

**Comanche County Rural  
Water District #3**

*Audit Report*  
For Year Ending April 30, 2021

**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 #3  
Lawton, Oklahoma

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Comanche County Rural Water District #3, (District), as of and for the years ended April 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

### **Management's Responsibility 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; 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the 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 I 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 supporting 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

## **Auditor's Opinion**

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 #3, as of April 30, 2021 and 2020, 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.

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

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2021, 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 24, 2021

## Comanche County Rural Water District #3

Statement of Net Position  
As of April 30, 2021 and 2020

<b>ASSETS:</b>	<b>2021</b>	<b>2020</b>
Current Assets:		
Cash & Cash Equivalents (Note 8)	\$ 639,327	\$ 617,853
Accounts Receivable (Note 2)	40,328	35,426
Other Receivable	-	-
Prepaid Insurance	13,283	13,990
Accrued Interest Receivable	-	-
<b>Total Current Assets</b>	<b>\$ 692,938</b>	<b>\$ 667,269</b>
Noncurrent Assets:		
Land	\$ 14,158	\$ 14,158
Capital Assets: (Note 6)		
Other Capital Assets, net of depreciation	1,991,962	1,804,944
<b>Total Noncurrent Assets</b>	<b>\$ 2,006,120</b>	<b>\$ 1,819,102</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,699,058</b>	<b>\$ 2,486,371</b>
 <b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities:		
Accounts Payable	\$ 17,460	\$ 21,111
Interest Payable	-	-
Outside Coalition Legal Fund	-	-
Current Portion of Long-term Liabilities	-	-
<b>Total Current Liabilities</b>	<b>\$ 17,460</b>	<b>\$ 21,111</b>
Long-Term Liabilities: (Note 10)		
Notes Payable - net of current portion	\$ -	\$ -
Net Position:		
Restricted Fund Balance (Note 5)	\$ -	\$ -
Unrestricted Fund Balance	632,800	481,181
<b>Total Fund Balance</b>	<b>\$ 632,800</b>	<b>\$ 481,181</b>
Member Investments	1,217,760	1,181,760
Donated Assets (Note 7)	565,638	536,919
Impact & Storage Fees	60,500	60,500
Grants	204,900	204,900
<b>TOTAL NET POSITION</b>	<b>\$ 2,681,598</b>	<b>\$ 2,465,260</b>
 <b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,699,058</b>	<b>\$ 2,486,371</b>

See accompanying notes to the financial statements.

## Comanche County Rural Water District #3

Comparative Statement of Activities  
For the Years Ended April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>		
Water Sales	\$ 593,527	\$ 561,423
Late Fees	6,240	7,048
Other Charges	2,003	2,130
Installation Fees	5,010	8,111
<b>Total Operating Revenues</b>	<u><b>\$ 606,780</b></u>	<u><b>\$ 578,712</b></u>
<b>OPERATING EXPENSES:</b>		
Salaries	\$ 106,647	\$ 105,087
Depreciation Expense	94,688	89,059
Interest Expense	-	536
Utilities	27,377	24,930
Water Purchases	66,695	65,477
Repairs ,Supplies & Exploration	53,716	61,613
Insurance	10,308	10,629
Legal & Professional Fees	3,600	3,300
Meter Reading & Part-time help	5,022	3,350
Transportation Expense	13,122	5,811
Employee Benefits	27,001	26,451
Payroll Tax Expense	8,612	8,482
Communications Expense	5,101	4,950
Office Supplies & Postage	19,942	20,050
Computer & Internet Expense	2,684	2,077
Labs & Licenses	8,782	5,730
Meeting Expense	1,762	1,270
Bad Debt Expense	321	-
Miscellaneous Expense	3,913	2,427
<b>Total Operating Expenses</b>	<u><b>\$ 459,293</b></u>	<u><b>\$ 441,229</b></u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>\$ 147,487</b></u>	<u><b>\$ 137,483</b></u>
<b>OTHER REVENUES (EXPENSES):</b>		
Investment Revenues	\$ 4,132	\$ 4,687
Other Income	-	-
Gain on Sale of Assets	-	-
<b>Total Other Revenues(Expenses)</b>	<u><b>\$ 4,132</b></u>	<u><b>\$ 4,687</b></u>
<b>NET INCOME</b>	<u><b>\$ 151,619</b></u>	<u><b>\$ 142,170</b></u>

See accompanying notes to the financial statements.

### Comanche County Rural Water District #3

Comparative Statement of Changes in Net Position  
For the Years Ended April 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Balance, May 1</b>	<u>\$ 2,465,260</u>	<u>\$ 2,285,744</u>
Net Income (Loss)	151,619	142,170
Impact & Storage Fees	-	3,500
Member Investments	36,000	24,000
Donated Assets (Note 7)	28,719	9,846
Grants	<u>-</u>	<u>-</u>
Total Changes in Net Position	<u>\$ 216,338</u>	<u>\$ 179,516</u>
<b>Balance, April 30</b>	<u><u>\$ 2,681,598</u></u>	<u><u>\$ 2,465,260</u></u>

See accompanying notes to the financial statements.

# Comanche County Rural Water District #3

Comparative Statement of Cash Flows  
For the Years Ended April 30, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 601,878	\$ 578,369
Payments to suppliers	(220,267)	(201,143)
Payments to employees & benefits	(147,282)	(143,370)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 234,329</b>	<b>\$ 233,856</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	\$ (281,706)	\$ (133,599)
Donated Assets	28,719	9,846
Payments for Construction in Progress	-	-
Purchase of land	-	-
Principal payments on notes payable	-	(29,413)
Interest paid on notes payable	-	(625)
Proceeds from sale of assets	-	-
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>	<b>\$ (252,987)</b>	<b>\$ (153,791)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Receipts	\$ 4,132	\$ 4,704
Proceeds from Impact & Storage Fees	-	3,500
Proceeds from memberships	36,000	24,000
<b>Net Cash Provided from Investing Activities</b>	<b>\$ 40,132</b>	<b>\$ 32,204</b>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>\$ 21,474</b>	<b>\$ 112,269</b>
Cash and Investment Balance - Beginning	617,853	505,584
<b>CASH AND INVESTMENT BALANCE - ENDING</b>	<b>\$ 639,327</b>	<b>\$ 617,853</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 147,487	\$ 137,483
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:		
Interest Expense	-	536
Depreciation expense	94,688	89,059
Change in assets and liabilities:		
Accounts Receivable	(4,902)	(343)
Other Receivables	-	-
Prepaid Insurance	707	264
Accounts Payable	(3,651)	6,857
Outside Coalition Legal Fund	-	-
<b>Net Cash Provided from Operating Activities</b>	<b>\$ 234,329</b>	<b>\$ 233,856</b>

See accompanying notes to the financial statements.

# **Comanche County Rural Water District #3**

Notes to the Financial Statements  
For the Years Ended April 30, 2021 and 2020

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

### **Organization:**

Comanche County Rural Water District #3, (District) is an Oklahoma trust formed under the Oklahoma Rural Water Act to provide water in a designated area in and around Comanche County, Oklahoma to individuals and businesses that purchase a membership. The District served 968 and 955 meters for the years ending April 30, 2021 and 2020.

### **Basis of Accounting:**

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

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

The District 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 3 to 35 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 - Accounts Receivable**

The accounts receivable represents the water usage and service revenues for April plus any unpaid balances from the previous months. The District 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 April 30, 2021 and 2020 amounted to \$40,328 and \$35,426. 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 District did not have any contingencies as of the date of the audit.

## **Note 5 - Restricted Assets**

The District has no restricted assets as of April 30, 2021 and 2020.



# Comanche County Rural Water District #3

Notes to the Financial Statements  
For the Years Ended April 30, 2021 and 2020

## Note 6 - Changes in Capital Assets

	Balance 5/1/2020	Additions	Disposed	Balance 4/30/2021
Water System Plant Assets	\$ 880,033	\$ -	\$ -	\$ 880,033
Wells, Pumps & Telemetry	588,292	19,784	-	608,076
System Extension	2,262,357	261,922	-	2,524,279
Vehicles	24,812	-	-	24,812
Office Building	426,819	-	-	426,819
Office Furniture & Equipment	48,388	-	-	48,388
<b>Total Assets</b>	<b>\$ 4,230,701</b>	<b>\$ 281,706</b>	<b>\$ -</b>	<b>\$ 4,512,407</b>
Less: Accumulated Depreciation	2,425,757	94,688	-	2,520,445
<b>Net Fixed Assets</b>	<b>\$ 1,804,944</b>	<b>\$ 187,018</b>	<b>\$ -</b>	<b>\$ 1,991,962</b>

## Note 7 - 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 District for the years ending April 30, 2021 and 2020 were \$28,719 and \$9,846, respectively.

## Note 8 - Components of Cash and Investments

	Date of Maturity	Interest Rate	Balance
Checking - City National Bank	-	0.10%	\$ 366,943
Petty Cash	-	0.00%	200
Construction Acct - Walters Bank	-	0.10%	-
Money Market Acct - First National Bank	-	1.30%	272,184
			-
<b>Total Cash and Investments</b>			<b>\$ 639,327</b>

## Note 9 - Retirement

The District provides a retirement plan for its participating employees and the District contributes an amount equal to 10% of the employee's wages. The contributions made by the District during the year ending April 30, 2021 and 2020 were \$10,519 and \$10,353.

## Note 10 - Long Term Liabilities

The District has no long term liabilities as of the years ending April 30, 2021 or 2020.

# **Comanche County Rural Water District #3**

Notes to the Financial Statements  
For the Years Ended April 30, 2021 and 2020

## **Note 11 - Prior Period Adjustments**

There were no prior period adjustments in the financial statements for the years ending April 30, 2021 or 2020.

## **Note 12 - Evaluation of Subsequent Events**

The subsequent events of the District have been evaluated through June 24, 2021, the date of the financial statements.

# ***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 #3  
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 #3 (District), as of and for the years ending April 30, 2021 and 2020, and have issued my report thereon dated June 24, 2021.

### **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.

### 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 24, 2021