

AUDIT REPORT

DELAWARE COUNTY RURAL WATER, SEWER, GAS AND
SOLID WASTE MANAGEMENT DISTRICT NO. 7

AUGUST 31, 2020



KERSHAW CPA & ASSOCIATES, PC

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DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
AUGUST 31, 2020

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DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
AUGUST 31, 2020

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRATION</u>
JO ADAMS	CHAIRMAN	NOVEMBER 2020
MIKE ROWAN	VICE CHAIRMAN	NOVEMBER 2021
CINDY DAVISON	SECRETARY	NOVEMBER 2022
LARRY HARRIS	TREASURER	NOVEMBER 2229
TIM RAMSEY	MEMBER	NOVEMBER 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Delaware County Rural Water, Sewer, Gas
and Solid Waste Management District No. 7

Report on the Financial Statements

We have audited the accompanying financial statements of Delaware County Rural Water, Sewer, Gas and Solid Waste Management District No. 7, as of and for the fiscal year ended August 31, 2020, as listed in the table of contents and the related notes to the financial statements.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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, and in accordance with Oklahoma Statutes. 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 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.

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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 respective financial position of the Delaware County Rural Water, Sewer, Gas and Solid Waste Management District No. 7 as of August 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

The introductory and the other supplementary information sections listed in the accompanying table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the District. Such additional information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021, on our consideration of the Delaware County Rural Water, Sewer, Gas and Solid Waste Management District No. 7's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our

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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 Delaware County Rural Water, Sewer, Gas and Solid Waste Management District No. 7's 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 Delaware County Rural Water, Sewer, Gas and Solid Waste Management District No. 7's internal control over financial reporting and compliance.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC
Muskogee, Oklahoma

January 20, 2021

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
STATEMENT OF NET POSITION
AUGUST 31, 2020

	Total 2020	Total (Memo Only) 2019
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash in Bank	\$ 93,429	\$ 69,574
Investments	403,609	397,326
Accounts Receivable	29,280	32,949
Accrued Interest Receivable	176	173
Prepaid Insurance	1,694	1,679
Total Current Assets	528,188	501,701
<u>Restricted Assets:</u>		
Investments	-	-
Total Restricted Assets	-	-
<u>Capital Assets:</u>		
Water System	428,484	410,592
Equipment	15,508	15,508
Building	5,448	5,448
Less: Accumulated Depreciation	(268,219)	(256,947)
Total Capital Assets	181,221	174,601
TOTAL ASSETS	709,408	676,302
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts Payable	11,364	9,937
Meter Deposits	19,066	18,959
Accrued Interest	-	-
Current Portion of Long-Term Debt	-	-
Total Current Liabilities	30,430	28,896
<u>Long-Term Liabilities:</u>		
Notes Payable	-	-
TOTAL LIABILITIES	30,430	28,896
<u>NET POSITION</u>		
Net investment in capital assets	181,221	174,601
Restricted for debt service	-	-
Unrestricted	497,757	472,805
TOTAL NET POSITION	\$ 678,978	\$ 647,406

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

	<u>Total 2020</u>	<u>Total (Memo Only) 2019</u>
<u>Operating Revenues:</u>		
Water Sales	\$ 204,055	\$ 208,414
Membership Fees	1,900	3,200
Other Income (Late Charges, Transfer Fees, Etc...)	17,150	1,654
Total Operating Revenues	223,105	213,269
<u>Operating Expenses:</u>		
Water Purchased	121,914	118,660
Billing Service	-	-
Maintenance - Labor	23,363	23,831
Maintenance - Materials	1,427	5,240
Director Fees	1,859	2,565
Professional Fees	7,760	8,760
Insurance	2,243	2,207
Testing and Permits	1,786	1,768
Postage	1,998	1,863
Office Expense	3,203	1,581
Office - Labor	19,050	20,320
Miscellaneous	921	2,163
Utilities	382	396
Meetings and Training	230	233
Dues	606	580
Depreciation & Amortization	11,272	10,653
Total Operating Expenses	198,014	200,819
Operating Income (Loss)	25,091	12,449
<u>Non-Operating Revenues (Expenses):</u>		
Interest Income	6,481	6,421
Interest Expense	-	-
Total Non-operating Revenues (Expenses)	6,481	6,421
Net Income (Loss) Before Contributions	31,572	18,870
Capital Contributions	-	-
Change in Net Position	31,572	18,870
Total Net Position - Beginning	647,406	628,536
Total Net Position - Prior Year Adjustment	-	-
Total Net Position - Ending	\$ 678,978	\$ 647,406

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

**DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED AUGUST 31, 2020**

	<u>2020</u>	<u>Memorandum Only 2019</u>
<u>Cash Flows from Operating Activities:</u>		
Receipts from Customers	\$ 226,774	\$ 203,162
Payments to Suppliers for Goods & Services	(142,917)	(147,550)
Payments to Employees & Laborers	(42,413)	(44,151)
Net Meter Deposits received less Deposits Refunded	107	250
Net Cash Provided (Used) by Operating Activities	41,552	11,711
<u>Cash Flows from Capital & Related Financing Activities:</u>		
Additions to Capital Assets	(17,892)	(11,124)
Proceeds from sale of Capital Assets	-	-
Principal paid on Debt	-	-
Interest paid on Debt	-	-
Net Cash Provided (Used) by Capital & Related Financing Activities	(17,892)	(11,124)
<u>Cash Flows from Investing Activities:</u>		
Investments in Certificate of Deposit	(6,283)	(6,178)
Interest Income	6,478	6,400
Net Cash Provided (Used) by Investing Activities	195	222
Net Increase (Decrease) in Cash and Cash Equivalents	23,856	809
Cash & Cash Equivalents, Beginning of Year	69,574	68,765
Cash & Cash Equivalents, Prior Year Adjustment	-	-
Cash & Cash Equivalents, End of Year	\$ 93,429	\$ 69,574
<u>Reconciliation of operating income (loss) to net cash provided operating activities:</u>		
Operating Income (Loss)	\$ 25,091	\$ 12,449
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	11,272	10,653
(Increase)Decrease in Accounts Receivable	3,669	(10,106)
(Increase)Decrease in Prepaid Expenses	(15)	(31)
Increase(Decrease) in Accounts Payable	1,427	(1,503)
Increase(Decrease) in Meter Deposits	107	250
Net Cash Provided (Used) by Operating Activities	\$ 41,552	\$ 11,711

See Accountant's Audit Report & Notes Which Accompany These Financial Statements

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Delaware County Rural, Water, Sewer, Gas and Solid Waste Management District No. 7 was created August 20, 1990, for the establishment and operation of a water distribution system for an area located northeast of Ketchum, Oklahoma. The activities of the District constitute the entire reporting entity. There are no component or oversight units. The District is a political subdivision of the state of Oklahoma.

B. Basis of Presentation

The accounts of the District are organized on the basis of proprietary fund type, specifically an enterprise fund. The activities of this fund are accounted for with a separate set of self-balancing accounts that comprise the District's assets, liabilities, net assets, revenues and expenses. Enterprise Funds account for activities (1) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The District uses the accrual basis of accounting, which is in accordance with U.S. generally accepted accounting principles. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Budgetary Data

In accordance with the By-laws of the District, an annual budget is prepared for internal bookkeeping purposes.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

E. Financial Position

Cash & Cash Equivalents

For the purpose of financial reporting, "cash & cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Investments classified in the financial statements consist entirely of certificates of deposit whose original maturity term exceeds three months. Investments are carried at cost, which approximates fair value.

Capital Assets

The District's capital assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Expenditures for major renewals and betterments which extend the useful lives of the fixed assets are capitalized. Expenditures for maintenance and repairs are expensed as incurred. All construction period interest and financing cost were capitalized as part of the construction costs.

<u>Class of Asset</u>	<u>Estimated Useful Life</u>
Water Distribution Systems	40 years
Buildings	40 years
Equipment	7 years

Capitalization Policy

Purchases of capital items in excess of \$150.00 that increase the capacity or operation efficiency or extend the useful life of any asset are capitalized. Repairs and maintenance are expensed as incurred.

Long-Term Debt

Long-term debt is reported at face value, net of applicable discounts and deferred loss on refunding. Costs related to the issuance of debt are deferred and amortized over the lives of various debt issues.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Equity Classification

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

1. Net investment in capital assets – 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 and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction 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 amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

F. Revenues, expenditures & expenses

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.

G. Memorandum Only

The "Memorandum Only" captions above the total columns mean that totals are presented for overview information purposes only.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 2 - 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.

Finance-related Legal & Contractual Provisions

The District does not have any loans which would require reserve accounts or budget preparation.

Deficit Fund Balance or Retained Earnings

As indicated in the financial statements, there are no fund balance or retained earnings deficits for the District for this fiscal year.

NOTE 3 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

At August 31, 2020, the District held deposits of approximately \$497,038 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit are covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Investment Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The District has no policy that limits its investment choices other than the limitation of state law as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.

- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers' acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a.-d.).

NOTE 4 - RESTRICTED ASSETS

The loan with USDA was paid off during FYE August 31, 2017 and there are no longer any restricted assets.

NOTE 5 - CAPITAL ASSETS

Capital asset activity, for the fiscal year ended August 31, 2020, was as follows:

	Balance at 8/31/19	Additions	Deductions	Balance at 8/31/20
Water System	\$ 410,592	\$ 17,892	\$ -	\$ 428,484
Equipment	15,508	-	-	15,508
Building	5,448	-	-	5,448
Subtotal	431,548	17,892	-	449,440
Less: Accum. Depr.	(256,947)	(11,272)	-	(268,219)
Total Capital Assets (Net of Depreciation)	<u>\$ 174,601</u>	<u>\$ 6,620</u>	<u>\$ -</u>	<u>\$ 181,221</u>

NOTE 6 - LONG-TERM DEBT

The District currently has no long-term debt.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2020:

	Balance at 8/31/19	Additions	Deductions	Balance at 8/31/20
Rural Development Loan	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -

Debt Services Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, for long-term debt, as of August 31, 2020, are as follows:

Year Ended August 31,	Principal	Interest	Annual Payment
2021	\$ -	\$ -	\$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026-2030	-	-	-
Total	\$ -	\$ -	\$ -

NOTE 7 - FUND EQUITY

As described in Note 1 above, equity is classified as net position and displayed in three components:

1. Net investment in capital assets
2. Restricted
3. Unrestricted

The restricted net position includes amounts related to Note 4 above.

NOTE 8 - CONTINGENCIES

Litigation

The District currently has no pending litigation.

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2020

Federally Assisted Programs

In the normal course of operations, the District participates in various federal or state/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 9 - SUBSEQUENT EVENTS

The District did not have any subsequent events through January 20, 2021, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending August 31, 2020.

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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*

To the Board of Directors
Delaware County Rural Water, Sewer, Gas
and Solid Waste Management District No. 7

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, and in accordance with Oklahoma Statutes, the financial statements of the Delaware County Rural Water, Sewer and Solid Waste Management District No. 7, as of and for the year ended August 31, 2020, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2021. Management has omitted the MD&A required by accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Delaware County Rural Water, Sewer and Solid Waste Management District No. 7'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Delaware County Rural Water, Sewer and Solid Waste Management District No. 7's internal control. Accordingly, we do not express an opinion on the effectiveness of Delaware County Rural Water, Sewer and Solid Waste Management District No. 7'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 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

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significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying Schedule of Finding listed as Item 20-01 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Delaware County Rural Water, Sewer and Solid Waste Management District No. 7's financial statements are free of material misstatement, we performed tests of 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*.

Delaware County Rural Water, Sewer and Solid Waste Management District No. 7's Response to Findings

Delaware County Rural Water, Sewer and Solid Waste Management District No. 7's response to the findings identified in our audit is described in the accompanying Schedule of Findings. Delaware County Rural Water, Sewer and Solid Waste Management District No. 7's response was 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.

Kershaw CPA & Associates, P.C.

Kershaw, CPA & Associates, PC
Muskogee, Oklahoma

January 20, 2021

DELAWARE COUNTY RURAL WATER, SEWER, GAS
AND SOLID WASTE MANAGEMENT DISTRICT NO. 7
SCHEDULE OF FINDINGS
AUGUST 31, 2020

Item 20-01: Meter Deposits

Criteria: It is the responsibility of the District to properly report and account for the financial information.

Condition: The Meter Deposit Control Account has not been accurately posted with all transactions during the year.

Cause/Effect: Customers could potentially not receive proper reimbursement on their deposit and the organization's balance sheet could be incorrect with respect to the deposit account.

Recommendation: All deposit refunds and final bills should be accurately posted to reconcile the account at yearend. A Meter Deposit Ledger should be maintained so that an accurate liability amount can be reported. The District should also maintain a reserved bank account to be used for refunding meter deposits.

Response: The District is aware of the situation.