

*Independent Auditor's Report*

***Norge Water & Sewer Co., Inc.***

*Year Ended September 30, 2022*

**NORGE WATER & SEWER CO., INC.**  
**CHICKASHA, OKLAHOMA**  
**September 30, 2022**

**TABLE OF CONTENTS**

Independent Auditor’s Report	A – 1
------------------------------	-------

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – Modified Cash Basis	B – 1
--	-------

Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	B – 2
--	-------

Statement of Cash Flows – Modified Cash Basis	B – 3
--	-------

Notes to Basic Financial Statements	C – 1
-------------------------------------	-------

**REPORT ON INTERNAL CONTROL AND COMPLIANCE**

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 <i>Government Auditing Standards</i>	D – 1
---	-------

Schedule of Findings and Responses	E – 1
------------------------------------	-------

Schedule of Prior Year Audit Findings	F – 1
---------------------------------------	-------

Entity’s Corrective Action Plan	
---------------------------------	--

## INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Directors  
Rural Water & Sewer Co., Inc.  
Chickasha, Oklahoma

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying modified cash basis financial statements of the business-type activities of Norge Water & Sewer Co., Inc., Chickasha, Oklahoma, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the business-type activities of Norge Water & Sewer Co., Inc., Chickasha, Oklahoma, as of September 30, 2022, and the respective changes in modified cash basis financial position, and cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described on Note 1.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norge Water & Sewer Co., Inc., Chickasha, Oklahoma and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter – Basis of Accounting*

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

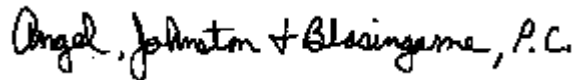
- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Entity's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2023, on our consideration of the Entity'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 solely 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 the effectiveness of the Entity's 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 Entity's internal control over financial reporting and compliance.



Chickasha, Oklahoma  
February 7, 2023

**NORGE WATER & SEWER CO., INC.**  
**Statement of Net Position**  
**Modified Cash Basis**  
**September 30, 2022**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$	412,765
Restricted cash and cash equivalents		17,900
Investments		271,063
<i>Total Current Assets</i>		701,728

**Non Current Assets**

Land and other non-depreciable assets		5,000
Other capital assets, net of depreciation		368,667
<i>Total Non Current Assets</i>		373,667

<i>Total Assets</i>		1,075,395
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**LIABILITIES**

**Current Liabilities**

Meter deposit liability		17,900
<i>Total Current Liabilities</i>		17,900

<i>Total Liabilities</i>		17,900
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**NET POSITION**

Net investment in capital assets		373,667
Unrestricted		683,828
		1,057,495

<i>Total Net Position</i>	\$	1,057,495
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The accompanying notes are an integral part of the financial statements.

**NORGE WATER & SEWER CO., INC.**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Modified Cash Basis**  
**For the Year Ended September 30, 2022**

<b>Operating Revenues</b>	
Water sales	\$ 218,671
Insurance refund	1,073
Membership fees	9,000
Fees and miscellaneous	4,229
Customer expansion	5,794
<i>Total Operating Revenues</i>	238,767
 <b>Operating Expenses</b>	
Bank service charges	60
Dues, fees and permits	815
Environmental quality	4,192
Insurance	3,027
Meter reading	2,400
Miscellaneous	712
Office expense	2,929
Professional fees	5,795
Repairs and maintenance	101,689
Salaries and payroll tax	44,580
Telephone	1,300
Utilities	4,167
Water purchased	34,646
Worker's compensation	1,772
Depreciation expense	12,199
<i>Total Operating Expenses</i>	220,283
<i>Operating Income (Loss)</i>	18,484
 <b>Non Operating Revenues (Expenses)</b>	
Interest income	4,493
<i>Total Non Operating Revenues (Expenses)</i>	4,493
<i>Change in Net Position</i>	22,977
<i>Net Position - Beginning of Year</i>	1,034,518
<i>Net Position - End of Year</i>	\$ 1,057,495

The accompanying notes are an integral part of the financial statements.

**NORGE WATER & SEWER CO., INC.**  
**Statement of Cash Flows**  
**Modified Cash Basis**  
**For the Year Ended September 30, 2022**

<b>Cash flows from operating activities</b>	
Receipts from customers	\$ 237,694
Receipt from vendors	1,073
Payment to employees	(44,580)
Payment to vendors	(163,504)
Other receipts (payments)	75
<i>Net cash provided by (used for) operating activities</i>	<u>30,758</u>
<b>Cash flows from capital and related financing activities</b>	
<i>Net cash provided by (used for) capital and related financing activities</i>	<u>-</u>
<b>Cash flows from investing activities</b>	
Increase in investments	(3,977)
Interest received	4,493
<i>Net cash provided by (used for) investing activities</i>	<u>516</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	31,274
<i>Cash and cash equivalents at beginning of year</i>	399,391
<i>Cash and cash equivalents at end of year</i>	<u>\$ 430,665</u>
<b>Reconciliation to Statement of Net Position:</b>	
Cash and cash equivalents	\$ 412,765
Restricted cash and cash equivalents	<u>17,900</u>
Total cash and cash equivalents	<u>\$ 430,665</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>	
Operating income (loss)	\$ 18,484
Adjustment to reconcile operating income to net cash provided (used) by operating activities:	
Change in customer meter deposit liability	75
Depreciation expense	<u>12,199</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ 30,758</u>

The accompanying notes are an integral part of the financial statements.



**NORGE WATER & SEWER CO., INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended September 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies**

**1.A. Financial Reporting Entity**

Norge Water & Sewer Co., Inc., Chickasha, Oklahoma is incorporated under the laws of the State of Oklahoma and is a nonprofit organization. The governing body consists of five members with one acting as the Board President. The purpose of this nonprofit Entity is to provide rural customers with water utilities. In accomplishing said purpose, the Entity may make financial inducements or take any other necessary action to provide services so long as such actions are consistent with state statutes and constitutional limitations.

The accompanying financial statements include all functions and activities over which the Entity exercises financial accountability. The Entity is considered a primary government as defined by the Governmental Accounting Standards Board (GASB) and has no other component units within its reporting entity.

**1.B. Basis of Presentation**

The Entity's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. All activities of the Entity are business-type activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**1.C. Measurement Focus and Basis of Accounting**

Measurement focus refers to how transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recognized and recorded in the financial statements regardless of the measurement focus applied.

The Entity's financial statements use the economic resources measurement focus and are presented on the modified cash basis of accounting. Revenues are recognized when they are received and expenses are recorded when paid with the following modifications:

- Investments
- Capital assets and the depreciation of those assets, where applicable
- Utility deposit liabilities

This basis is a basis of accounting other than accounting principles generally accepted in the United States of America. If the Entity utilized the basis of accounting recognized as generally accepted, the financial statements would use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred.

**NORGE WATER & SEWER CO., INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended September 30, 2022**

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**Note 1 – Summary of Significant Accounting Policies, (continued)**

**1.D. Assets, Liabilities and Equity**

Cash & Cash Equivalents - For the purposes of the statement of cash flows, the Entity considers all cash on hand, demand deposits, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents.

Investments – Investments consist of certificate of deposits maturing beyond three months. Investments are stated at cost.

Restricted Assets – Restricted assets include assets that are legally restricted as to their use. The primary restricted assets are related to refundable utility customer deposits.

Capital Assets – Capital assets acquired are capitalized and stated at historical cost or estimated historical cost, if actual historical cost is not available. Interest incurred during the construction phase of capital assets is reflected in the capitalized value of the asset constructed. The Entity does not have a capitalization threshold amount. Depreciation of exhaustible capital assets is recorded as an expense over the estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings, Water Systems and Improvements	40 Years
Equipment	5 – 10 Years

Refundable Deposits – Refundable meter deposits represent the funds received from customers for their water utility deposits. These deposits are refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service.

Net Position – Net position is divided into three components:

- a. *Net Investment in Capital Assets* – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvements of those assets.
- b. *Restricted net position* – Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**NORGE WATER & SEWER CO., INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended September 30, 2022**

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**1.D. Assets, Liabilities and Equity, (continued)**

It is the Entity's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**1.E. Revenues and Expenses**

Operating and Non-operating Revenues - Operating revenues are considered those whose cash flows are related to operating activities, while revenues related to financing, capital and investing activities are reported as non-operating.

Expenses - The Entity reports expenses relating to the use of economic resources.

**1.F. Estimates**

Certain estimates are made in the preparation of the modified cash basis financial statements, such as estimated lives for capital assets depreciation. Estimates are based on management's best judgments and may vary from actual results.

**Note 2 - Deposits, Investments, and Collateral**

Deposits and Investments - The Entity does not have a written investment policy that limits its investment choices. Currently investments consist of certificates of deposit.

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Entity's deposits may not be returned to it. The Entity does not have a written policy for custodial risk. The Federal Deposit Insurance Corporation insures deposits up to \$250,000 at each institution for all demand deposit accounts and up to \$250,000 at each institution for all time and savings accounts. As of September 30, 2022, the Entity's deposits held at two separate banks each exceeded the \$250,000 FDIC insurance level by \$201,728 and is exposed to uncollateralized custodial credit risk.

**Note 3 - Restricted Assets**

Restricted assets as of September 30, 2022 are as follows:

<u>Type of Restricted Asset</u>	<b>Restricted Cash and Cash Equivalents</b>
Meter Deposits	<u>\$17,900</u>

**NORGE WATER & SEWER CO., INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended September 30, 2022**

**Note 4 – Capital Assets**

Capital asset activity for the fiscal year ended September 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Non-depreciable assets:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total non-depreciable assets	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Depreciable assets:				
Equipment	5,750	-	-	5,750
Water System	<u>482,648</u>	<u>-</u>	<u>-</u>	<u>482,648</u>
Total depreciable assets	<u>488,398</u>	<u>-</u>	<u>-</u>	<u>488,398</u>
Less accumulated depreciation:				
Equipment	5,187	133	-	5,320
Water System	<u>102,345</u>	<u>12,066</u>	<u>-</u>	<u>114,411</u>
Total accumulated depreciation	<u>107,532</u>	<u>12,199</u>	<u>-</u>	<u>119,731</u>
Net depreciable assets	<u>380,866</u>	<u>(12,199)</u>	<u>-</u>	<u>368,667</u>
Net Capital Assets	<u>\$ 385,866</u>	<u>\$ (12,199)</u>	<u>\$ -</u>	<u>\$ 373,667</u>

Depreciation expense for the year was \$12,199.

**Note 5 - Liabilities**

Meter Deposits - The Entity collects deposits from customers that are to be refunded or credited to the customer upon termination of the utility service and payment of all charges due and connected with the service. Meter deposit liability at September 30, 2022 was \$17,900.

**Note 6 - Risk Management**

The Entity 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 Entity participates in a self-insurance pool to cover these risks, including general and auto liability, property damage, directors and officers liability, and blanket bond coverage.

They have a policy with the Oklahoma Rural Water Association Assurance Group consisting of the following coverage: General Liability \$1,000,000, Directors and Officers Liability \$1,000,000 and Blanket Bond Coverage \$10,000. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded coverage in the past three years.

**Note 6 - Risk Management, (continued)**

**NORGE WATER & SEWER CO., INC.**  
**Notes to Basic Financial Statements**  
**For the Year Ended September 30, 2022**

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As a member of the Oklahoma Rural Water Association (ORWA), the Entity is covered through the ORWA Worker's Compensation Policy. The ORWA has a policy with CompSource Oklahoma.

**Note 7 - Commitments and Contingencies**

The Entity is not involved with any legal proceedings, which normally occur in the course of operations at this time. While legal proceedings cannot be foreseen, the Entity feels that any settlement or judgment not covered by insurance would not have a material effect on the financial condition of the Entity.

**Note 8 - Related Party Transactions**

The Entity contracts with Woods Ditching for all water maintenance service. The current Entity's manager is related to the Woods Ditching owner(s).

**Note 9 - Subsequent Events**

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued and has determined that no additional information needs to be added to the financial statements.

# *Report on Internal Control and Compliance*

**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***

The Honorable Board of Directors  
Norge, Water & Sewer Co., Inc.  
Chickasha, Oklahoma

We 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 modified cash basis financial statements of the business-type activities of the Norge, Water & Sewer Co., Inc., Chickasha, Oklahoma, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Entity's basic financial statements and have issued our report thereon dated, February 7, 2023. Our report on the financial statements disclosed, that, as described in Note 1 to the financial statements, the Entity prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Norge, Water & Sewer Co., Inc., Chickasha, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our 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 responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as items 2022-002 and 2022-003 to be significant deficiencies.

### **Report on Compliance and Other Matters**

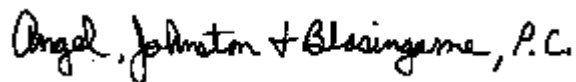
As part of obtaining reasonable assurance about whether Norge, Water & Sewer Co., Inc., Chickasha, Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances 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 responses as items 2022-002 and 2022-003.

### **Norge Water & Sewer Co., Inc., Guymon, Oklahoma's, Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Norge, Water & Sewer Co., Inc., Chickasha, Oklahoma's response to the findings identified in our audit and described in the accompanying corrective action plan. The Entity's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.



Chickasha, Oklahoma  
February 7, 2023



**Norge Water & Sewer Inc., Co.**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2022**

**2022-001** *Criteria* – The segregation of duties and responsibilities between different individuals for custody of assets, record keeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the Entity’s assets and ensure accurate financial reporting.

*Condition* – Presently the same individual performs all accounting functions; receives utility service related cash payments and is responsible for service billing and adjustments, also balances the daily cash drawer, posts payments to customer accounts, makes bank deposits, writes checks and reconciles the monthly bank statements and prepares monthly financial summaries.

*Cause* – The Board feels it would not be cost effective to hire another employee to segregate responsibilities.

*Effect or Potential Effect* - Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the accounting functions, including misappropriation of assets, could occur and not be detected within a timely basis.

*Recommendation* – While it may not be cost effective to hire the additional administrative staff that would be necessary in order to adequately segregate the responsibilities, the Board should consider a formal evaluation of their risks associated with this lack of segregation of duties. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties.

*Management Response* – See Corrective Action Plan.

**2022-002** *Criteria* – Deposits that exceed FDIC insurance should have pledged collateral to secure the Entity’s deposits in the event of a bank failure.

*Condition* – The Entity did not have adequate collateral pledged to cover deposits held at two separate banks. As of September 30, 2022, \$201,728 was not insured by FDIC or collateralized.

*Cause* – The Board is aware of the uncollateralized monies but has not decided if or how to invest the funds.

*Effect or Potential Effect* – Without sufficient collateral pledged, uncollateralized and uninsured deposits are at risk in the event of a bank failure.

*Recommendation* – Recommend management request a collateral agreement and monitor bank balances to ensure adequate collateral pledged to minimize deposit risk in the event of a bank failure, or deposit monies exceeding FDIC insurance in a third bank.

*Management Response* – See Corrective Action Plan.

**Norge Water & Sewer Inc., Co.**  
**Schedule of Findings and Responses**  
**For the Year Ended September 30, 2022**

**2022-003** *Criteria-* According to Fair Labor Standards Act all non-exempt employees must keep records showing information pertaining to that employee including date, hours worked and wages earned.

*Condition* – During testing of payroll, it was noted that employees were not keeping time sheets or having their time worked approved by the Board.

*Cause* – The Board has decided not to have employees maintain time sheets since they are salaried employees.

*Effect or Potential Effect* – Not maintaining time sheets or having them approved by a supervisor could cause over or underpayment of wages or possible non-payment of overtime due.

*Recommendation* – The Board should direct the manager to maintain daily time sheets, signed by the employee and approved and signed by the Board.

*Management Response* – See Corrective Action Plan.

**Norge Water & Sewer Inc., Co.**  
**Schedule of Prior Year Audit Findings**  
**For the Year Ended September 30, 2022**

**2021-001** *Condition* – Presently the same individual performs all accounting functions; receives utility service related cash payments and is responsible for service billing and adjustments, also balances the daily cash drawer, posts payments to customer accounts, makes bank deposits, writes checks and reconciles the monthly bank statements and prepares monthly financial summaries.

*Current Status* – Condition still exists.

**2021-002** *Condition* – The Entity did not have adequate collateral pledged to cover deposits held at two separate banks. As of September 30, 2021, \$166,477 was not insured by FDIC or collateralized.

*Current Status* – Condition still exists.

**2021-003** *Condition* – During testing of payroll, it was noted that employees were not keeping time sheets or having their time worked approved by the Board.

*Current Status* – Condition still exists.

***ENTITY'S CORRECTIVE ACTION PLAN***

# Norge Water and Sewer Co., Inc.

P. O. Box 1005 • Chickasha, OK 73023 • (405) 224-6243

## AUDIT FINDINGS CORRECTIVE ACTION PLAN

AUDIT YEAR 2022

AUDIT FINDING REFERENCE NUMBER: 2022-001

MANAGEMENT RESPONSE: Seems impractical for an entity  
our size & scope to engage a second employee. The board  
reviews & signs all expenditures at the monthly meetings.

AUDIT FINDING REFERENCE NUMBER: 2022-002

MANAGEMENT RESPONSE: We continue to review this as we  
proceed with upcoming construction projects. We plan to  
deposit in another institution to ensure coverage by FDIC.

AUDIT FINDING REFERENCE NUMBER: 2022-003

MANAGEMENT RESPONSE: We are still considering  
the best way to resolve this issue. It will be  
discussed at the next board meeting.

David L. Meddell

Board President

2-07-23

Date