

**Bryan County Rural Water, Sewer and  
Solid Waste Management District No. 2  
Mead, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended September 30, 2017

Audited by

**SANDERS, BLEDSOE & HEWETT  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

Bryan County Rural Water, Sewer and  
Solid Waste Management District No. 2  
Mead, Oklahoma

**BOARD OF DIRECTORS**

**Chairman**

Jerry Lewis

**Vice-Chair**

Bob Butlan

**Secretary**

John Hoefler

**Treasurer**

Linda Henderson

**Members**

Terry Bourne

Randy Cloyd

Mark Smith

**MANAGER**

Regina Clinton

**FIELD SUPERINTENDENT**

Merle Pearce

**OFFICE MANAGER**

Nancy Parry

Bryan County Rural Water, Sewer and  
Solid Waste Management District No. 2  
Mead, Oklahoma  
September 30, 2017

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Bryan County Rural Water, Sewer and  
Solid Waste Management District No. 2  
Mead, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Bryan County Rural Water, Sewer and Solid Waste Management District No. 2 (the District), Mead, Oklahoma, as of and for the year ended September 30, 2017, which collectively comprise the District's basic 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. Management is also responsible for 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions 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 District'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 District'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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## **Opinions**

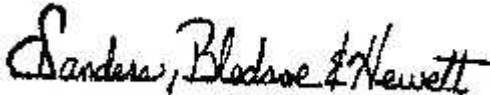
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of September 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

The District has not presented the Management's Discussion and Analysis that governmental 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 (GASB), who considers it to be an essential part of the 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on 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 the Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 27, 2017



**SANDERS, BLEDSOE & HEWETT**  
CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

Board of Directors  
Bryan County Rural Water, Sewer and  
Solid Waste Management District No. 2  
Mead, Oklahoma

We 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 accompanying financial statements of the Bryan County Rural Water, Sewer and Solid Waste Management District No. 2 (the District), Mead, Oklahoma, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 27, 2017.

**Internal Control Over Financial Reporting**

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 identified no deficiencies in the internal controls that we considered to be material weaknesses.

*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 District'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.

#### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests 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, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

November 27, 2017

**BRYAN COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 2  
Disposition of Prior Year's Significant Deficiencies  
September 30, 2017**

16-01 – Accounts Receivable

The exception of having a material variance in the accounts receivable amounts in the billing software and the QuickBooks software was corrected in the current fiscal year.



**BRYAN COUNTY RURAL, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 2  
Schedule of Audit Results  
September 30, 2017**

**Section 1** – Summary of Auditor’s Results:

1. An unmodified opinion was issued on the financial statements.
2. The audit disclosed no significant deficiencies in the internal controls.
3. The audit disclosed no instances of noncompliance.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2  
Statement of Net Position  
September 30, 2017

	<b>Total 2017</b>	<b>Total (memo only) 2016</b>
	<u>          </u>	<u>          </u>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 2,012,467	1,991,666
Current portion of receivables	111,695	99,592
Inventory on hand	337,563	292,701
Prepaid assets	53,254	27,683
Total current assets	<u>2,514,979</u>	<u>2,411,642</u>
Noncurrent Assets:		
Reserve account	<u>76,764</u>	<u>76,828</u>
Capital Assets:		
Land	54,129	54,129
Plant and equipment	13,460,603	12,491,519
Less: Accumulated Depreciation	<u>(6,480,007)</u>	<u>(6,087,814)</u>
Total capital assets	<u>7,034,725</u>	<u>6,457,834</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 9,626,468</u></b>	<b><u>8,946,304</u></b>
<b><u>LIABILITIES:</u></b>		
Current Liabilities:		
Accounts payable	\$ 53,721	70,804
Pasture deposits	12,250	11,320
Accrued interest	4,341	3,055
Current portion of long-term debt	194,862	191,925
Total current liabilities	<u>265,174</u>	<u>277,104</u>
Noncurrent Liabilities:		
Long-term debt, less current maturities	<u>3,031,103</u>	<u>2,405,715</u>
<b>Total Liabilities</b>	<b><u>3,296,277</u></b>	<b><u>2,682,819</u></b>
<b><u>NET POSITION:</u></b>		
Invested in capital assets, net of related debt	3,808,760	3,860,194
Restricted for debt service	76,764	76,828
Unrestricted assets	<u>2,444,667</u>	<u>2,324,463</u>
<b>Total Net Position</b>	<b><u>6,330,191</u></b>	<b><u>6,261,485</u></b>
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b><u>\$ 9,626,468</u></b>	<b><u>8,944,304</u></b>

The accompanying notes to the financial statements are an integral part of this statement

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2  
Statement of Revenues, Expenses and Changes in Net Position  
For The Year Ended September 30, 2017

	<b>Total 2016-17</b>
<b>Operating Revenues:</b>	
Water and sewer revenue	\$ 1,847,093
Installation revenue	71,743
Total revenue from operations	1,918,836
<b>Operating Expenses:</b>	
Salaries and payroll expenses	577,681
Employee benefits	101,117
Insurance	47,025
Licenses and dues	12,612
Water purchased	36,909
Office expenses	66,227
Bad debt expense	6,737
Electricity	58,753
Telephone	5,130
Professional fees	6,060
Operating and maintenance expenses	504,347
Depreciation	405,131
Total expenses from operations	1,827,729
Operating Income (Loss)	91,107
<b>Non-Operating Revenues (Expenses):</b>	
Interest income	11,843
Rental income	2,400
Sale of equipment	1,800
Capital contributions-	
Memberships	40,450
Interest paid on long-term debt	(74,898)
Total Non-Operating Revenues (Expenses)	(18,405)
Change in Net Position	72,702
Total Net Position, beginning of period	6,261,485
Total Net Position, prior period adjustment	(3,996)
Total Net Position, end of period	\$ 6,330,191

The accompanying notes to the financial statements are an integral part of this statement

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2  
Statement of Cash Flows  
For the Year Ended September 30, 2017

	<b>Total 2016-17</b>	<b>Total (memo only) 2015-16</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 1,926,106	1,789,908
Payments to employees	(577,681)	(479,523)
Payments to vendors	(950,876)	(688,145)
Net Cash Provided by Operating Activities	397,549	622,240
<b>Cash Flows from Financing Activities:</b>		
Sale (purchase) of fixed assets	(969,084)	(166,225)
Loan proceeds	821,278	0
Loan costs and other admin fees	(22,031)	0
Principal paid on long-term debt	(192,953)	(190,052)
Interest paid on long-term debt	(70,535)	(69,320)
Net Cash Provided by (used in) Financing Activities	(433,325)	(425,597)
<b>Cash Flows from Investing Activities:</b>		
Capital contributions - Memberships	40,450	30,100
Rental and other non-operating sources	4,200	2,400
Interest earned on investments	11,863	2,765
Net Cash Provided by (used in) Investing Activities	56,513	35,265
Net Increase (Decrease) in Cash	20,737	231,908
Cash and cash equivalents, beginning of period	2,068,494	1,836,586
Cash and cash equivalents, end of period	\$ 2,089,231	2,068,494
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income	\$ 91,107	77,510
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	405,131	416,733
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(12,103)	94,378
(Increase) decrease in prepaid insurance	(25,571)	10,358
(Increase) decrease in inventory	(44,862)	(3,696)
Increase (decrease) in accounts payable	(17,083)	25,957
Increase (decrease) in accruals	930	1,000
Net cash provided by operating activities	\$ 397,549	622,240

The accompanying notes to the financial statements are an integral part of this statement

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note A – Significant Accounting Policies**

Organization

Bryan County Rural Water, Sewer and Solid Waste Management District No. 2 (the District) is an Oklahoma water district organized under Title 82 of Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, to provide water service to rural residents of Bryan County, Oklahoma. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 3,800 members.

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of providing water services is financed through user charges.

Basis of Accounting

The accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America is followed for all accounts. Revenues are recorded when earned and liabilities are recognized when incurred. This policy is in accordance with generally accepted accounting principles. The District has also complied with GASB Statement No. 34 financial reporting requirements.

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At September 30, 2017, the District held deposits of approximately \$2,114,157 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely 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.

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements  
September 30, 2017

**Note A – Significant Accounting Policies – cont’d**

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 limitations 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. 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).

The investments held at September 30, 2017 are as follows:

	Wtd. Avg Maturity	Credit Rating	Market	Cost
Money market/checking	N/A	AAAm	\$ 2,057,136	2,057,136
Certificates of deposit	1.0 Yr	N/A	57,021	57,021
Total Deposits			<u>\$ 2,114,157</u>	<u>2,114,157</u>

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 3% in Certificates of Deposit (\$57,021) and 97% in Money Market funds (\$2,057,136).

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements  
September 30, 2017

**Note A – Significant Accounting Policies – cont’d**

Fair Value of Financial Instruments – The District’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District’s estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

Inventories

Inventories consist primarily of materials and supplies for repairs and improvements of existing water lines, meters and all other capital assets. Inventory is valued at cost, principally on a first-in, first-out basis, but not in excess of market.

Accounts Receivable

Billings for accounts receivable at September 30, 2017 were \$111,695. An allowance for doubtful accounts was not considered material to the financial statements.

Memorandum Totals

Prior year “memorandum only” financial statement information is shown for comparative purposes only.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance, including workers compensation, for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note B – Fixed Assets**

Any items purchased or constructed in excess of \$2,500 and a useful life of over two years is considered a fixed asset by the District.

Fixed assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	5-10 years
Transportation equipment	5 years
Water system	40 years
Buildings	30 years
Radio read meters	20 years
Computer equipment	5 years

The fixed asset information for the District is shown below:

	9/30/2016			9/30/2017
	<u>Amount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u>
Land	\$ 54,129	-	-	54,129
Water system	1,447,993	9,581	-	1,457,574
Sewer system	666,238	-	-	666,238
Installations	121,695	-	-	121,695
Treatment plant	3,306,267	21,845	-	3,328,112
Upgrades & new lines	188,291	-	-	188,291
Upgrades & new lines RD	1,589,514	-	-	1,589,514
Vehicles	215,612	27,498	(31,688)	211,422
Buildings	116,131	-	-	116,131
Furniture & equipment	249,969	15,096	-	265,065
Completed projects	4,175,145	-	-	4,175,145
Const. in progress	<u>414,664</u>	<u>926,752</u>	-	<u>1,341,416</u>
Total Fixed Assets	12,545,648	1,000,772	(31,688)	13,514,732
Less: Accumulated Depreciation	<u>(6,087,814)</u>	<u>(392,193)</u>	-	<u>(6,480,007)</u>
Total	<u>\$ 6,457,834</u>	<u>608,579</u>	<u>(31,688)</u>	<u>7,034,725</u>



**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note C – Notes Payable**

Long-Term Debt consists of six notes:

1. OWRB ORF-97-0007-DW - The District has a 2000 promissory note in the amount of \$576,675 with the Oklahoma Water Resources Board (OWRB) for a period of 20 years. The District makes the variable semi-annual payments of principal and interest to the OWRB. The interest rate on this note was 3.059%, but was reduced to 0% in 2013. The water plant and future water revenues are used as security for this note.
2. OWRB ORF-04-0008-DW - The District has a 2006 promissory note in the amount of \$1,800,000 with the Oklahoma Water Resources Board (OWRB) for a period of 20 years. The District makes the variable semi-annual payments of principal and interest to the OWRB. The interest rate on this note is 3.55%, but was reduced to 0% in 2014. The water system and future water revenues are used as security for this note.
3. Rural Development 91-10 - The District has a 2008 promissory note in the amount of \$1,055,500 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$4,750. The fixed interest rate on this note is 4.5%. The water system and future water revenues are used as security for this note.
4. Rural Development 91-11 - The District has a 2009 promissory note in the amount of \$416,750 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$1,647. The fixed interest rate on this note is 3.625%. The water system and future water revenues are used as security for this note.
5. OWRB ORF-09-0020-DW - The District has a 2010 promissory note in the amount of \$382,000 with the Oklahoma Water Resources Board (OWRB) for a period of 20 years. The District makes the variable semi-annual payments of principal and interest to the OWRB. The interest rate on this note is 3.21%. The water system and future water revenues are used as security for this note.
6. OWRB ORF-16-0009-DW - The District has a 2016 promissory note in the estimated amount of \$1,114,000 with the Oklahoma Water Resources Board (OWRB) for a period of 30 years. The District will make the variable semi-annual payments of principal and interest to the OWRB. The interest rate on this note is 2.38%. The water system and future water revenues are used as security for this note.

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note C – Notes Payable – cont'd**

	<u>September 30,</u>	
	<u>2017</u>	<u>2016</u>
Oklahoma Water Resources Board note payable, dated 2000, issued for \$576,675, at 0% interest, due in semi-annual installments, until paid;	\$ 90,053	129,672
Oklahoma Water Resources Board note payable, dated 2006, issued for \$1,800,000, at 0% interest, due in semi-annual installments, until paid;	831,517	951,330
Rural Development note payable, dated 2008, issued for \$1,055,500, at 4.5% interest, due in monthly installments, until paid;	934,901	949,476
Rural Development note payable, dated 2009, issued for \$416,750, at 3.625% interest, due in monthly installments, until paid;	367,602	373,916
Oklahoma Water Resources Board note payable, dated 2010, issued for \$382,000, at 3.21% interest, due in semi-annual installments, until paid;	180,614	193,246
Oklahoma Water Resources Board note payable, dated 2016, issued for \$1,114,000, at 2.38% interest, payments on principal will begin once construction is completed. Interest only payments made thus far. Payments will be due in semi-annual installments, until paid;	<u>821,278</u>	<u>-</u>
Long-Term Debt Outstanding	3,225,965	2,597,640
Less: Current maturities of long-term debt	<u>(194,862)</u>	<u>(191,925)</u>
Total Long-Term Debt, Net	<u>\$ 3,031,103</u>	<u>2,405,715</u>

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note C – Notes Payable – cont'd**

The scheduled maturities for the next five (5) years, and in total thereafter, are detailed as follows:

<u>Year</u>	<u>Total</u>	<u>ORWB 97</u>	<u>ORWB 04</u>	<u>ORWB 09</u>	<u>OWRB 16</u>	<u>RD 91-10</u>	<u>RD 91-11</u>
2018	\$ 194,862	39,799	120,264	13,012	-	15,241	6,546
2019	196,854	39,987	120,732	13,406	-	15,941	6,788
2020	168,984	10,267	121,207	13,798	-	16,674	7,038
2021	160,687	-	121,719	14,231	-	17,440	7,297
2022	162,712	-	122,240	14,665	-	18,241	7,566
2022-26	1,171,184	-	122,781	80,329	821,278	104,571	42,225
2027-31	315,253	-	102,574	31,173	-	130,903	50,603
2032-36	224,507	-	-	-	-	163,864	60,643
2037+	630,922	-	-	-	-	452,026	178,896
Total	<u>\$ 3,225,965</u>	<u>90,053</u>	<u>831,517</u>	<u>180,614</u>	<u>821,278</u>	<u>934,901</u>	<u>367,602</u>

Restricted Assets

The Rural Development loan agreements require the District to set aside funds into a Reserve Account equal to the amounts to be paid in a given year on these notes, which is \$57,000 for Note 91-10 and \$19,764 for Note 91-11. Once the required reserve balances are met, no further deposits are required to be held, except to replace withdrawals. As of September 30, 2017, the required balance for the reserve account was \$76,764, which was the same as the amount shown as the account balance.

**Note D – Commitments/Contingencies**

Pending Litigation

As of September 30, 2017, the District had no pending litigation.

Retirement Plan

The District sponsors a Simple IRA plan for employees. The District contributes up to 3% of the employees' gross wages to the plan, and the employee must be willing to match or better the District's contributed amount.

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 2**

Notes to the Financial Statements

September 30, 2017

**Note D – Commitments/Contingencies – cont'd**

Subsequent Events

The District did not have any material subsequent events through November 27, 2017, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending September 30, 2017.