

The background of the entire page is a black and white photograph of a fountain pen resting on a ledger. The ledger has several columns of handwritten numbers. In the top left, there are numbers like 3650, 1875, 1700, and 1070. Below these, there are labels 'P.VV.' and 'PW.' followed by '275'. In the middle, there are numbers 5400, 6170, 6945, 6400, 6630, and 4685. At the bottom left, there are numbers 475, 300, 350, and 00. On the right side, there are several instances of the number 1690. The pen is a dark-colored fountain pen with a silver-colored nib and clip.

Canadian County Water Authority

Audit Report
For Year Ending March 31, 2024

Scott Northrip, CPA

P.O. Box 642
Hobart, OK 73651
(580) 726-5681

SCOTT NORTHRIP, CPA

P.O. Box 642, Hobart, Oklahoma 73651

Independent Auditor's Report

To The Board of Directors of
Canadian County Water Authority

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Canadian County Water Authority, (Authority), as of and for the years ended March 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Canadian County Water Authority, as of March 31, 2024 and 2023, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. I am required to be independent of the Canadian County Water Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance accounting principle generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we: 1) exercise professional judgment and maintain professional skepticism through the audit, 2) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements, 3) obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed, 4) Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, 5) conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 29, 2024, on my consideration of the Authority's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Scott Northrip, CPA

Certified Public Accountant

April 29, 2024

Canadian County Water Authority

Statement of Net Position
As of March 31, 2024 and 2023

ASSETS:	2024	2023
Current Assets:		
Cash & Cash Equivalents	\$ 1,183,356	\$ 656,844
Investments	1,020,328	1,318,168
Accounts Receivable (Note 2)	41,739	55,732
Interest Receivable	3,033	7,800
Prepaid Insurance	10,239	9,474
Other Receivable	-	-
Inventory	19,753	13,212
Total Current Assets	\$ 2,278,448	\$ 2,061,230
Noncurrent Assets:		
Construction in Progress	\$ -	\$ -
Capital Assets: (Note 6)		
Land	21,131	21,131
Other Capital Assets, net of depreciation	3,785,781	3,805,566
Total Noncurrent Assets	\$ 3,806,912	\$ 3,826,697
TOTAL ASSETS	\$ 6,085,360	\$ 5,887,927
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	\$ 28,009	\$ 24,848
Interest Payable	1,825	1,869
Current Portion of Long-term Liabilities	26,518	25,897
Total Current Liabilities	\$ 56,352	\$ 52,614
Long-Term Liabilities: (Note 9)		
Notes Payable - net of current portion	\$ 1,052,373	\$ 1,078,861
Net Position:		
Restricted Fund Balance	\$ 51,828	\$ 51,828
Unrestricted Fund Balance	1,513,510	1,401,567
Total Fund Balance	\$ 1,565,338	\$ 1,453,395
Member Investments	2,069,976	1,994,736
Donated Assets (Note 12)	838,761	805,761
Grants	502,560	502,560
TOTAL NET POSITION	\$ 4,976,635	\$ 4,756,452
TOTAL LIABILITIES AND NET POSITIONS	\$ 6,085,360	\$ 5,887,927

See accompanying notes to the financial statements.

Canadian County Water Authority

Comparative Statement of Activities
For the Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES:		
Water Sales	\$ 691,726	\$ 682,209
Late Fees	10,611	10,190
Installation & Repairs	8,611	14,532
Total Operating Revenues	<u>\$ 710,948</u>	<u>\$ 706,931</u>
OPERATING EXPENSES:		
Water Purchases	\$ 309,886	\$ 300,516
Depreciation Expense	111,310	119,718
Interest Expense	25,917	26,525
Utilities & Telephone & Website	10,828	12,387
Wages	120,060	98,318
Installation & Repairs	46,654	47,625
Engineering Cost	4,045	2,440
Legal & Professional Fees	5,200	8,309
Mileage Reimbursement	5,965	5,680
Insurance	6,453	6,618
Payroll Tax Expense	9,185	7,521
Office Supplies & Postage	11,032	10,129
Bank & Sweep fees	10,090	6,158
Dues & Samples	5,902	4,277
Annual Meeting Expense	1,062	1,562
Bad Debts Expense	199	-
Miscellaneous Expense	-	2,026
Yard Expense	4,558	3,201
Total Operating Expenses	<u>\$ 688,346</u>	<u>\$ 663,010</u>
OPERATING INCOME (LOSS)	<u>\$ 22,602</u>	<u>\$ 43,921</u>
OTHER REVENUES (EXPENSES):		
Investment Revenues	\$ 81,235	\$ 43,592
Other Income	701	1,708
Gain (Loss) on sale of investments	(4,745)	5,355
Rent Income	12,150	5,400
Total Other Revenues(Expenses)	<u>\$ 89,341</u>	<u>\$ 56,055</u>
NET INCOME	<u><u>\$ 111,943</u></u>	<u><u>\$ 99,976</u></u>

See accompanying notes to the financial statements.

Canadian County Water Authority
Comparative Statement of Changes in Net Assets
For the Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Balance, April 1	\$ 4,756,452	\$ 4,246,803
Net Income (Loss)	111,943	99,976
Prior Period Adjustment (Note 11)	-	-
Member Investments	75,240	126,806
Donated Assets (Note 7)	33,000	282,867
Grants	-	-
Total Changes in Net Assets	\$ 220,183	\$ 509,649
Balance, March 31	\$ 4,976,635	\$ 4,756,452

See accompanying notes to the financial statements.

Canadian County Water Authority

Comparative Statement of Cash Flows For the Years Ended March 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 724,941	\$ 691,624
Payments to suppliers	(426,019)	(444,503)
Payments to employees & meter readers	(129,245)	(105,839)
Net Cash Provided by Operating Activities	<u>\$ 169,677</u>	<u>\$ 141,282</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of capital assets	\$ (91,525)	\$ (605,551)
Donated Assets	33,000	282,867
Proceeds from sale of assets	-	-
Proceeds from notes payable	-	-
Principal payments on notes payable	(25,867)	(25,260)
Interest paid on notes payable	(25,961)	(26,568)
Prior period adjustments	-	-
Proceeds from notes	-	-
Net Cash Used In Capital & Related Financing Activities	<u>\$ (110,353)</u>	<u>\$ (374,512)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment Receipts	\$ 86,002	\$ 41,810
Other Proceeds	12,851	7,108
Gain (Loss) on the sale of investments	(4,745)	5,355
Proceeds from memberships	75,240	126,806
Net Cash Provided from Investing Activities	<u>\$ 169,348</u>	<u>\$ 181,079</u>
INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>\$ 228,672</u>	<u>\$ (52,151)</u>
Cash and Investment Balance - Beginning	<u>1,975,012</u>	<u>2,027,163</u>
CASH AND INVESTMENT BALANCE - ENDING	<u><u>\$ 2,203,684</u></u>	<u><u>\$ 1,975,012</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ 22,602	\$ 43,921
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:		
Interest Expense	25,917	26,525
Depreciation expense	111,310	119,718
Change in assets and liabilities:		
Accounts Receivable	13,993	(15,307)
Other Receivables	-	-
Prepaid Insurance	(765)	(2,055)
Inventory	(6,541)	(9,402)
Accounts Payable	3,161	(22,118)
Net Cash Provided from Operating Activities	<u><u>\$ 169,677</u></u>	<u><u>\$ 141,282</u></u>

See accompanying notes to the financial statements.

Canadian County Water Authority

Notes to the Financial Statements

For the Years Ended March 31, 2024 and 2023

Note 1 - Significant Accounting Policies

Organization:

Canadian County Water Authority, (Authority) is an Oklahoma trust formed under the Oklahoma Title 60 to provide water in a designated area in and around Canadian County, Oklahoma to individuals and businesses that purchase a membership. The Authority served 830 and 819 meters at March 31, 2024 and 2023, respectively.

Basis of Accounting:

The Authority is a proprietary fund type of entity and uses the accrual method of accounting which reports revenues when earned and expenses when incurred. The Authority is not legally required to adopt a budget or report on budget comparisons in this report.

Fixed Assets and Depreciation:

The Authority records its fixed assets at their historical cost or donated value. Depreciation is calculated on each individual asset using the straight-line method of depreciation at the asset's estimated useful life. The District estimates the useful lives of the assets based on the type of asset. The lives range from 5 to 40 years.

Income Tax:

The Authority is exempt from federal and state income taxes under IRS Code Section 115 (a) as an agency of the State of Oklahoma.

Note 2 - Accounts Receivable

The accounts receivable represents the water usage and service revenues for March plus any unpaid balances from the previous months. The Authority uses the direct method to account for bad debts. No provision for an allowance has been made based on the history of the District's bad debts being very small or nonexistent. The accounts receivable balances at March 31, 2024 and 2023 amounted to \$41,739 and \$55,732. The meters are read monthly.

Note 3 - Use of Estimates

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

Note 4 - Contingencies

The Authority didn't have any contingencies as of the date of the audit.

Note 5 - Restricted Assets

The Authority has restricted securities in the amount of \$51,828 and \$51,828 for debt service as required by Rural Development's mortgage as of March 31, 2024 and 2023.

Canadian County Water Authority

Notes to the Financial Statements
For the Years Ended March 31, 2024 and 2023

Note 6 - Changes in Capital Assets

	Balance 4/1/2023	Additions	Disposed	Balance 3/31/2024
Water System Plant Assets	\$ 5,254,550	\$ 46,500	\$ -	\$ 5,301,050
Office Furniture & Fixtures	18,162	3,200	-	21,362
Equipment	6,913	-	-	6,913
Buildings & Improvements	373,265	41,825	-	415,090
Total Assets	\$ 5,652,890	\$ 91,525	\$ -	\$ 5,744,415
Less: Accumulated Depreciation	1,847,324	111,310	-	1,958,634
Net Fixed Assets	\$ 3,805,566	\$ (19,785)	\$ -	\$ 3,785,781

Note 7 - Components of Cash and Investments

	Date of Maturity	Interest Rate	Balance	
Petty Cash	-	0.00%	\$ 204	
Checking & Sweep Acct - Bancfirst	-	5.11%	601,627	
Money Market - Midfirst Bank	-	3.51%	238,683	(1)
Money Market - Edward Jones	-	4.68%	342,842	
Mututal Funds-American Strategic			25,765	
Mutual Funds-American Bond Fund			36,943	
Certificate - ORWAAG	-	4.08%	45,000	
Mutual Funds-American Balanced Cl			419,714	
Corp Bonds-Wells Fargo & Co Med	4/2/1930	4.10%	50,475	
Mutual Funds-American Intermediate Bond			41,208	
Corp Bonds-Phillip Morris Intl	12/15/2029	5.12%	49,984	
Muni Bonds-Holland MI Tax G/O	8/1/1934	4.24%	102,543	
Corp Baonds-JP Morgan Chase	12/9/2027	2.00%	50,000	
Corp Bonds-Wells Fargo Sr MTN	9/29/2025	3.55%	39,811	
CD - Wells Fargo Bank	1/8/2025	4.70%	99,000	
Corp Bonds-Anheuser-Busch Inbev	4/13/2028	4.00%	59,885	
Total Cash and Investments			\$ 2,203,684	

The securities, bonds and mutual funds had a market value at March 31, 2024 of \$964,654 which results in an unrecognized loss of \$10,674.

(1) Account has restriction from debt service of \$51,828 and reserves for short-lived assets of \$71,152 as of March 31, 2024.

Note 8 - Retirement

The Authority provides no retirement plan for its employees.

Canadian County Water Authority

Notes to the Financial Statements

For the Years Ended March 31, 2024 and 2023

Note 9 - Long Term Liabilities

The Authority had a 40 year note with Rural Development, an agency of the United States Department of Agriculture. The loan is a fixed interest note. The note is secured by the assets of the Authority. Rural Development requires the Authority to reserve enough funds to pay an amount equal to a year's total payments. The Authority make monthly payments. The Authority capitalized \$3,836.84 of interest cost on the construction of water lines during the year ending March 31, 2019.

Note Number	Date of Note	Annual Payment	Balance 3/31/2024	Balance 3/31/2023	Interest Rate
91-02	10/5/2018	51,828	1,078,891	1,104,758	2.375%
		\$ 51,828	\$ 1,078,891	\$ 1,104,758	
Less: Current Portion			26,518	25,897	
Net Balance			<u>\$ 1,052,373</u>	<u>\$ 1,078,861</u>	

Current Portion:		Note 1	Note 2
Year Ending	3/31/2025	-	26,518
Year Ending	3/31/2026	-	27,155
Year Ending	3/31/2027	-	27,807
Year Ending	3/31/2028	-	28,474
Year Ending	3/31/2029	-	29,158

Note 10 - Prior Period Adjustments

There were no prior period adjustments in the financial statements for the year ending March 31, 2024 or 2023.

Note 11 - Evaluation of Subsequent Events

The subsequent events of the District have been evaluated through April 29, 2024, the date of the financial statements.

Note 12 - Donated Assets

Donated assets are the estimated value of water lines installed by members from the existing lines of the system to the member's meter. The value of the lines donated to the Authority for the years ending March 31, 2024 and 2023 were \$33,000 and \$282,867, respectively.

SCOTT NORTHRIP, CPA

P.O. Box 642, Hobart, Oklahoma 73651

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Canadian County Water Authority

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of Canadian County Water Authority (Authority), as of and for the years ending March 31, 2024 and 2023, and have issued my report thereon dated April 29, 2024.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Authority's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Compliance and Internal Controls-Continued

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Scott Northrip, CPA

Certified Public Accountant

April 29, 2024