

**STEPHENS COUNTY RURAL WATER,  
SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT NO. 3**

Financial Statements and  
Independent Auditor's Report

September 30, 2013

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
September 30, 2013**

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**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO.3  
Management's Discussion and Analysis  
Year ended September 30, 2013**

Our discussion and analysis of Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's (District) financial performance provide an overview of the District's financial activities for the year ended September 30, 2013. Please read this in conjunction with our financial statements which begin on page six.

**Using the Audited Financial Statements**

The financial statements consist of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present an overview of the District's finances, while the statement of cash flows presents the sources and uses of cash and cash equivalents for the year.

The purpose of the Stephens County Rural Water, Sewer and Solid Waste Management District No. 3 is to provide rural water and sewer services to residential and commercial users located within the District. Because all of the District's activities are directed toward this purpose, individual fund accounts and fund financial statements are not utilized.

**The Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities report information about the District as a whole and provide information in a way that helps users understand whether or not the District's financial condition improved or deteriorated during the period. These statements include all assets and liabilities of the District and are prepared using the accrual method of accounting. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them that occurred during the year. The difference in assets and liabilities is net position, which is a measure of equity, or financial position. The increase in net position that occurs over time is reported in the Statement of Activities, and is a measure of whether the financial position improved or deteriorated over time.

## Management's Discussion and Analysis, Continued:

### Current, Prior Year and Budget Comparisons

As noted in the following comparative summary of the Statements of Net Position, the decrease in total assets during the year was approximately five thousand dollars, while the decrease in liabilities was approximately twelve thousand dollars.

	<u>2013</u>	<u>2012</u>
Current assets	\$ 420,337	\$ 370,416
Property and equipment	658,810	714,229
Other assets	<u>57,169</u>	<u>56,473</u>
Total Assets	<u>1,136,316</u>	<u>1,141,118</u>
Liabilities	296,236	308,538
Net Position	<u>840,080</u>	<u>832,580</u>
Total Liabilities and Net Position	<u>\$ 1,136,316</u>	<u>\$ 1,141,118</u>

Following is a summary of the District's 2013 revenues and expenses compared to the 2013 budget and prior year 2012:

	<u>2013 Actual</u>	<u>2013 Budget</u>	<u>2012 Actual</u>
<u>Revenues</u>			
Water & sewer	\$ 279,442	\$ 277,000	\$ 286,769
Interest & other	<u>2,677</u>	<u>1,200</u>	<u>1,363</u>
	282,119	278,200	288,132
<u>Expenses</u>			
Personnel	105,802	98,147	104,786
Depreciation	55,418	53,000	53,996
Interest	12,738	13,000	13,406
Other Operating	<u>101,661</u>	<u>114,150</u>	<u>110,086</u>
	275,619	278,297	282,274
Net Income (Loss)	<u>\$ 6,500</u>	<u>\$ (97)</u>	<u>\$ 5,858</u>

## **Management's Discussion and Analysis, Continued:**

### **Analysis of Financial Position and Results of Operation**

2013 has been a productive year for Stephens County RWD 3. We have continued to pay off long term debt and have increased operating and reserve capital to the point of possibly retiring some or all long term debt.

### **Contacting the District's Management**

If you have questions about this report or need additional information, contact the District Manager at the District Office by mail at P.O. Box 276, Comanche, Oklahoma, 73529, or by telephone at (580) 439-5931.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Stephens County Rural Water, Sewer and  
Solid Waste Management District No. 3

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

We have audited the accompanying statement of net position of Stephens County Rural Water, Sewer and Solid Waste Management District No. 3 as of September 30, 2013 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the District's management.

### **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**

Our responsibility is to express an opinion 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 from 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

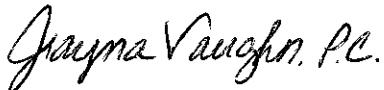
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Stephens County Rural Water, Sewer and Solid Waste Management District No. 3 as of September 30, 2013 and the results of its operations and its cash flows for the year then ended in accordance 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 and budgetary comparison information on pages one through three be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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 basic 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 January 3, 2014, on our consideration of the Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's internal control over financial reporting and 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 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* in considering Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's internal control over financial reporting and compliance.



Duncan, Oklahoma  
January 3, 2014

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Statement of Net Position  
September 30, 2013**

<b>Assets</b>	<u>2013</u>	<u>2012 (Memo only)</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 279,307	\$ 225,491
Certificates of deposit	107,319	107,210
Accounts receivable	24,196	28,255
Interest receivable	76	130
Prepaid insurance	9,439	9,330
	<u>420,337</u>	<u>370,416</u>
<b>Restricted certificates of deposit</b>		
Rural Development reserve	26,472	26,472
Meter deposits reserve	29,697	29,001
	<u>56,169</u>	<u>55,473</u>
<b>Property, plant and equipment, net</b>	658,810	714,229
<b>Other assets</b>		
Refundable deposits	<u>1,000</u>	<u>1,000</u>
Total assets	<u><u>\$ 1,136,316</u></u>	<u><u>\$ 1,141,118</u></u>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,534	\$ 3,762
Accrued compensated absences & payroll	13,573	13,609
Accrued interest payable	626	651
Notes payable - current portion	14,406	13,705
	<u>33,139</u>	<u>31,727</u>
<b>Long-term liabilities</b>		
Meter deposits	29,697	29,001
Notes payable-Rural Development	247,806	261,515
Less: current portion	<u>(14,406)</u>	<u>(13,705)</u>
	263,097	276,811
<b>Net Position</b>		
Invested in capital assets, net of related debt	411,004	452,714
Restricted, nonexpendable	26,472	26,472
Unrestricted	<u>402,604</u>	<u>353,394</u>
	840,080	832,580
Total liabilities and net position	<u><u>\$ 1,136,316</u></u>	<u><u>\$ 1,141,118</u></u>



**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Statement of Activities  
For the Year ended September 30, 2013**

	<u>2013</u>	<u>2012</u> (Memo only)
<b>Operating Revenues</b>		
Water and sewer revenue	\$ 279,442	\$ 286,769
<b>Operating Expenses</b>		
Water purchased	7,418	13,735
Supplies	9,369	9,721
Contract labor	4,730	2,300
Office expense	7,066	6,160
Dues, fees & license	3,922	6,431
Insurance & bonds	10,716	11,287
Professional fees	9,275	8,925
Truck expenses	2,189	5,058
Depreciation	55,418	53,996
Interest expense	12,738	13,406
Utilities & telephone	21,971	22,781
Repairs & maintenance	19,589	17,916
Salaries & wages	82,792	82,341
Employee benefits	16,269	15,877
Payroll taxes	6,741	6,568
Bad debts	1,199	157
Well development		2,160
Miscellaneous other	4,217	3,397
	<u>275,619</u>	<u>282,216</u>
Total expenses		
Net Income (Loss) from Operations	3,823	4,553
<b>Other Revenues (Expenses)</b>		
Interest income	877	1,363
Gain (Loss) on disposition of asset	1,800	(58)
	<u>6,500</u>	<u>5,858</u>
Net Income (Loss)		
Capital Contributions, member investments	1,000	1,100
Change in Net position	7,500	6,958
	<u>832,580</u>	<u>825,622</u>
<b>Net Position - Beginning of year</b>		
	<u>\$ 840,080</u>	<u>\$ 832,580</u>
<b>Net Position - End of year</b>		

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Statement of Cash Flows  
For the Year ended September 30, 2013**

	2013	2012 (Memo only)
<b>Cash Flows from Operating Activities</b>		
Cash receipts from customers	\$ 283,644	\$ 289,972
Cash payments to employees for services	(82,828)	(80,839)
Cash payments to suppliers of goods or services	(92,681)	(97,133)
Cash payments for other operating expenses	(30,798)	(36,317)
Net cash from operating activities	77,337	75,683
<b>Cash Flows from Capital and Related Financing Activities</b>		
Principal repayment on notes payable	(13,709)	(13,043)
Proceeds from members investment	1,000	1,100
Interest paid on notes payable	(12,738)	(13,429)
Change in restricted cash	(696)	(42)
Net cash from financing activities	(26,143)	(25,414)
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of property & equipment	1,800	100
Purchase of property & equipment		(21,242)
Interest income received	822	199
Net cash from investing activities	2,622	(20,943)
<b>Net increase (decrease) in cash and cash equivalents</b>	53,816	29,326
<b>Cash and Cash Equivalents - Beginning of year</b>	225,491	196,165
<b>Cash and Cash Equivalents - End of year</b>	279,307	225,491
Reconciliation of operating income to net cash provided by operating activities:		
Net income from operations	\$ 3,823	\$ 4,553
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	55,418	53,996
Interest expense	12,738	13,406
(Increase) decrease in accounts receivable	4,113	4,411
Increase (decrease) in accounts payable and accrued expenses	1,354	367
(Increase) decrease in other current assets	(109)	(1,050)
Net cash provided by operating activities	\$ 77,337	\$ 75,683

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Notes to Financial Statements  
September 30, 2013**

**Note A: Organization and Significant Accounting Policies**

**Organization and Nature of Activities**

The Stephens County Rural Water, Sewer and Solid Waste Management District No. 3 (District) was organized under the laws of Oklahoma as a rural water district on September 19, 1966. The purpose of the District is to provide water and sewer services to owners and occupants within the geographic area of the district it serves in Stephens County, Oklahoma.

**Basis of Presentation and Measurement Focus**

The financial statements of the District have been prepared on the accrual basis of accounting and, accordingly, include all significant receivables, payables and other liabilities. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

All activities of the District are business-type activities, financed in whole or in part by fees charged to member users for water and sewer services. The business-type activity utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position, and cash flows. All assets and liabilities (whether current or non current, financial, or non financial) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits and certificates of deposit in financial institutions with original maturities of less than ninety days, less and except those amounts set aside as reserve funds pursuant to loan covenants with USDA Rural Development and as reserve funds for customer meter deposits liabilities.

**Property, Plant and Equipment**

Property, plant and equipment are stated at historical cost basis less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives generally range from five to forty years. The District capitalizes property and equipment for which the purchase cost is at least \$1,600.

**Income Tax Status**

The District is exempt from income taxes under Internal Revenue Code Section 115(a).

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Notes to Financial Statements  
September 30, 2013**

**Use of Estimates**

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

**Allowance for Doubtful Accounts**

The District has established an allowance for doubtful accounts which represents five percent of the total accounts receivable from users at the financial statement date.

**Comparative Data**

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2012 from which the summarized information was derived.

**Subsequent Events**

Management has evaluated subsequent events through January 3, 2014, the date the financial statements were available to be issued.

**Note B: Deposits in Financial Institutions**

Deposits in financial institutions are presented in the statement of net assets as follows:

Cash and Cash Equivalents	\$279,307
Certificates of Deposit	107,319
Rural Development Reserve	26,472
Meter Deposit Reserve	29,697
Total Deposits	<u>\$442,795</u>

Deposits at September 30, 2013 include certificates of deposit, which total \$163,488. The certificates bear interest from .05 to .55 percent per annum, and mature within six months after the year ended September 30, 2013.

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Notes to Financial Statements  
September 30, 2013**

At September 30, 2013, the carrying amount of the District's cash and certificates of deposit in financial institutions was \$442,628 and the bank balances were \$447,851. The District's policy is to require collateralization of deposits in excess of FDIC insurance coverage. The deposits held at financial institutions can be categorized according to three levels of risk, as follows:

- Category 1      Deposits which are insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2      Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
- Category 3      Deposits which are not insured or collateralized.

Based on these three levels of risk, the District's cash deposits are classified as follows:

Category 1	\$398,395
Category 2	\$ 49,456

**Note C:      Accounts Receivable**

Accounts receivable, stated at \$28,255, consists of amounts receivable for water and sewer charges in the amount of \$29,742 less \$1,487 allowance for doubtful accounts.

**Note D:      Restricted Deposits**

The Rural Development reserve in the amount of \$26,472 represents deposits set aside pursuant to loan covenants with Rural Development. The reserve requirement is one year's debt service for principal and interest on Rural Development notes payable.

The Meter Deposits reserve in the amount of \$29,697 represents deposits set aside to satisfy the liability for meter deposits collected from customers.

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Notes to Financial Statements  
September 30, 2013**

**Note E: Property, Plant and Equipment**

Property, plant and equipment consists of the following at September 30, 2012 and 2013, respectively:

	2012	2013
Water and sewer distribution systems	\$ 1,620,507	\$ 1,620,507
Wells and pumps	32,987	32,987
Equipment and vehicle	94,109	80,673
Buildings	99,423	99,423
Land	145,624	145,624
	1,992,650	1,979,214
Less: Accumulated Depreciation	(1,278,421)	(1,320,404)
Total property, plant and equipment	\$ 714,229	\$ 658,810

**Note F: Notes Payable to Rural Development**

Notes payable of \$247,806 consist of two mortgage loans in favor of United States Department of Agriculture (USDA) through Rural Development (formerly Farmers Home Administration). All loans have an initial term of forty years and bear interest at five percent per annum. Following is a summary of the notes payable at September 30, 2013:

Note Number	Date	Annual Debt Service	2012 Balance	2013 Balance
9205	11/5/1992	\$ 13,500	\$ 167,415	\$ 162,165
9104	2/24/1983	12,972	94,100	85,641

The combined debt service requirements on the above loans are as follows:

Due Fiscal Year Ending Sept. 30	Principal	Interest	Total
2014	\$ 14,406	\$ 12,066	\$ 26,472
2015	15,143	11,329	26,472
2016	15,888	10,584	26,472
2017	16,730	9,742	26,472
2018	17,586	8,886	26,472
2019-2023	75,619	31,238	106,857
2024-2028	50,270	17,230	67,500
2029-2032	42,164	3,886	46,050
	\$ 247,806	\$ 104,961	\$ 352,767

All Rural Development loans are secured by all property, plant and equipment of the District (except vehicles), in addition to revenues generated by the water and sewer systems.

Interest paid during the year was \$12,763.

**STEPHENS COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Notes to Financial Statements  
September 30, 2013**

**Note G: Risk Management**

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The following coverage was in effect pursuant to ORWA Assurance Group Protection Plan, Agreement number 10288 for the policy period ending June 1, 2014:

General liability, aggregate	\$1,000,000
Buildings and personal property	1,273,756
Automobile, comprehensive and collision	19,950
Automobile liability, aggregate	1,000,000
Employment practices liability, aggregate	1,000,000
Errors or omissions liability	1,000,000
Employee dishonesty, blanket	10,000

Workers compensation insurance is also provided pursuant to an annual contract with ORWA.

**Note H: Retirement Plan**

During the year ended September 30, 2003, the District implemented a SEP-IRA plan (a defined contribution plan) for its eligible employees. Employees are eligible for participation upon reaching age 21 and having performed services for the District in at least two years of the most recent five year period. The District contributed a total of \$4,069 to employee SEP accounts during the year ended September 30, 2013.

**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  
Stephens County Rural Water, Sewer  
and Solid Waste Management District No. 3

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 financial statements of Stephens County Rural Water, Sewer and Solid Waste Management District No. 3, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's basic financial statements, and have issued our report thereon dated January 3, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's internal control over financial reporting (internal control) to determine the 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 Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's internal control. Accordingly, we do not express an opinion on the effectiveness of the Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Stephens County Rural Water, Sewer and Solid Waste Management District No. 3's financial statements are free from material misstatements, 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **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.



Duncan, Oklahoma  
January 3, 2014

**STEPHEN'S COUNTY RURAL WATER, SEWER AND  
SOLID WASTE MANAGEMENT DISTRICT NO. 3  
Schedule of Findings and Responses  
Year ended September 30, 2013**

Finding – Due to limited staff, the Organization does not have adequate segregation of financial duties to achieve optimal internal control. One person performs multiple functions that are normally separated for good internal control.

Response – Due to limited funding and budget considerations, it is not practical to hire additional staff at this time. To compensate for this deficiency, we utilize the services of an outside accountant to compile financial statements; additionally, our Board is very active in performing oversight functions and making management decisions.