

**McCurtain County Rural Water District No. 1
Haworth, Oklahoma**

**Financial Statements
and Reports of Independent Auditors**

October 31, 2016

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

Broken Arrow, OK

McCurtain County Rural Water District No. 1
Haworth, Oklahoma
October 31, 2016

BOARD OF DIRECTORS

Chairman

Jay Lundry

Vice-Chairman

Charles Lewis

Secretary/Treasurer

Kent Smith

Member

David Mowdy

Member

Lahoma Whitehead

Member

Jerry Galloway

Member

Jason Allen

MANAGER

A.D. Roberts, Jr.

BOOKKEEPER

Lisa Nichols

BILLING CLERK

Janet Young

McCurtain County Rural Water District No. 1
Haworth, Oklahoma
October 31, 2016

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
McCurtain County Rural Water District No. 1
Haworth, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the McCurtain County Rural Water District No. 1 (the District), Haworth, Oklahoma and the related notes, as of and for the year ended October 31, 2016, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 we 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 about 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 District'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 District'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. We

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

Opinion

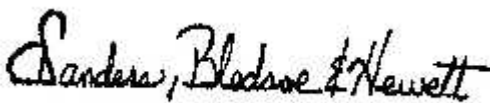
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of October 31, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with Accounting Principles Generally Accepted in the United States of America.

Other Matters

Accounting Principles Generally Accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2016 on our consideration of the Authority's internal control over financial reporting and on our 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 our testing of internal control over financial reporting or on 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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

December 9, 2016

McCurtain County Rural Water District #1

Management's Discussion and Analysis

October 31, 2016

Our analysis of McCurtain County Rural Water District #1 financial performance provides an overview for the fiscal year ended October 31, 2016.

Financial Highlights

- The District's total operating revenues exceeded total operating expenses by \$56,095. This amount includes \$95,750 of depreciation.
- The District has implemented a maintenance program on water meters; this year the District changed out 59 meters on the program.
- The District's water loss for the year totaled 22.62%, as reported to Board of Directors.

Using This Report

This report is presented in a format consistent with the present requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

The Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net position and the changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

One of the most important ways to see if the District is in good condition is the financial statements. The net assets versus liabilities show our District flourished under the management and staff. Over time, if a water District increased production while maintaining stable water rates, is a very good indicator of financial health. McCurtain County Rural Water District #1 has paid early two loans in recent years. Both loans have been on our books for excess of 30 years.

Net Position, and Changes in Net Position

The District's Net Position was higher in 2015-16, increasing from \$1,856,352 to \$1,877,260. Last year net assets decreased by \$80,282. Looking at the Net Position and Net Expenses of business-type activities separately, however, two different stories can emerge. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's business-type activities.

Table 1 – Net Position:

	2015-16	2014-15	Variances
Current and other assets	\$ 877,469	870,309	7,160
Capital assets, net	1,890,860	1,906,741	(15,881)
Total Assets	<u>\$ 2,768,329</u>	<u>2,777,050</u>	<u>(8,721)</u>
Current liabilities	\$ 84,837	84,677	(160)
Long-term liabilities	806,232	836,021	29,789
Total Liabilities	<u>\$ 891,069</u>	<u>920,698</u>	<u>29,629</u>
Invest. In capital assets, net			
of related debt	\$ 945,623	933,049	12,574
Restricted	65,856	65,856	-
Unrestricted	865,781	857,447	8,334
Total Net Position	<u>\$ 1,877,260</u>	<u>1,856,352</u>	<u>20,908</u>

Net Position of the District increased by 1.13 percent (\$1,877,260 compared to \$1,856,352). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$857,447 to \$865,781.

Table 2 – Changes in Net Position:

	2015-16	2014-15	Variances
Revenues:			
Charges for services	\$ 952,247	958,177	(5,930)
Interest	1,968	2,045	(77)
Total Revenues	\$ 954,215	960,222	(6,007)
Expenses:			
Salaries, taxes and benefits	\$ 274,829	300,914	26,085
Water purchases	324,634	347,718	23,084
Maintenance & repairs	53,666	88,539	34,873
Insurance	68,873	76,602	7,729
Other expenses	78,400	86,880	8,480
Depreciation	95,750	101,928	6,178
Interest on debt	37,155	37,923	768
Total Expenses	\$ 933,307	1,040,504	107,197
Changes in Net Position	20,908	(80,282)	101,190
Net Position, Beginning	1,856,352	1,936,634	(80,282)
Net Position, Ending	\$ 1,877,260	1,856,352	20,908

The District's total revenues decreased by 0.6 percent (-\$6,007). The total cost of all services decreased by 10.30 percent (-\$107,197).

Fixed Assets

As of October 31, 2016 the District had \$1,781,644 invested in fixed assets including land, water system, vehicles and equipment, net of depreciation. During the 2015-16 fiscal year, the District set approximately 32 meters and completed 6,370 work orders. In 2015-16, the District added a mixing system to their water tower.

Long Term Debt

The District is indebted to Rural Economic & Community Development \$820,917. The main debt was obtained originally to build the water system. Our debt to the Oklahoma Department of Commerce was to update the current system. The outstanding CDBG principal balance totals \$15,104. Please see page 19 of this report to see note balances and amounts due.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending October 31, 2017, the budget is consistent with this year.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District Office at Hwy 3 and Elm, P.O. 70 Haworth, Ok 74740 or call (580) 245-1403



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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**

Board of Directors
McCurtain County Rural Water District No. 1
Haworth, Oklahoma

We 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 accompanying financial statements of the McCurtain County Rural Water District No. 1 (the District), Haworth, Oklahoma, as of and for the year ended October 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2016.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of the internal control over financial reporting 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. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

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 combination of deficiencies, in internal control such that

there is a reasonable possibility that a material misstatement of the District'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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests 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, 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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

December 9, 2016

McCurtain County Rural Water District No. 1
Haworth, Oklahoma
Disposition of Prior Year's Significant Deficiencies
October 31, 2016

There were no prior year significant deficiencies.

McCurtain County Rural Water District No. 1
Haworth, Oklahoma
Schedule of Audit Results
October 31, 2016

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit disclosed no instances of noncompliance.
3. The audit disclosed no reportable conditions on the internal controls.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

None

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma
Statement of Net Position
October 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents	\$ 721,018
Current portion of receivables	89,196
Inventory of supplies	54,191
Prepaid assets	13,064
Total current assets	<u>877,469</u>

Noncurrent Assets:

Restricted cash-	
Reserve account	107,216
Investments with fiscal agents	2,000
Capital Assets-	
Land	31,225
Building, plant and water systems, net	1,677,451
Other capital assets, net	72,968
Total noncurrent assets	<u>1,890,860</u>

Total Assets	<u>2,768,329</u>
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LIABILITIES

Current Liabilities:

Accounts payable	40,113
Accrued liabilities	14,935
Current portion of long-term debt	29,789
Total current liabilities	<u>84,837</u>

Noncurrent Liabilities:

Long-term debt	<u>806,232</u>
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Total Liabilities	<u>891,069</u>
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NET POSITION

Invested in capital assets, net of related debt	945,623
Restricted for debt service	65,856
Unrestricted assets	<u>865,781</u>
Total Net Position	<u>\$ 1,877,260</u>

The accompanying notes to the financial statements are an integral part of this statement

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1
Haworth, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended October 31, 2016

Operating Revenues:	
Water sales	\$ 873,642
Fees and fines	67,976
Miscellaneous	10,629
Total revenue from operations	<u>952,247</u>
Operating Expenses:	
Salaries and benefits	254,654
Water purchases	324,634
Repairs and maintenance	32,384
Vehicle expense	21,282
Utilities and telephone	9,592
Insurance	68,873
Office expense and postage	32,835
Employee retirement	20,175
Depreciation	95,750
Dues and fees	10,978
Uniforms	9,068
Fire protection fees	15,927
Total expenses from operations	<u>896,152</u>
Operating Income (Loss)	56,095
Non-Operating Revenues (Expenses):	
Interest income	1,968
Interest paid on long-term debt	(37,155)
Total Non-Operating Revenues (Expenses)	<u>(35,187)</u>
Change in Net Position	20,908
Total Net Position, beginning of period	<u>1,856,352</u>
Total Net Position, end of period	<u><u>\$ 1,877,260</u></u>

The accompanying notes to the financial statements are an integral part of this statement

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1
Haworth, Oklahoma
Statement of Cash Flows
For the Year Ended October 31, 2016

Cash Flows from Operating Activities:

Receipts from customers	\$ 953,764
Payments to employees	(250,043)
Payments to vendors	(556,982)
Net Cash Provided by Operating Activities	<u>146,739</u>

Cash Flows from Financing Activities:

(Additions)/sale of fixed assets	(79,600)
Principal paid on long-term debt	(28,724)
Interest paid on long-term debt	(37,130)
Net Cash Provided by (used in) Financing Activities	<u>(145,454)</u>

Cash Flows from Investing Activities:

Interest earned on investments	<u>1,968</u>
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Net Increase (Decrease) in Cash 3,253

Cash and cash equivalents, beginning of period 824,981

Cash and cash equivalents, end of period \$ 828,234

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating Income	\$ 56,095
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	95,750
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,517
(Increase) decrease in supplies inventory	(5,869)
(Increase) decrease in prepaid insurance	176
Increase (decrease) in accounts payable	(930)
Net cash provided by operating activities	<u><u>\$ 146,739</u></u>

The accompanying notes to the financial statements are an integral part of this statement

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma

Notes to the Financial Statements

October 31, 2016

Note A – Significant Accounting Policies

Organization

Hughes County Rural Water District No. 2, Stuart, Oklahoma (the District) is recognized as a Rural Water District under Oklahoma Statutes, Title 82. The purpose of the organization is to provide potable water to residential and commercial customers who are members of the District.

Reporting Entity

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost of providing water services is financed through user charges. The District produces its own water supply.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and liabilities are recognized when incurred. This policy is in accordance with generally accepted accounting principles. The District has also complied with GASB Statement No. 34 financial reporting requirements.

Cash

The District's accounts are with the McCurtain County National Bank in Idabel, Oklahoma, and at October 31st, are detailed as follows:

	October 31,	
	2016	2015
Revenue account	\$ 312,665	303,376
Office account	1,829	1,919
Rural Development account	-	-
Less: Outstanding checks	(13,183)	(5,914)
Replacement account	419,707	418,653
Reserve account	107,216	106,947
Total	<u>\$ 828,234</u>	<u>824,981</u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma

Notes to the Financial Statements

October 31, 2016

Note A – Significant Accounting Policies – cont'd

The District's cash deposits at October 31, 2016 are categorized to give an indication of the level of risk assumed by the District at year-end.

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name

(C) Uncollateralized

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>	<u>Amount</u>
Cash	<u>\$ 250,000</u>	<u>578,234</u>	<u>0</u>	<u>828,234</u>	<u>841,417</u>

Restricted Cash

In compliance with Rural Economic and Community Development regulations, cash reserves have been established to collect up to one year's payment on the note payable, or \$59,604, at which time deposits may be suspended. When necessary, funds may be utilized with prior approval of the Rural Economic and Community Development. The reserve account funds have been deposited in an interest-bearing account at a national bank which is insured by the federal government. Monthly deposit requirements have been met using the monthly interest earnings.

All restricted assets are nevertheless liquid and have been included as cash and cash equivalents for the purpose of the cash flow statement. The total in cash reserves at October 31, 2016 was \$107,216.

Accounts Receivable

Billings for accounts receivable at October 31, 2016 were \$89,196. Allowance for doubtful accounts was not computed because the effects of bad debt on the financial statements are not considered material.

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma

Notes to the Financial Statements

October 31, 2016

Note A – Significant Accounting Policies – cont'd

Inventory

Supplies inventory is valued at the lower of cost or market, using the FIFO method (first in, first out).

Accumulated Unpaid Vacation and Sick Pay

At October 31, 2016, no determination of the aggregate dollar value of vacation or sick pay had been made.

Fixed Assets

Fixed assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	10-15 years
Transportation equipment	5 years
Water & sewer system	50 years
Buildings	40 years
Computer equipment	5-7 years

The fixed asset information for the District is shown below:

	11/1/2015 Amount	Additions	Deletions	10/31/2016 Amount
Land	\$ 31,225	-	-	31,225
Buildings	167,398	-	-	167,398
Office equipment	66,846	-	-	66,846
Plant and water sys.	3,285,908	79,600	-	3,365,508
Vehicles and equip.	598,251	-	-	598,251
Total Fixed Assets	4,149,628	79,600	-	4,229,228
Less: Accumulated Depreciation	(2,351,834)	(95,750)	-	(2,447,584)
Total	<u>\$ 1,797,794</u>	<u>(16,150)</u>	<u>-</u>	<u>1,781,644</u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma

Notes to the Financial Statements

October 31, 2016

Other Assets

The District invested \$2,000 in an insurance certificate with the Oklahoma Rural Water Association Assurance Group. This investment will be returned to the District in future years, along with dividends, as they become available.

Note B – Notes Payable

Notes payable consist of three notes to the Office of Rural Economic & Community Development and one note to the Oklahoma Department of Commerce.

The notes payable at October 31st, are detailed as follows:

	<u>2016</u>	<u>2015</u>
Note No. 91-08, Rural Economic & Community Development, issued for \$350,000, dated 02-16-90, at 5.00% interest due in monthly installments of \$1,691, until paid;	\$ 187,119	197,765
Note No. 91-10, Rural Economic & Community Development, issued for \$145,300, dated 12-02-97, at 4.50% interest, due in monthly installments of \$660, until paid;	107,594	110,599
Note No. 91-12, Rural Economic & Community Development, issued for \$602,650, dated 3-19-08, at 4.25% interest, due in monthly installments of \$2,616, until paid;	526,203	535,027
Note No. 8119 CDBG, Oklahoma Department of Commerce, issued for \$125,000, dated 02-09-98, at 0% interest, due in monthly installments of \$521, until paid;	<u>15,104</u>	<u>21,354</u>
Total	836,020	864,745
Less: Current maturities of long-term debt	<u>(29,798)</u>	<u>(28,724)</u>
Total Long-Term Debt	<u><u>\$ 806,222</u></u>	<u><u>836,021</u></u>

The scheduled maturities for the next five (5) years, and in total thereafter, are detailed as follows:

	<u>91-08</u>	<u>91-10</u>	<u>91-12</u>	<u>8119</u>	<u>Total</u>
2016-17	\$ 11,190	3,143	9,206	6,250	29,789
2017-18	11,763	3,287	9,605	6,250	30,905
2018-19	12,364	3,438	10,021	2,604	28,427
2019-20	12,997	3,596	10,456	-	27,049
2020-21	13,662	3,761	10,909	-	28,332
2020-25	79,538	21,561	62,060	-	163,159
2025-30	45,605	26,990	76,725	-	149,320
2030+	-	41,818	337,221	-	379,039
Totals	<u><u>\$ 187,119</u></u>	<u><u>107,594</u></u>	<u><u>526,203</u></u>	<u><u>15,104</u></u>	<u><u>836,020</u></u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1

Haworth, Oklahoma

Notes to the Financial Statements

October 31, 2016

Note C – Contributed Capital

Contributed capital was provided by grants of \$798,450 from the Rural Economic and Community Development, \$125,000 from the Oklahoma Department of Commerce, \$50,000 from the Oklahoma Water Resources Board, and \$5,294 in local funds to assist in building and improving the water system.

Note D – Retirement Plan

The District adopted an employee retirement plan on January 1, 1993, with Capital Guardian Trust Company, which is made available through Edward D. Jones Company, Idabel, Oklahoma. This plan is a SAR-SEP plan.

The District based its contribution on 10% of each employee's annual gross pay. The participation requirements of the employees are detailed as follows:

1. Eligibility begins on the first day of the plan year following the year in which the employee has been in service with the District for one year;
2. The employee must be 18 years of age.

Contributions to the plan for the year ended October 31, 2016 were \$21,175.

Note E -Insurance and Surety Bond Coverage

At October 31, 2016 the District had appropriate coverage against all major perils.

Note F – Subsequent Events

Management has evaluated subsequent events through December 9, 2016, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1
Haworth, Oklahoma
Balance Sheet
October 31, 2016

	OCTOBER 31,	
	2016	(memo only) 2015
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 301,311	299,381
Replacement cash	419,707	418,653
Accounts receivable	89,196	90,713
Inventory	54,191	48,322
Prepaid insurance	13,064	13,240
Total current assets	<u>877,469</u>	<u>870,309</u>
Restricted Assets:		
Reserve account	<u>107,216</u>	<u>106,947</u>
Fixed Assets:		
Land	31,225	31,225
Building	167,398	167,398
Office equipment	66,846	66,846
Plant and water systems	3,365,508	3,285,908
Vehicles and equipment	598,251	598,251
Total fixed assets	<u>4,229,228</u>	<u>4,149,628</u>
Less: accumulated depreciation	<u>(2,447,584)</u>	<u>(2,351,834)</u>
Total fixed assets (net)	<u>1,781,644</u>	<u>1,797,794</u>
Other Assets:		
Investments - ORWA	<u>2,000</u>	<u>2,000</u>
Total Assets	<u>\$ 2,768,329</u>	<u>2,777,050</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 40,113	45,654
Taxes payable	12,489	7,878
Accrued interest	2,446	2,421
Current maturities of long-term debt	29,789	28,724
Total current liabilities	<u>84,837</u>	<u>84,677</u>
Long-Term Debt, less current maturities:		
Notes payable	<u>806,232</u>	<u>836,021</u>
Total Liabilities	<u>891,069</u>	<u>920,698</u>
Fund Equity:		
Contributed capital	978,744	978,744
Retained earnings	898,516	877,608
Total fund equity	<u>1,877,260</u>	<u>1,856,352</u>
Total Liabilities and Fund Equity	<u>\$ 2,768,329</u>	<u>2,777,050</u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 1
Haworth, Oklahoma
Statement of Revenue, Expenses and Changes in Retained Earnings
For the Year Ended October 31, 2016

	2015-16	(memo only) 2014-15
Revenue from Operations:		
Water sales	\$ 873,642	857,485
Installation fees	8,500	9,250
Connection and reconnect fees	2,650	5,051
Penalties	12,384	12,462
Meter reading fees	28,512	31,082
Other sales and services	10,629	27,330
Fire protection fees	15,930	15,517
Total revenue from operations	<u>952,247</u>	<u>958,177</u>
Expenses from Operations:		
Salaries and benefits	254,654	277,834
Water purchases	324,634	347,718
Repairs and maintenance	32,384	58,082
Vehicle expense	21,282	30,457
Utilities and telephone	9,592	10,460
Insurance	68,873	76,602
Office expense and postage	32,835	35,004
Employee retirement	20,175	23,080
Depreciation	95,750	101,928
Dues and fees	10,978	12,307
Uniforms	9,068	13,188
Fire protection fees	15,927	15,921
Total expenses from operations	<u>896,152</u>	<u>1,002,581</u>
Net Income (Loss) from Operations	56,095	(44,404)
Non-operating income:		
Interest earnings	<u>1,968</u>	<u>2,045</u>
Non-operating expenses:		
Interest paid on debt	<u>(37,155)</u>	<u>(37,923)</u>
Net Income (Loss)	20,908	(80,282)
Retained earnings, beginning of period	<u>877,608</u>	<u>957,890</u>
Retained earnings, end of period	<u><u>\$ 898,516</u></u>	<u><u>877,608</u></u>