

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2013

RALPH OSBORN
CERTIFIED PUBLIC ACCOUNTANT
500 SOUTH CHESTNUT
P.O. BOX 1015
BRISTOW, OK 74010-1015

INDEPENDENT AUDITORS' REPORT

Board of Directors
Consolidated Rural Water District No. 1
Nowata & Rogers Counties
Nowata, Oklahoma

I have audited the accompanying financial statements of the business-type activities of Consolidated Rural Water District No. 1, Nowata, Oklahoma as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Consolidated Rural Water District No. 1, Nowata, Oklahoma's basic financial statements.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 internal control. Accordingly, I 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 opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Consolidated Rural Water District No. 1, Nowata, Oklahoma as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Supplementary Information

Consolidated Rural Water District No. 1, Nowata, Oklahoma has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statement.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Consolidated Rural Water District No. 1, Nowata, Oklahoma's basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 10, 2014, on my consideration of Consolidated Rural Water District No. 1's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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* and should be considered in assessing the results of my audit.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
July 10, 2014

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
STATEMENT OF NET ASSETS
DECEMBER 31, 2013

ASSETS

Current assets:

Accounts receivable, net	\$ 40,963
Prepaid expense	<u>8,109</u>
Total current assets	<u>49,072</u>

Restricted assets:

Restricted cash and cash equivalents	<u>59,748</u>
Total restricted assets	<u>59,748</u>

Non-current assets:

Capital assets:

Other capital assets, net of accumulated depreciation	<u>1,558,174</u>
Total non-current assets	<u>1,558,174</u>

Total assets	<u>1,666,994</u>
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LIABILITIES

Current liabilities:

Cash Overdraft	3,356
Accounts payable	1,995
Payroll liabilities	3,713
Accrued Interest Payable	3,858
Lease Purchase, current	3,364
Notes payable, current	<u>38,750</u>
Total current liabilities	<u>55,036</u>

Non-current liabilities:

Lease Purchase, non-current	12,654
Notes payable, non-current	<u>479,895</u>

Total non-current liabilities	<u>492,549</u>
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Total liabilities	<u>547,585</u>
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NET ASSETS

Nonspendable	1,059,661
Reserved for debt service	59,740
Reserved for capital projects	8
Unassigned	<u>-</u>

Net assets	<u>\$ 1,119,409</u>
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See accompanying notes to financial statements.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATING REVENUES

Charges for services	\$ 486,534
Transfers	576
Other	<u>9,182</u>
Total operating revenues	<u>496,292</u>

OPERATING EXPENSES

Personal Services	163,762
Water purchases	200,521
Office and postage expense	5,071
Dues, fees, and licenses	3,081
Insurance and bonds	15,077
Legal and professional	3,700
Telephone	3,852
Utilities	14,872
Repairs and maintenance	10,277
Vehicle Expense	17,400
Supplies	14,817
Other	4,129
Depreciation	<u>84,962</u>
Total operating expenses	<u>541,521</u>
Operating income (loss)	<u>(45,229)</u>

NON-OPERATING REVENUE (EXPENSES)

Sale of Equipment	6,663
New memberships	16,500
Alluwe sewer billing	1,500
Investment income	61
Interest on notes payable and fiscal fees	<u>(15,221)</u>
Total non-operating revenue (expenses)	<u>9,503</u>
Net income (loss)	(35,726)
Total net assets, beginning	<u>1,155,135</u>
Total net assets, ending	<u><u>\$ 1,119,409</u></u>

See accompanying notes to financial statements.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities	
Cash received from customers	\$ 495,267
Cash paid to employees	(163,164)
Cash payments to suppliers for goods and services	<u>(314,493)</u>
Net cash provided (used) by operating activities	<u>17,610</u>
Cash flows from noncapital financing activities:	
New memberships	16,500
Alluwe sewer billing	<u>1,500</u>
Net cash provided (used) by non-capital financing activities	<u>18,000</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(40,459)
Sale of capital assets	6,663
Proceeds from lease purchase	19,713
Interest on lease purchase	(339)
Principal on lease purchase	(3,695)
Interest paid on notes payable and fiscal fees	(14,914)
Principal paid on notes payable	<u>(38,750)</u>
Net cash (used) by capital and related financing activities	<u>(71,781)</u>
Cash flows from investing activities	
Receipt of interest and dividends	<u>61</u>
Net cash provided (used) by investing activities	<u>61</u>
Net increase in cash and cash equivalents	(36,110)
Cash and cash equivalents, beginning	<u>92,502</u>
Cash and cash equivalents, ending	<u><u>\$ 56,392</u></u>
Reconciliation of operating income (loss) to net cash provided by (used) by operating activities	
Operating income (loss)	\$ (45,229)
Depreciation	84,962
(Increase)/Decrease in Current Assets	
Accounts receivables, net	(1,025)
Prepaid expenses	(422)
Increase/(Decrease) in Current Liabilities	
Accounts payable	(21,274)
Payroll liabilities	598
Net cash provided by operating activities	<u><u>\$ 17,610</u></u>

See accompanying notes to financial statements.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Rural Water District No.1, Nowata & Rogers Counties, Oklahoma (the "District") was organized on August 10, 1982 by the Nowata County Board of County Commissioners and the Rogers County Board of County Commissioners by consolidating Rural Water District No.1 and Winganon Water District under the provisions of the Rural Water District Act (Title 82, O.S. Supp 1972, Sections 1324.1 to 1324.26) for the purpose of providing a water works system including all physical facilities, improvements and services necessary for executing that purpose in Nowata and Rogers counties. Since the District is a political subdivision of the State of Oklahoma, under Title 82, it is exempt from Federal and State income taxes.

The membership consists of approximately 600 benefit unit holders, each entitled to one vote. Subscribers to benefit units pay a \$1,500 subscription fee, which is non refundable, and entitles the holder to one line from the District's water system. The Board of Directors consists of 7 members serving 3 year terms. The vacant Board seats are filled at the annual meeting, and the Board of Directors elects a Chairman, Vice-Chairman, Secretary, and Treasurer.

Government-Wide and Fund Financial Statements

The District is a special purpose governmental entity engaged only in business type activities. The District prepares financial statements required for enterprise funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The financial statements report using the economic resources measurement focus and the accrual basis of accounting. Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating income reported in financial statements include revenues and expenses related to the primary, continuing operations of the District. Principal operating revenues are charges to customers for sales or services. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

FUND TYPES AND MAJOR FUNDS

The District reports all activity within a single fund.

Investments

The District follows Governmental Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires marketable securities to be carried at fair value. The District considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Investment reported in the financial statements is a certificate of deposit.

Capital Assets, Depreciation, and Amortization

The District's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost or at estimated historical cost for those items not previously reported. The District maintains infrastructure assets records consistent with all other capital assets. Donated assets are stated at fair value on the date donated. The District generally capitalizes assets with as purchase and construction outlay occur. The cost of normal maintenance and repairs that do not add to the assets value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method with one-half year depreciation in the year acquired and one-half in the year of disposal. When capital assets are disposed, the cost and applicable accumulated depreciation are moved from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follow:

Buildings	20 - 50 years
Water and sewer system	30 - 50 years
Machinery, and equipment	5 - 10 years
Improvements	10 - 20 years

The prior auditor was unable to obtain the schedule of fixed assets and depreciation schedule for 2005 and prior. The depreciation expense for any fixed assets acquired before 2005 has been estimated based on prior years' depreciation expense with the assumption that all prior assets will depreciate at the same rate as the expense reported in 2005 until fully depreciated. This method may cause an under or over depreciation of some fixed assets in this or future years.

Compensated Absences

All regular, full-time, hourly and all regular, full-time, salaried employees shall receive one week paid vacation after one year employment, and two weeks paid vacation after two years employment. Vacation pay is vested, and thus is paid upon retirement or separation (with proper notice). At December 31, 2013, it is not believed that accrued benefits, if any, are significant and would not materially affect the financial statements.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

Reserves and Designations

Reserves represent those portions of fund balance not available for expenditure or legally segregated for a specific future use. Restricted net assets represent tentative plans for future use of financial resources.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of counterparty, the District will not be able to recover the value of its deposits or investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, are not registered in the name of the District, and are held by counterparty or the counterparty's trust department but not in the name of the District. The District's policy requires that all deposits and investments in excess of amounts covered by federal deposit insurance be fully collateralized by the entity holding the deposits or investments. As of December 31, 2013, all of the District's deposits and investments were either covered by federal deposit insurance or were fully collateralized.

Deposits

The District had deposits at financial institutions with a carrying amount of approximately \$56,392 at December 31, 2013. The bank balance of the deposits at December 31, 2013 was approximately \$68,386.

Credit Risk

Fixed-income securities are subject to credit risk. However, the District did not have fixed income securities at December 31, 2013.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Board of Directors monitor's the investment performance on an ongoing basis to limit the District's interest rate risk. As of December 31, 2013, the District's deposits consisted of demand deposits and certificates of deposit with a maturity of 12 months or less.

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE C - RESTRICTED ASSETS

USDA RURAL DEVELOPMENT

The District has reported as restricted assets cash held by a trustee bank for use in relation to the note payable listed in Note E. The cash reported in the Statement of Net Assets is restricted as indicated. This cash is not available for other purposes.

NOTE D - CAPITAL LEASES

The District has entered into a lease agreement as lessee for financing the acquisition of equipment. The lease agreement qualifies as a capital lease for accounting purposes since title transfers at the end of the lease term and it has been recorded at the present value of the future minimum lease payments. The lease contains a clause which gives the District the ability to terminate the lease agreement at the end of each fiscal year.

Capital lease transactions for the year ended December 31, 2013 are as follows:

<u>Payable at</u> <u>January 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at</u> <u>December 31, 2013</u>
\$ -	\$ 19,713	\$ 3,695	\$ 16,018
<u>\$ -</u>	<u>\$ 19,713</u>	<u>\$ 3,695</u>	<u>\$ 16,018</u>

The schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments at December 31, is as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Ford</u> <u>Ford F-150</u>	<u>Total</u>
2014	4,401	4,401
2015	4,401	4,401
2016	4,401	4,401
2017	4,401	4,401
2018	<u>2,201</u>	<u>2,201</u>
Total minimum lease payment	19,805	19,805
Less: Amount representing interest	<u>3,787</u>	<u>3,787</u>
Total	<u>\$ 16,018</u>	<u>\$ 16,018</u>

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE E - CAPITAL ASSETS

The following table provides a summary of changes in capital assets:

	Beginning Balance	Additions	Retirements	Ending Balance
Building & Improvements	\$ 48,986	\$ -	\$ -	\$ 48,986
Equipment	158,797	24,713	-	183,510
Water Distribution System	3,303,171	15,746	-	3,551,413
Total Capital Assets	\$ 3,510,954	\$ 40,459	\$ -	\$ 3,551,413
Depreciation	(1,908,277)	(84,962)	-	(1,993,239)
Total Net Capital Assets	<u>\$ 1,602,677</u>	<u>\$ (44,503)</u>	<u>\$ -</u>	<u>\$ 1,558,174</u>

NOTE F - NOTES PAYABLE PROPRIETARY FUND

A brief description of the outstanding notes payable at December 31, 2013 is set forth below:

OWRB, Oklahoma Water Resources Board loan in the original loan amount of \$525,000, interest rate of .80% at December 31, 2012, term of 15 years, monthly installments are deposited into a debt service fund with the trustee bank. Annual principal payments and semi-annual interest payments are then made from this account to OWRB. \$ 480,000

ODOC, Oklahoma Department of Commerce CDBG-CD loan in the original loan amount of \$175,000, interest rate of 0.00%, term of 20 years, monthly installment of \$729.17. 38,645

TOTAL \$ 518,645

Following is the anticipated annual debt service amounts for principal payments.

<u>Year Ended October 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2014	\$ 38,750	\$ 15,320	\$ 54,070
2015	38,750	14,600	53,350
2016	38,750	13,880	52,630
2017	43,750	13,160	56,910
2018	38,645	11,970	50,615
2019 - 2023	190,000	41,590	231,590
2024 - 2026	130,000	9,010	139,010
Total	<u>\$ 518,645</u>	<u>\$ 119,530</u>	<u>\$ 638,175</u>

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE H - CONTRACTS

The District purchases water for resale from Chelsea Economic Development Authority, Chelsea, Oklahoma, under the terms of a Water Purchase Agreement dated December 19, 1997. The contract extends for an initial term twenty-nine (29) years and thereafter is to be reviewed annually for successive one year terms until terminated. The price paid by the District is determined based on costs incurred by the Authority in producing the water purchased. The contract contains terms defining the costs to be considered.

NOTE I - PENSION

Plan Description. The District contributes to the Oklahoma Public Employees Retirement Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the Oklahoma Public Employees Retirement System (OPERS). Benefit provisions are established and amended by the Oklahoma Legislature. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries. Title 74, Section 901 through 943, as amended, establishes the provisions of the Plan. OPERS issues a publicly available financial report that includes financial statements and supplementary information.

Funding Policy. The contribution rates for each member category are established by the Oklahoma Legislature and are based on an actuarial calculation which is performed to determine the adequacy of contribution rates. District employees are required to contribute a minimum of 3.5% of earned compensation, and the District is required to contribute a minimum of 11.5% with the total aggregated contribution of 20%. The District's contributions to the Plan for the years ending December 31, 2013, 2012 and 2011 were \$13,004, \$11,774 and \$10,175, respectively.

NOTE J - SUBSEQUENT EVENTS

The District has considered subsequent events through July 10, 2014, the date which the financial statements were available for release. The District is not aware of any items which need to be disclosed during that period.

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
Consolidated Rural Water District No. 1
Nowata & Rogers Counties
Nowata, Oklahoma

I 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 the business-type activities of Consolidated Rural Water District No. 1, Nowata, Oklahoma, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Consolidated Rural Water District No. 1's basic financial statements and have issued my report thereon dated July 10, 2014 which did not include Management's Discussion and Analysis.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Consolidated Rural Water District No. 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Consolidated Rural Water District No. 1's internal control. Accordingly, I do not express an opinion of the effectiveness of Consolidated Rural Water District No. 1's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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. I consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies (2013-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Consolidated Rural Water District No. 1, Nowata, Oklahoma's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2013-1.*

Consolidated Rural Water District #1 Response to Findings

Consolidated Rural Water District No. 1's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. Consolidated Rural Water District No. 1'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 the Report

The purpose of this report is solely to describe the scope of my 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ralph Osborn
Certified Public Accountant
Bristow, Oklahoma
July 10, 2014

CONSOLIDATED RURAL WATER DISTRICT NO. 1
NOWATA & ROGERS COUNTIES, OKLAHOMA
NOWATA, OKLAHOMA
SCHEDULE OF FINDINGS
DECEMBER 31, 2013

2013-1 Cash Balance

Finding: The District failed to maintain a positive reconciled cash balance. The District had a combined reconciled cash balance of (\$3,356) at December 31, 2013, therefore, the District was spending money they did not have.

Recommendation: The District maintains a general ledger and monthly reconciliations. The District should notice they have insufficient funds by the use of both the general ledger and monthly reconciliations. The District should take steps to insure the total expenses paid do not exceed the total cash available.

Response: The District will take steps to insure they do not exceed the cash that is available.