

**Comanche County Rural  
Water District #1**

*Audit Report*  
For Year Ending December 31, 2023

**Scott Northrip, CPA**

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# ***SCOTT NORTHRIP, CPA***

P.O. Box 642, Hobart, Oklahoma 73651

## **Independent Auditor's Report**

To the Board of Directors of  
Comanche County Rural Water District #1  
Lawton, Oklahoma

### ***Report on the Audit of the Financial Statements***

#### **Opinion**

I have audited the accompanying financial statements of Comanche County Rural Water District #1, (District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Comanche County Rural Water District #1, as of December 31, 2023, and the respective changes in modified cash basis financial position and its cash flows for the year then ended in accordance with modified cash basis of accounting described in Note 1.

#### **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 (Government Auditing Standards).. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair representation of the financial statements in accordance with 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 District's ability to continue as a going concern for 12 months after the date of the financial statements and no conditions were found that raise substantial doubt.

## **Auditor's Responsibilities 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 misstatements, 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, I: a) exercised professional judgement and maintained professional skepticism throughout the audit, b) 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 include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements, c) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed, d) evaluate 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, e) conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time, and f) required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

## **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, I have also issued my report dated June 26, 2024, on my consideration of the District'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 District's internal control over financial reporting and compliance.

**Scott Northrip, CPA**

Certified Public Accountant

June 26, 2024

# Comanche County Rural Water District No. 1

Statement of Net Position (Modified Cash Basis)

As of December 31, 2023

## ASSETS:

### Current Assets:

Cash & Cash Equivalents	\$	781,593
Certificates of Deposit		231,282
Inventory		23,273
Deposits		1,200

**Total Current Assets** \$ 1,037,348

### Noncurrent Assets:

Reserve Certificate - ORWAAG	\$	4,000
Capital Assets: (Note 5)		
Land		9,000
Other Capital Assets, net of depreciation		2,897,760

**Total Noncurrent Assets** \$ 2,910,760

## TOTAL ASSETS

**\$ 3,948,108**

## LIABILITIES AND NET POSITION:

### Current Liabilities:

Payroll Tax Liabilities	\$	1,766
Current Portion of Long-term Liabilities		-

**Total Current Liabilities** \$ 1,766

### Long-Term Liabilities:

Notes Payable - net of current portion	\$	-
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### Net Position:

Net Investment in Capital Assets	\$	2,906,760
Restricted Fund Balance		-
Unrestricted Fund Balance		1,039,582

**TOTAL NET POSITION** \$ 3,946,342

## TOTAL LIABILITIES AND NET POSITIONS

**\$ 3,948,108**

See accompanying notes to the financial statements.

**Comanche County Rural Water District No. 1**  
Statement of Revenues and Expenses (Modified Cash Basis)  
For the Year Ending December 31, 2023

**OPERATING REVENUES:**

Water Sales	\$ 1,422,317	
Late Fees	11,367	
Insurance Proceeds	7,329	
Reimbursements	26,650	
Miscellaneous Fees	9,940	
<b>Total Operating Revenues</b>		<b>\$ 1,477,603</b>

**OPERATING EXPENSES:**

Water Purchases & Surcharges	\$ 747,188	
Depreciation Expense	159,571	
Utilities	45,375	
Salaries & Wages Expense	230,327	
Installation & Repairs	91,616	
Vehicle Expenses	13,042	
Legal & Professional Fees	20,700	
Employee Benefits	63,969	
Insurance	27,449	
Payroll Tax Expense	18,989	
Office Supplies & Postage	21,264	
Meeting & Travel Expense	5,371	
Lab Fees	1,212	
Dues & License Fees	5,605	
Communication Expense	7,771	
Miscellaneous Expense	605	
<b>Total Operating Expenses</b>		<b>\$ 1,460,054</b>

<b>OPERATING INCOME (LOSS)</b>	<b>\$ 17,549</b>
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**OTHER REVENUES (EXPENSES):**

Investment Revenues	\$ 2,107	
Membership & Developer Fees	55,350	
Unreimbursed Line Relocate Costs	(737,945)	
Gain on Sale of Assets	-	
<b>Total Other Revenues(Expenses)</b>		<b>\$ (680,488)</b>

<b>NET REVENUES (EXPENSES)</b>	<b>\$ (662,939)</b>
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Net Position, January 1	4,609,281
Net Position, December 31	<u><u>\$ 3,946,342</u></u>

See accompanying notes to the financial statements.

# Comanche County Rural Water District No. 1

Statement of Cash Flows (Modified Cash Basis)  
For the Year Ending December 31, 2023

## CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 1,477,603	
Payments to suppliers	(987,709)	
Payments to employees & benefits	(313,285)	
<b>Net Cash Provided by Operating Activities</b>		<b>\$ 176,609</b>

## CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Purchase of capital assets	\$ -	
Payments for Construction in Progress	-	
Unreimbursed Relocate Costs	(737,945)	
Prior period adjustments	-	
Proceeds from sale of assets	-	
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>		<b>\$ (737,945)</b>

## CASH FLOWS FROM INVESTING ACTIVITIES:

Investment Receipts	\$ 2,107	
Other Proceeds	55,350	
<b>Net Cash Provided from Investing Activities</b>		<b>\$ 57,457</b>

**INCREASE (DECREASE) IN CASH AND INVESTMENTS** **\$ (503,879)**

Cash and CD's Balance - Beginning 1,516,754

**CASH AND CD's BALANCE - ENDING** **\$ 1,012,875**

## Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating Income (Loss)	\$ 17,549	
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:		
Depreciation expense	159,571	
Change in assets and liabilities:		
Inventory	-	
Payroll Liabilities	(511)	
<b>Net Cash Provided from Operating Activities</b>		<b><u>\$ 176,609</u></b>

See accompanying notes to the financial statements.

# **Comanche County Rural Water District No. 1**

Notes to the Financial Statements  
For the Year Ending December 31, 2023

## **Note 1 - Significant Accounting Policies**

### **Organization:**

Comanche County Rural Water District No. 1, (District) was incorporated under the laws of the State of Oklahoma in accordance with O.S. Title 82, as a subdivision of the State of Oklahoma. The District operates and maintains a water distribution system to its members within its designated area in Comanche County. The District is governed by a board of five elected by the membership.

### **Basis of Accounting:**

The District is a proprietary fund type of entity and uses the modified cash method of accounting which reports revenues when received and expenses when paid. The District is not legally required to adopt a budget or report on budget comparisons in this report. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. If the District utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting.

### **Fixed Assets and Depreciation:**

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

## **Note 2 - 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 3 - Contingencies**

The District didn't receive a reimbursement from Oklahoma Dept of Transportation for a line relocation project for 2023 in the amount of \$737,944.74. If the District had received these funds it would have had an impact on the financial reports.

## **Note 4 - Compensated Absences**

As a result of the District's use of the modified cash basis of accounting, accrued liabilities related to compensated absences (accumulated but unused vacation, eligible sick leave and compensated time earned but unpaid at year-end) are not reflected in the financial statements.

# Comanche County Rural Water District No. 1

Notes to the Financial Statements  
For the Year Ending December 31, 2023

## **Note 5 - Changes in Capital Assets**

	Balance 1/1/2023	Additions	Disposed	Balance 12/31/2023
Water System Plant Assets	\$ 6,021,850	\$ -	\$ -	\$ 6,021,850
Office Furniture & Fixtures	14,432	-	-	14,432
Equipment	202,015	-	-	202,015
Vehicles	139,516	-	-	139,516
Buildings & Improvements	243,224	-	-	243,224
<b>Total Assets</b>	<b>\$ 6,621,037</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,621,037</b>
Accumulated Depreciation:				
Water System Plant Assets	\$ 3,103,746	\$ 129,048	\$ -	\$ 3,232,794
Office Furniture & Fixtures	8,228	955	-	9,183
Equipment	160,590	10,614	-	171,204
Vehicles	116,189	8,114	-	124,303
Buildings & Improvements	174,953	10,840	-	185,793
Less: Accumulated Depreciation	3,563,706	159,571	-	3,723,277
<b>Net Fixed Assets</b>	<b>\$ 3,057,331</b>	<b>\$ (159,571)</b>	<b>\$ -</b>	<b>\$ 2,897,760</b>

## **Note 6 - Prior Period Adjustments**

There were no prior period adjustments in the financial statements.

## **Note 7 - Employee Pension and Other Benefits**

The District participates in a SEP Retirement Plan for its full-time eligible employees. The plan is administered through Stifel. The District contributes 7% of the eligible wages of each participating employee. The District contributed \$15,954 during the year.

## **Note 8 - Components of Cash and Equivalents**

	Matures	Interest Rate	Balance
Petty Cash		0.00%	\$ 200
Checking - Liberty National Bank (Operating)	-	0.00%	781,393
Certificates of Deposit - Liberty National	8/24/2024	2.50%	62,362
Certificates of Deposit - Liberty National	6/8/2024	2.50%	100,651
Certificates of Deposit - All American Bank	5/9/2024	3.69%	68,269
			-
<b>Total Cash and Equivalents</b>			<b>\$ 1,012,875</b>

Liberty National has pledged securities for amounts over FDIC Insurance coverage.

## **Note 9 - Evaluation of Subsequent Events**

The subsequent events of the District have been evaluated through June 26, 2024.



# ***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  
Comanche County Rural Water District #1  
Lawton, Oklahoma

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 Comanche County Rural Water District #1 (District), as of and for the year ending December 31, 2023, and have issued my report thereon dated June 26, 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 District'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 District'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.

Given these limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. I did identify certain deficiencies in internal control described in the accompanying schedule of findings that I consider to be significant.

### Response to Findings

Comanche County Rural Water District #1's response to the findings identified in our audit is described in the accompanying schedule of findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I 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.

*Scott Northrip*

Certified Public Accountant

June 26, 2024

## **Comanche County Rural Water District No. 1**

### **Schedule of Findings and Responses**

**For the Year Ending December 31, 2023**

1) District's check book contained blank, pre-signed checks.

Criteria: The internal control procedures require that checks on be prepared and signed when the expenditure is to be made and substantiating evidence supports the check.

Condition: The pre-signed checks are kept in a secure location. Pre-signed was caused by the inconvenience of finding available signers.

Effect: The signed blank check could lead to unauthorized expenditures and the protections of dual signed checks.

Recommendation: The District should only sign checks after expenditures are ready to be paid and compared to proper supporting documentation.

Response: The District will consider the recommendations.