

Canadian County Rural Water, Sewer, and

Solid Waste Management District #1

Canadian County, Oklahoma

Financial Statements

December 31, 2016

Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1

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**MICHAEL L METTRY CPA**  
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**OKLAHOMA CITY, OK 73112**  
**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Canadian County Rural Water, Sewer, and Solid Waste Management District #1  
Calumet, Oklahoma 73014-8704

We have audited the accompanying financial statements of Canadian County Rural Water, Sewer, and Solid Waste Management District #1, which comprise the statement of net position and the statements of revenue, expenses, and changes in net position, and cash flows as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Canadian County Rural Water, Sewer, and Solid Waste Management District #1'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 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 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 from 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.

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

**Opinions**

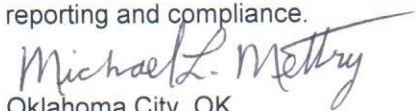
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Canadian County Rural Water, Sewer, and Solid Waste Management District #1 as of December 31, 2016, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. Management has omitted the Management's Discussion and Analysis. Our opinion is not affected by the missing information.

### **Report Issued in Accordance with Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated June 10, 2017 on our consideration of Canadian County Rural Water, Sewer, and Solid Waste Management District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant 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 the 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 District's internal control over financial reporting and compliance.



Oklahoma City, OK  
June 10, 2017



**Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Statement of Net Position  
December 31, 2016**

<b>Current Assets</b>	
Cash	\$ 284,215
Accounts Receivable	24,650
Less Allowance for Doubtful Accounts	<u>(1,300)</u>
<b>Total Current Assets</b>	<u>307,565</u>
 <b>Property, Plant, and Equipment</b>	
Water Wells	11,792
Accumulated Depreciation	(11,792)
Buildings	820,455
Accumulated Depreciation	(514,802)
Machinery and Equipment	247,852
Accumulated Depreciation	(121,193)
Distribution System	595,142
Accumulated Depreciation	(483,946)
Easements	5,000
Right of Way	1,000
Accumulated Amortization	<u>(986)</u>
<b>Net Property, Plant, and Equipment</b>	<u>548,522</u>
 <b>Total Assets</b>	<u>856,087</u>
 <b>Deferred Outflows of Resources</b>	
<b>Total Deferred Outflows</b>	<u>-</u>
 <b>Current Liabilities</b>	
Current Portion Long Term Debt	10,002
Loan Payable	259,762
Accounts Payable	11,461
Meter Deposits	-
Accrued payroll taxes	2,060
Interest payable	<u>-</u>
<b>Total Current Liabilities</b>	<u>283,286</u>
 <b>Long Term Debt</b>	<u>27,299</u>
<b>Total Liabilities</b>	<u>310,585</u>
 <b>Deferred Inflows of Resources</b>	
<b>Total Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	251,459
Unrestricted	<u>294,043</u>
 <b>Total Net Position</b>	<u><u>\$ 545,502</u></u>

See independent accountant's report and notes

**Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Statement of Revenues, Expenses, and Changes in Net Position  
for the year ended December 31, 2016**

<b>Operating Revenues</b>	
Gross Water Sales	\$ 262,299
Repair and Local Income	1,560
Interest Income	<u>583</u>
Total Operating Revenues	<u>264,442</u>
<b>Operating Expenses</b>	
Personnel	22,208
Bad debts	1,675
Depreciation and amortization	27,226
Utilities	24,758
Installations, repair, & maintenance	119,279
Cost of water	7,869
Office supplies	2,815
Miscellaneous	1,527
Accounting	1,950
Interest expense	15,280
DEQ Testing	3,253
Dues and Subscriptions	-
Insurance	<u>6,684</u>
Total Operating Expenses	<u>234,524</u>
Operating Income (Loss)	<u>29,918</u>
<b>Nonoperating Revenues (Expenses)</b>	
Other Expenses	<u>(752)</u>
Net Nonoperating Revenues (Expenses)	<u>(752)</u>
<b>Change in Net Position</b>	29,166
Membership	67,100
Net Position, Beginning	<u>449,237</u>
<b>Net Position, Ending</b>	<u><u>\$ 545,503</u></u>

See independent auditor's report and notes

**Canadian County Rural Water, Sewer, and  
 Solid Waste Management District #1  
 Canadian County, Oklahoma  
 Statement of Changes in Net Position  
 for the year ended December 31, 2016**

	<u>Net Position (Unrestricted)</u>	<u>Total Net Position</u>
<b>Balance, Beginning</b>	\$ 449,237	\$ 449,237
Memberships	67,100	67,100
Change in Net Position	<u>29,166</u>	<u>29,166</u>
<b>Balance, Ending</b>	<u>\$ 545,503</u>	<u>\$ 545,503</u>

See independent auditor's report and notes

**Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Statement of Cash Flows  
for the year ended December 31, 2016**

<b>Operating Activities</b>	
Water sales	\$ 267,918
Repairs and local income	1,560
Interest income	583
Suppliers and Employees	(191,471)
Interest expense	(15,606)
<b>Net Cash from Operating Activities</b>	<u>62,985</u>
<b>Investing Activities</b>	
Cash received for equipment	-
Other expenses	(752)
Purchases of property plant and equipment	(5,000)
<b>Net Cash from (used for) Investing Activities</b>	<u>(5,752)</u>
<b>Financing Activities</b>	
Meter deposits	(48,500)
Membership	67,100
Net increase (decrease) in Short Term Debt	(17,198)
Principal Payments on Long Term Debt	(9,788)
<b>Net Cash from (used by) Financing Activities</b>	<u>(8,386)</u>
<b>Net Change in Cash and Cash Equivalents</b>	48,846
Cash and Cash Equivalents, Beginning	235,369
<b>Cash and Cash Equivalents, Ending</b>	<u>\$ 284,215</u>

**Reconciliation of Cash Flow from Operations  
to Net Income from Operations**

<b>Operating Activity Reconciliation</b>	
Operating income	\$ 29,166
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation expense	27,226
Cash received for equipment	-
Other expenses	752
(increase) decrease in accounts receivable	5,620
increase (decrease) in accounts payable	540
increase (decrease) in accrued payroll taxes	7
increase (decrease) in accrued interest expense	(326)
<b>Net Cash from Operating Activities</b>	<u>\$ 62,985</u>

See independent auditor's report and notes



Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Notes to Financial Statements  
For the year ended December 31, 2016

**1. Organization and Nature of Operations and Summary of Significant Accounting Policies**

Canadian County Rural Water, Sewer, and Solid Waste Management District #1, Canadian County, Oklahoma (District) was organized February 1, 1974 to serve the water and waste management needs of the residents of its southwest Canadian County service area. The District currently provides rural water service. It does not provide a waste management service.

The financial statements are prepared on the accrual basis of accounting, which recognizes revenue when earned and expense when incurred. Revenue earned but not received is shown as a receivable. Expense incurred but not paid is shown as a payable.

Property, plant, and equipment are recorded at cost and depreciated. Depreciation is computed straight line over the estimated useful lives. Assets lives are estimated to be between five and forty years.

Management has evaluated subsequent events through June 10, 2017, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

**2. Cash**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Deposits are insured by the Federal Deposit Insurance Corporation. The following details the cash balances as of December 31,

	2016	2015
Petty cash	\$ 50	\$ 50
Operating	147,923	99,831
Reserved	136,241	135,488
Total cash	<u>\$ 284,214</u>	<u>\$ 235,369</u>

Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Notes to Financial Statements  
For the year ended December 31, 2016

**3. Long Term Debt**

The following schedules the long term debt:

	December 31, 2016	2015
Farmers Home Administration Note, due in monthly installments of \$2,480 including interest at 5%. Final payment due December, 2016. Secured by assets of the District	\$ -	\$ -
Farmers Home Administration Note, due in monthly installments of \$992 including interest at 5%. Note dated June 7, 1983. Final payment due forty years from inception. Secured by assets of the District.	37,301	47,089
Total long term debt	37,301	47,089
Less current portion	(10,002)	(9,516)
Non-current portion	\$ 27,299	\$ 37,573
Principle maturities for the next five years		
2017	\$ 10,002	
2018	10,514	
2019	11,051	
2020	5,734	
2021	-	
thereafter	-	
Total long term debt	\$ 37,301	

**4. Short Term Debt**

The Organization has a construction loan payable to BancFirst for \$259,762 at 4.500% interest secured by receivables and equipment. Payments are \$2,500 per month. The loan was renewed January 26, 2016 and is due January 26, 2018.



**MICHAEL L METTRY CPA**  
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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

Canadian County Rural Water, Sewer, and Solid Waste Management District #1

15323 West Elm Street  
Calumet , OK 73014-8704

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 Canadian County Rural Water, Sewer, and Solid Waste Management District #1 as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Canadian County Rural Water, Sewer, and Solid Waste Management District #1's basic financial statements, and have issued our report thereon dated June 10, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Canadian County Rural Water, Sewer, and Solid Waste Management District #1'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 Canadian County Rural Water, Sewer, and Solid Waste Management District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Canadian County Rural Water, Sewer, and Solid Waste Management District #1'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.

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.

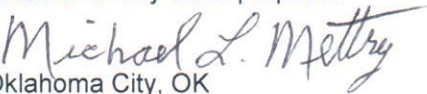
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Canadian County Rural Water, Sewer, and Solid Waste Management District #1's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

  
Oklahoma City, OK  
June 10, 2017



Canadian County Rural Water, Sewer, and  
Solid Waste Management District #1  
Canadian County, Oklahoma  
Findings and Questioned Cost  
December 31, 2016

FINDINGS AND QUESTIONED COST

There were no findings or questioned cost.