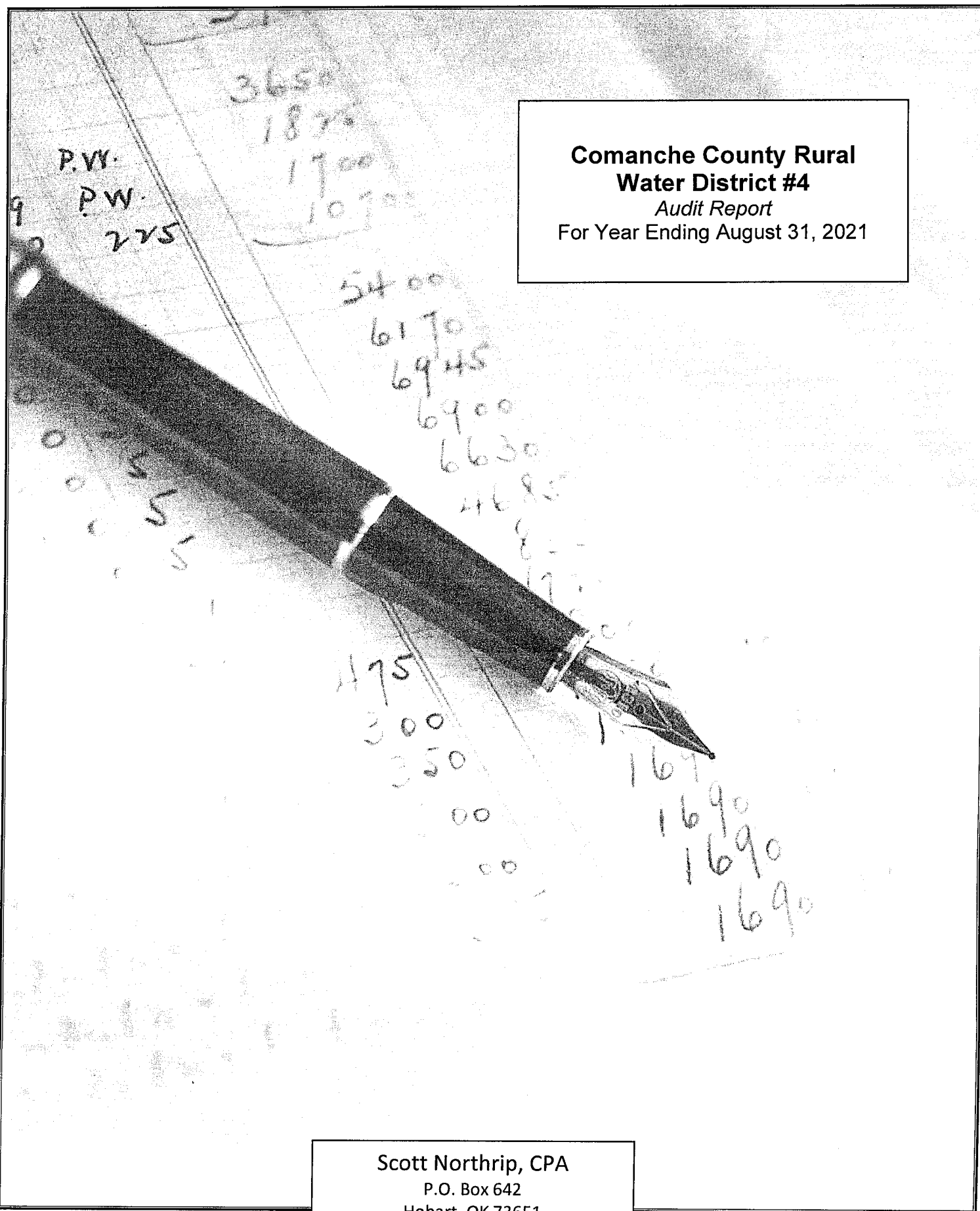


**Comanche County Rural  
Water District #4**  
*Audit Report*  
For Year Ending August 31, 2021

**Scott Northrip, CPA**  
P.O. Box 642  
Hobart, OK 73651  
(580) 726-5681



# Scott Northrip

*Certified Public Accountant*

*P.O. Box 642  
Hobart, Oklahoma 73651*

*311 S. Main St.  
(580) 726-5681*

## **Independent Auditor's Report**

To The Board of Directors of  
Rural Water District #4, Comanche County

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

I have audited the accompanying financial statements of Rural Water District #4 Comanche County (District) as of and for the years ended August 31, 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.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Water District #4 Comanche County as of August 31, 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*, we have also issued our report dated November 17, 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. This report are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

*Scott Northrip, CPA*

Certified Public Accountant

November 17, 2021

## Rural Water District #4, Comanche County

### Comparative Statement of Net Position

As of August 31, 2021 and 2020

<b>ASSETS:</b>	<b>2021</b>	<b>2020</b>
Current Assets:		
Cash & Cash Equivalents	\$ 3,520,627	\$ 940,626
Accounts Receivable (Note 2)	119,188	125,635
Prepaid Insurance	9,711	10,142
Other Receivable	-	-
Inventory	60,896	44,875
<b>Total Current Assets</b>	<b>\$ 3,710,422</b>	<b>\$ 1,121,278</b>
Noncurrent Assets:		
Construction in Progress	\$ 116,953	\$ 111,703
Capital Assets: (Note 6)		
Land and Water Rights	40,309	40,309
Other Capital Assets, net of depreciation	3,806,688	3,890,930
<b>Total Noncurrent Assets</b>	<b>\$ 3,963,950</b>	<b>\$ 4,042,942</b>
<b>TOTAL ASSETS</b>	<b>\$ 7,674,372</b>	<b>\$ 5,164,220</b>
<b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities:		
Accounts Payable	\$ 77,136	\$ 80,200
Accrued Wages Payable	12,724	12,104
Interest Payable	-	15
Current Portion of Long-term Liabilities	-	1,835
<b>Total Current Liabilities</b>	<b>\$ 89,860</b>	<b>\$ 94,154</b>
Long-Term Liabilities: (Note 10)		
Notes Payable - net of current portion	\$ -	\$ -
Net Positions:		
Restricted Fund Balance	\$ -	\$ 15,324
Unrestricted Fund Balance	2,323,699	2,146,761
<b>Total Fund Balance</b>	<b>\$ 2,323,699</b>	<b>\$ 2,162,085</b>
Member Investments	1,882,000	1,724,250
Donated Assets (Note 7)	2,507,483	312,401
Grants	871,330	871,330
<b>TOTAL NET POSITIONS</b>	<b>\$ 7,584,512</b>	<b>\$ 5,070,066</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 7,674,372</b>	<b>\$ 5,164,220</b>

See accompanying notes to the financial statements.

## Rural Water District #4, Comanche County

Comparative Statement of Activities  
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES:</b>		
Water Sales	\$ 1,355,781	\$ 1,319,757
Reimbursements	7,388	7,570
Miscellaneous Operating	3,582	-
<b>Total Operating Revenues</b>	<u><b>\$ 1,366,751</b></u>	<u><b>\$ 1,327,327</b></u>
<b>OPERATING EXPENSES:</b>		
Water Purchases	\$ 399,830	\$ 459,960
Personnel Expense	209,442	200,247
Depreciation Expense	138,023	136,417
Interest Expense	-	356
Utilities & Communication	57,282	51,387
Installation & Repairs	192,214	216,318
Transportation	39,007	39,150
Insurance	16,025	16,155
Dues & Licenses	20,036	22,680
Bad Debts Expense	-	3,926
Lease Expense	70,664	55,643
Office Expenses & Postage	17,680	17,844
Legal, Engineer & Audit Fees	28,705	60,602
Directors Fees & Meeting Expense	4,500	4,500
Service Charges	2,622	5,615
Miscellaneous Expense	11,450	11,738
<b>Total Operating Expenses</b>	<u><b>\$ 1,207,480</b></u>	<u><b>\$ 1,302,538</b></u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>\$ 159,271</b></u>	<u><b>\$ 24,789</b></u>
<b>OTHER REVENUES (EXPENSES):</b>		
Investment Revenues	\$ 2,343	\$ 2,806
Other Income	-	-
Gain on Sale of Assets	-	-
<b>Total Other Revenues(Expenses)</b>	<u><b>\$ 2,343</b></u>	<u><b>\$ 2,806</b></u>
<b>NET INCOME</b>	<u><b>\$ 161,614</b></u>	<u><b>\$ 27,595</b></u>

See accompanying notes to the financial statements.

## **Rural Water District #4, Comanche County**

### **Comparative Statement of Changes in Net Position**

For the Years Ended August 31, 2021 and 2020

	<b>2021</b>	<b>2020</b>
<b>Balance, September 1</b>	<u>\$ 5,070,066</u>	<u>\$ 4,670,618</u>
Net Income (Loss)	161,614	27,595
Prior Period Adjustment (Note 11)	-	-
Member Investments	141,500	238,250
Donated Assets (Note 7)	2,211,332	133,603
Grants	<u>-</u>	<u>-</u>
Total Changes in Net Position	<u>\$ 2,514,446</u>	<u>\$ 399,448</u>
<b>Balance, August 31</b>	<u><u>\$ 7,584,512</u></u>	<u><u>\$ 5,070,066</u></u>

See accompanying notes to the financial statements.

# Rural Water District #4, Comanche County

Comparative Statement of Cash Flows  
For the Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 1,373,198	\$ 1,342,159
Payments to suppliers	(878,668)	(951,804)
Payments to employees	(208,822)	(200,247)
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 285,708</b></u>	<u><b>\$ 190,108</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	\$ (53,781)	\$ (377,823)
Donated Assets	2,195,082	133,603
Payments for Construction in Progress	(5,250)	(84,855)
Principal payments on notes payable	(1,834)	(8,446)
Interest paid on notes payable	-	(678)
Purchase of land	-	(40,309)
Proceeds from Long-term notes	-	-
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>	<u><b>\$ 2,134,217</b></u>	<u><b>\$ (378,508)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Receipts	\$ 2,326	\$ 2,806
Other Proceeds	-	-
Proceeds from memberships	157,750	238,250
<b>Net Cash Provided from Investing Activities</b>	<u><b>\$ 160,076</b></u>	<u><b>\$ 241,056</b></u>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>\$ 2,580,001</b>	<b>\$ 52,656</b>
Cash and Investment Balance - Beginning	940,626	887,970
<b>CASH AND INVESTMENT BALANCE - ENDING</b>	<u><b>\$ 3,520,627</b></u>	<u><b>\$ 940,626</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 159,271	\$ 24,789
Adjustments to reconcile operating income to net cash provided (used):		
Interest Expense	-	356
Depreciation expense	138,023	136,417
Change in assets and liabilities:		
Accounts Receivable	6,447	14,832
Other Receivables	-	-
Prepaid Insurance	431	(206)
Inventory	(16,021)	(3,259)
Accounts Payable	(3,063)	16,113
Accrued Wages Payable	620	1,066
<b>Net Cash Provided from Operating Activities</b>	<u><b>\$ 285,708</b></u>	<u><b>\$ 190,108</b></u>

See accompanying notes to the financial statements.

# **Rural Water District #4, Comanche County**

Notes to the Financial Statements  
For the Years Ended August 31, 2021 and 2020

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

### **Organization:**

Rural Water District #4, Comanche Co., OK, (District) was 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 1,498 and 1,450 meters at August 31, 2021 and 2020 respectively.

### **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 4 to 50 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 June 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 meters are read and billed 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 didn't have any contingencies as of the date of the audit.

## **Note 5 - Restricted Assets**

The District has restricted certificates of deposit in the amount of \$15,324 for debt service as required by Berkadia's mortgage as of August 31, 2020.



## Rural Water District #4, Comanche County

Notes to the Financial Statements  
For the Years Ended August 31, 2021 and 2020

### Note 6 - Changes in Capital Assets

	Balance 9/1/2020	Additions	Disposed	Balance 8/31/2021
Water System Plant Assets	\$ 6,010,176	\$ 50,391	\$ -	\$ 6,060,567
Office Furniture & Fixtures	22,471	3,390	(1,759)	24,102
Equipment	128,946	-	-	128,946
Buildings & Improvements	275,199	-	-	275,199
<b>Total Assets</b>	<b>\$ 6,436,792</b>	<b>\$ 53,781</b>	<b>\$ (1,759)</b>	<b>\$ 6,488,814</b>
Less: Accumulated Depreciation				
Water System Plant Assets	2,332,184	117,983	-	2,450,167
Office Furniture & Fixtures	17,202	1,282	(1,759)	16,725
Equipment	71,090	7,819	-	78,909
Buildings & Improvements	125,386	10,939	-	136,325
Total Accumulated Depreciation	2,545,862	138,023	(1,759)	2,682,126
<b>Net Fixed Assets</b>	<b>\$ 3,890,930</b>	<b>\$ (84,242)</b>	<b>\$ -</b>	<b>\$ 3,806,688</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 August 31, 2021 and 2020 were \$0 and \$133,603, respectively. The District received \$2,195,082.15 in cash from the U.S. Dept. of Interior, Unified Region 6, United States Fish and Wildlife Service to pay for the extension of a 4" water line from the District into the Wichita Mountains Wildlife Refuge during the year ending 8-31-21.

### Note 8 - Components of Cash and Investments

	Date of Maturity	Interest Rate	8/31/2021 Balance
Checking - All America Bank	-	0.05%	\$ 1,322,646
CD - IBC Bank	2/28/2022	0.25%	114,055
Construction Checking - All America Bank	-	0.07%	2,083,926
<b>Total Cash and Investments</b>			<b>\$ 3,520,627</b>

### Note 9 - Retirement

The District provides a 401(a) retirement plan for its employees and matches contributions up to 10%. The District contributed \$11,412 and \$10,752 for the years August 31, 2021 and 2020.

## Rural Water District #4, Comanche County

Notes to the Financial Statements  
For the Years Ended August 31, 2021 and 2020

### **Note 10 - Long Term Liabilities**

The District has one 40 year note with Berkadia Mortgage and one note with All American Bank. The loans are fixed interest notes. The notes are secured by the assets of the District. Berkadia requires the District to reserve enough funds to pay an amount equal to a year's total payments. The District makes monthly payments on the notes. The note was paid in full during the year ending August 31, 2021.

	Date of Note	Annual Payments	Balance 8/31/2021	Balance 8/31/2020	Interest Rate
Berkadia	1/1/1988	\$ 15,324	\$ -	\$ 1,834	5.00%
		-	-	-	
		\$ 15,324	\$ -	\$ 1,834	
Less: Current Portion			-	1,834	
Net Balance			\$ -	\$ -	
Current Portion:	Berkadia				
Year Ending 2022			-	-	
Year Ending 2023			-	-	
Year Ending 2024			-	-	
Year Ending 2025			-	-	
Year Ending 2026			-	-	

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

There were no prior period adjustments in the financial statements for the years ending August 31, 2021 or 2020.

### **Note 12 - Subsequent Events**

The District's subsequent events have been evaluated through November 17, 2021, the date of the financial statements.

# Scott Northrip

*Certified Public Accountant*

P.O. Box 642  
Hobart, Oklahoma 73651

311 S. Main St.  
(580) 726-5681

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

To the Board of Directors of  
Rural Water District #4, Comanche County

I have audited, in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards* issued by the Comptroller General of The United States, the basic financial statements of the Rural Water District #4 Comanche County (District) for the years ended August 31, 2021 and 2020, and have issued our report thereon dated November 17, 2021.

### Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the District's compliance with certain laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However our objective was not to provide an opinion on the overall compliance with such provisions, 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*.

### Internal Control Over Financial Reporting

In planning and performing our audit, 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 my opinions on the effectiveness of the District's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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**

November 17, 2021