASH INFLOW (OUTFLOW) FROM ALL ACTIVITIES	163,584	21,389
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>121,078</u>	<u>99,689</u>
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u>\$ 284,662</u>	<u>\$ 121,078</u>
Interest Expense	<u>\$ 533</u>	<u>\$ 857</u>

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11, DELAWARE COUNTY, OKLAHOMA
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016 & 2017**

	2017	2016
Reconciliation of Operating Income (Loss to Net Cash) Provided by Operating Activities:		
Operating Income (Loss)	\$ (99,283)	\$ (53,015)
Depreciation	72,618	75,472
(Increase) Decrease in:		
Accounts Receivable	8,781	1,778
Pre-Paid Items	(77)	-
(Increase) Decrease in:		
Accounts Payable	(12,907)	14,964
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ (30,868)</u>	<u>\$ 39,199</u>

**RURAL WATER, SEWER, GAS AND SOLID WASTE MANAGEMENT
DISTRICT NO. 11 DELAWARE COUNTY OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 & 2017**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rural Water, Sewer, Gas and Solid Waste Management District No. 11, Delaware County, Oklahoma was created under the provisions of the laws of the State of Oklahoma. The purpose of the water district is to provide for the use and benefit of its members a water treatment and distribution system, operations and maintenance.

1. Basis of Accounting

The financial statements of the Rural Water, Sewer, Gas and Solid Waste Management District No. 11, Delaware County, Oklahoma have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The District is accounted for within the framework of enterprise fund accounting. Enterprise funds are used to account for operations that are operated in a manner similar to private business enterprises wherein the intent of the District's Board of Directors is to recover the cost of providing goods and services through user charges.

3. Cash and Equivalents

For the purpose of the statement of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Income Taxes

Rural Water, Sewer, Gas and Solid Waste Management District No. 11, Delaware County, Oklahoma is exempt from Federal Income Taxes.

5. Inventory

Rural Water, Sewer, Gas and Solid Waste Management District No. 11, Delaware County, Oklahoma does not maintain inventory of materials and supplies. Material and supplies are expensed directly to supplies when paid.

6. Capital Assets

The property and equipment is recorded at cost when purchased and at fair market value when donated to the District. Depreciation is computed using the straight-line method for the useful life of each asset. The district has capitalization policy of \$2,500 to determine when an asset is depreciated rather than expensed.

7. Accounts Receivable

The balance of accounts receivable shown on the statement of net assets represents the net amount owed to the water district by its members at the end of the fiscal year, net of an allowance for bad debts.

8. Allowance for Doubtful Accounts

The District used the reserve method for recognizing bad debts. At December 31, 2016 and 2017, the allowance for doubtful accounts was \$-0- and \$15,785.72, respectively.

9. Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts.

10. Equity Classification

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net assets - Consists of net assets with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments: or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

11. Revenues and Expenditures

Operating revenues and expenses for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities.

12. Compensated Absences

The District does not accrue a liability for compensated absences. This is not in accordance with generally accepted accounting principles. However, at the present time the organization only has one employee and has chosen to not report the amount of the compensated absences.

13. Evaluation of Subsequent Events

The District has evaluated subsequent events through **September 27, 2021**, the date which the financial statements were available to be issued.

NOTE B: CASH AND EQUIVALENTS

Unrestricted Cash consists of the following:	2017	2016
Cash in Bank-Operating Account Arvest	\$ 19,500	\$ 56,053
Construction Account Arvest	200	100
Cash in Bank Arvest	264,962	64,925
	<hr/>	<hr/>
TOTAL UNRESTRICTED CASH	\$ 284,662	\$ 121,078

NOTE C: ACCOUNTS RECEIVABLE

Accounts Receivable consists of trade receivables. An aging of accounts receivable is presented below. An allowance for doubtful accounts has been established at this time for the accounts that are over sixty days overdue.

	2017	2016
Current		
1-30 Days	\$ 12,447	\$ 27,907
30-60 Days	3,462	4,089
Over 60 Days	247	371
Over 90 Days	21,394	(1,822)
Allowance for Doubtful Accounts	(15,786)	-
	<hr/>	<hr/>
Total Accounts Receivables	\$ 21,764	\$ 30,545

NOTE D: CHANGES IN CAPITAL ASSETS

Capital asset activity for business type activities for the year ended December 31, 2017 was as follows:

	Balance Dec 31, 2016	Additions	Reductions	Balance Dec 31, 2017
Capital Assets not being Depreciation				
Construction In Progress	\$ -	\$ 44,190	\$ -	\$ 44,190
Capital Assets being Depreciated				
Equipment	10,640	-	-	10,640
Automobiles and Trucks	31,115	-	-	31,115
Water Line System	2,769,968	-	(150,000)	2,619,968
	-	-	-	-
Total Capital Assets being Depreciated	<u>2,811,723</u>	<u>-</u>	<u>(150,000)</u>	<u>2,705,913</u>
Less Accumulated Depreciation				
Automobiles and Trucks	-	-	-	-
Water Line System	246,398	52,468	-	298,866
Equipment	-	-	-	-
Total Accumulated Depreciation	<u>246,398</u>	<u>52,468</u>	<u>-</u>	<u>298,866</u>
Business Activities, Capital Assets, Net	<u>\$ 2,565,325</u>	<u>\$ (52,468)</u>	<u>\$ (150,000)</u>	<u>\$ 2,407,047</u>

Capital asset activity for business type activities for the year ended December 31, 2016 was as follows:

	Balance Dec 31, 2015	Additions	Reductions	Balance Dec 31, 2016
Capital Assets being Depreciated				
Equipment	\$ -	\$ 10,640	\$ -	\$ 10,640
Automobiles and Trucks	31,115	-	-	31,115
Water Line System	2,769,968	-	-	2,769,968
	-	-	-	-
Total Capital Assets being Depreciated	<u>2,801,083</u>	<u>10,640</u>	<u>-</u>	<u>2,811,723</u>
Less Accumulated Depreciation				
Automobiles and Trucks	-	-	-	-
Water Line System	170,926	75,472	-	246,398
Equipment	-	-	-	-
Total Accumulated Depreciation	<u>170,926</u>	<u>75,472</u>	<u>-</u>	<u>246,398</u>
Business Activities, Capital Assets, Net	<u>\$ 2,630,157</u>	<u>\$ (64,832)</u>	<u>\$ -</u>	<u>\$ 2,565,325</u>

NOTE E: LONG-TERM DEBT

Payable to	Date Note Matures	Collateral Pledged	Rate of Interest	Original Balance	Balance At 12/31/2017
Arvest	2/14/2019	Vehicle	5.75%	\$ 31,115	\$ 6,999
				31,115	6,999

The total future scheduled maturities of long-term debt are as follows:

Years ending December 31 :

	PRINCIPAL	INTEREST
Current Portion	\$ 6,999	\$ 191
2019	-	-
2020	-	-
2021	-	-
2022	-	-
2023	-	-
Thereafter	-	-
TOTAL	\$ 6,999	\$ 191

NOTE F: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the District to credit risk consist primarily of the accounts receivable of the District. The District sells primarily to citizens in and around Delaware County, Oklahoma.

NOTE G: MANAGEMENTS USE OF ESTIMATES

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

NOTE H: COMMITMENTS AND CONTINGENCIES

Rural Water, Sewer, Gas and Solid Waste Management District No. 11 currently participates in various grant programs. These grants are subject to audit by the grantor agency or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for services disallowed under the terms of

the contract. Presently Rural Water, Sewer, Gas and Solid Waste Management District No. 11 is not aware of any pending requests, and in the opinion of management, any such amounts would not be considered material.

NOTE I: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

As a local government unit, the District is subject to various federal, state, and local laws and contractual regulations. In accordance with Government Auditing Standards, the auditor has issued a report on his consideration of the District's internal control over financial reporting and tested its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in compliance with Government Auditing Standards and should be read in conjunction with this report in considering the results of the audit.

ROBERT ST. PIERRE, C.P.A., P.C.

Certified Public Accountant

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REPORT ON INTERNAL CONTROL OVER FINANCIAL AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Rural Water, Sewer, Gas and Solid Waste Management District No.11
PO Box 189
Twin Oaks, Oklahoma 74368

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 Rural Water, Sewer, Gas, and Solid Waste Management District No.11 as of and for the year ended December 31, 2016 and 2017, and the related notes to the financial statements, which collectively comprise Rural Water, Sewer, Gas, and Solid Waste Management District No.11 basic financial statements and have issued our report thereon dated **September 27, 2021**.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rural Water, Sewer, Gas and Solid Waste Management District No.11 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 Rural Water, Sewer, Gas and Solid Waste Management District No.11 internal control. Accordingly, we do not express an opinion on the effectiveness of Rural Water, Sewer, Gas and Solid Waste Management District No.11 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies. (2017-1)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rural Water, Sewer, Gas and Solid Waste Management District No.11 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 instances of noncompliance or other matters that are required to be reported under the *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs. (2017-2)

Rural Water, Sewer, Gas, and Solid Waste Management District No.11 Response to Findings

Rural Water, Sewer, Gas and Solid Waste Management District No.11 responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rural Water, Sewer, Gas and Solid Waste Management District No.11 responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Robert St. Pierre

Robert St. Pierre, C.P.A., P.C.
Stilwell, OK 74960
September 27, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2017-1 INTERNAL CONTROL OVER SEGREGATION OF DUTIES

Criteria: The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the entity's assets and ensure accurate financial reporting.

Condition: Presently, only one individual has responsibility for all functions of the financial statement reporting. That individual has oversight responsibilities for billing and adjustments and posting of payments payment to subsidiary accounts receivable ledgers. In addition, only limited oversight is provided over this individual in the conduct of their daily functions. This condition was also reported in 2016.

Cause: The District's limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the membership and other billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation: Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the Identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

Responsible Official's Response: In order to compensate for the small number of employees, the Board remains very involved in the transactions of the district. All expenditures are approved each month and listed in the board minutes. Management also monitors water collections and approves all adjustments to member's accounts. In addition, the District has contracted with a Certified Public Accountant who assists with the reconciliation and presentation of its financial data.

2017-2 INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE WITH LAWS AND REGULATIONS

Criteria: Title 11 O.S. § 17-105-113 and Title 60 § 180.1-.3 of the Oklahoma Statutes requires all audits to be filed with the Oklahoma Office of the State Auditor and Inspector within six months of the year end. Additionally, the Oklahoma Water Resources Board requires an annual audit within five months of the year end.

Condition: The District is not in compliance with State Statutes. The financial statements were not available for audit until three years after this deadline. These violations create potential issues with funding sources and can create a situation where management decisions are not made based on relevant financial information.

Cause and Effect: Inadequate control over year end closing and financial statement preparation appear to be the cause of this issue.

Recommendation: The year-end closing, and financial statement preparation should be completed by mid-May each year to allow adequate time to complete the audit.

Responsible Official's Response: The District will take measures to provide financial statement preparation in order to complete the annual audits in a timelier manner.

INDEPENDENT

AUDITOR'S

REPORTS

FINANCIAL

SECTION

FINANCIAL

STATEMENT

NOTES

SUPPLEMENTARY

INFORMATION