

# ANNUAL REPORT

## FY 1967



UKYU DOMESTIC WATER CORPORATION

# **ANNUAL REPORT**

Fiscal Year 1967

**RYUKYU DOMESTIC WATER CORPORATION**

## RYUKYU DOMESTIC WATER CORPORATION

INSTRUMENTALITY OF UNITED STATES CIVIL ADMINISTRATION

RYUKYU ISLANDS

P. O. BOX 375

NAHA, OKINAWA

TEL: 8-4536, 8-1720, 8-4075, 8-8403, 8-7926

September 19, 1967

Mr. Stanley S. Carpenter  
Civil Administrator  
United States Civil Administration of the Ryukyu Islands

Dear Sir:

Submitted is the annual report for the fiscal year ended June 30, 1967 of the Ryukyu Domestic Water Corporation.

The first section of the report reviews the activities of the Corporation during the fiscal year. Section II presents the financial statements audited by a certified public accountant.

Sincerely yours,



Colonel Harrington W. Cochran  
Chairman, Board of Directors



Hirosada Ohama  
President

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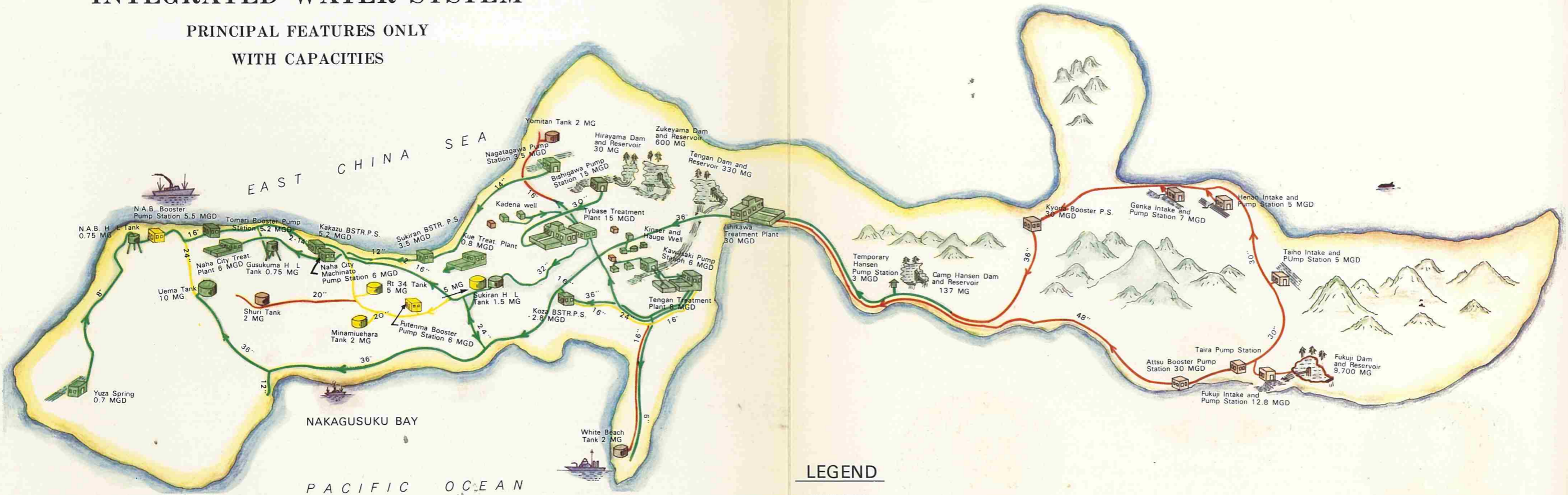


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# INTEGRATED WATER SYSTEM

PRINCIPAL FEATURES ONLY  
WITH CAPACITIES



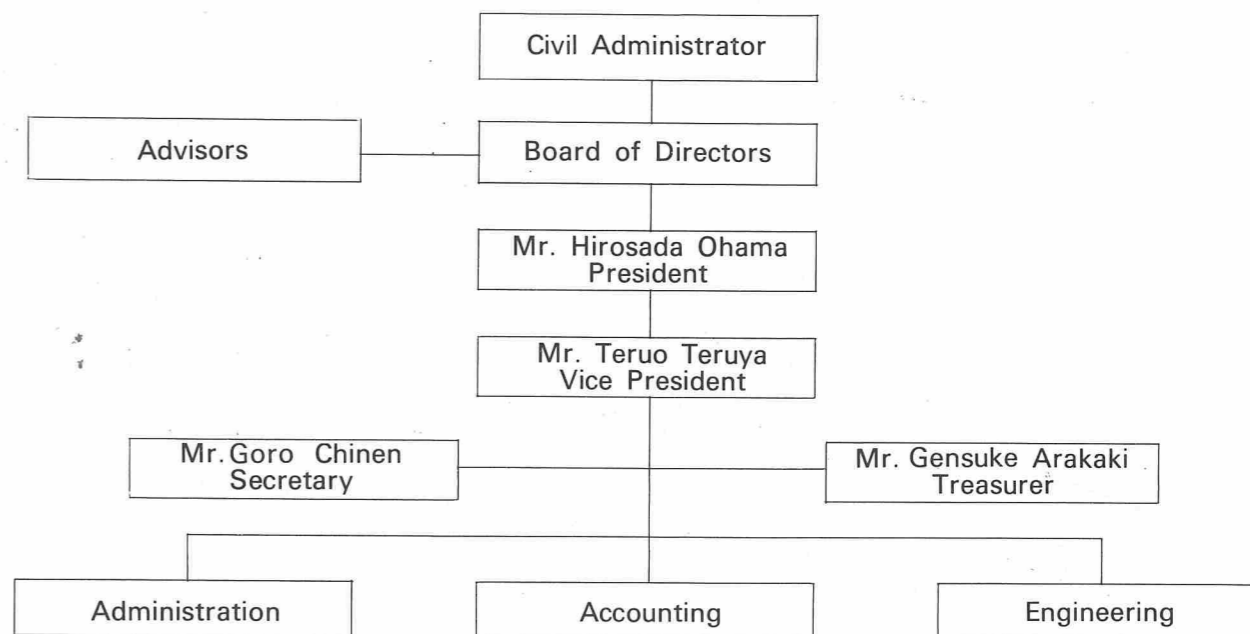
## LEGEND

- EXISTING
- UNDER CONST.
- PLANNED



ORGANIZATION CHART  
OF  
THE RYUKYU DOMESTIC WATER CORPORATION

(As of 30 June 1967)



BOARD OF DIRECTORS



**Mr. S. Kohagura**  
*Member;*  
*Deputy Chief Executive, GRI*



**Col. H. W. Cochran**  
*Chairman; Director,*  
*Public Works Dept., USCAR*



**Lt. Col. H. W. Gustafson**  
*Member;*  
*Post Engineer, Fort Buckner*



**Mr. N. Takaramura**  
*Member; President,*  
*Ryukyu Development Loan Corporation*



**Mr. H. Ohama**  
*Member; President,*  
*Ryukyu Domestic Water Corporation*



## RYUKYU DOMESTIC WATER

**Establishment and Objectives:** The Ryukyu Domestic Water Corporation (RDWC) was established on 4 September 1958 by High Commissioner Ordinance Number 8, as an instrumentality of the United States Civil Administration of the Ryukyu Islands (USCAR), for the purpose of providing safe and adequate water service for the use and benefit of the Ryukyuan people and for the industrial development of the Ryukyu Islands.

**Scope of Business:** To accomplish its objectives, the Corporation is empowered to:

1. Produce, purchase, distribute and sell water to public and private consumers at rates approved by the Civil Administrator of the Ryukyu Islands.
2. Acquire, maintain and operate domestic water producing properties and facilities in the Ryukyus for the collection, treatment, transmission, distribution and sale of water.
3. Acquire or construct dams, pumping stations, treatment plants, transmission lines,

and incidental works, including storage facilities, in the Ryukyus.

4. Unite various water supply installations into one or more systems by interconnecting pipe lines.

**Management and Operations:** The management of the Corporation is vested in a Board of Directors, which is composed of five members all appointed by the Civil Administrator. At present, the members of the Board are: Col. Harrington W. Cochran, Director, Public Works Department, USCAR (Chairman), Mr. Hirosada Ohama, RDWC President, Mr. Seiko Kohagura, Deputy Chief Executive, GRI, Lt. Col. Harold W. Gustafson, Post Engineer, Fort Buckner, and Mr. Nobuo Takaramura, President of Ryukyu Development Loan Corporation.

The business affairs of the Corporation are carried out by the Ryukyuan staff of 32 as of 30 June 1967 under the direct supervi-



A Regular Monthly Meeting of Board of Directors

## CORPORATION AT GLANCE

sion of the President.

**Integrated Island Water System:** The Integrated Island Water System is the main source of potable water for the people on Okinawa. The System consists of facilities owned by U.S. Army, Ryukyu Islands (USARYIS), and RDWC, and is presently operated by the former organization. Under an operational agreement, the Corporation purchases water at cost from USARYIS to supply the requirements of twelve (12) municipalities located in the most densely populated areas of the central and southern part of the Island including Naha City.

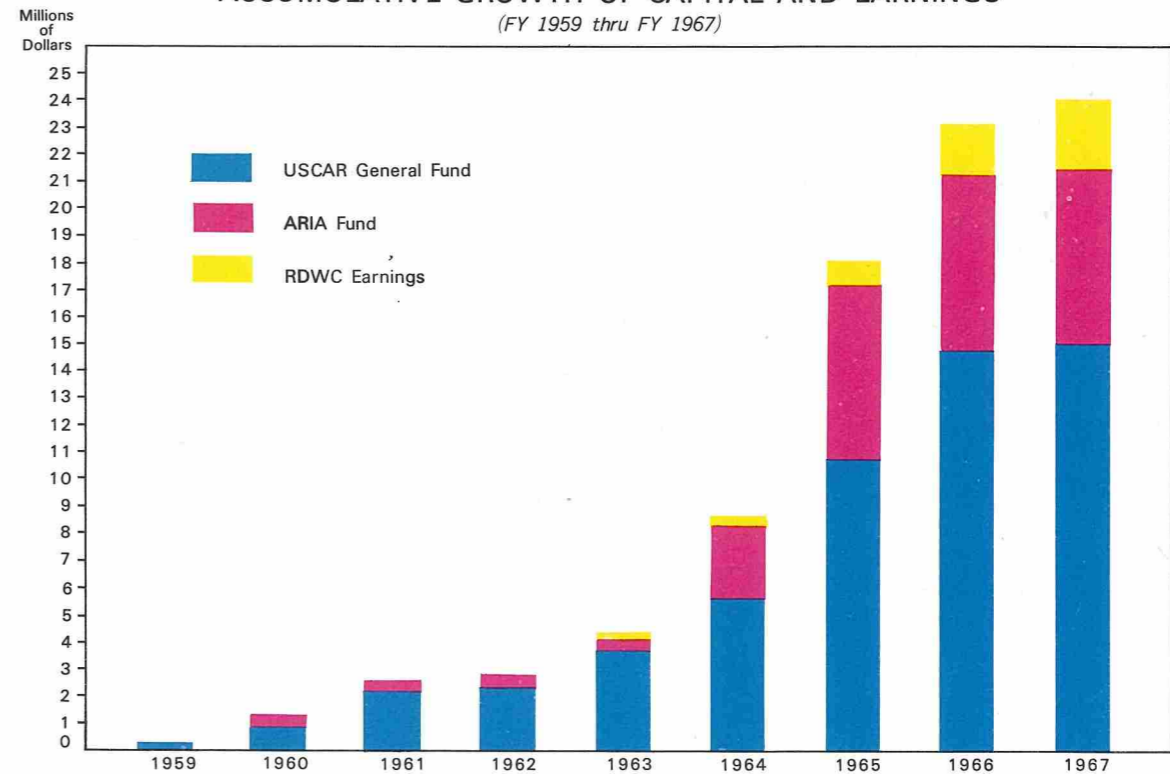
The System, now capable of producing an average of 30 million gallons per day, with peak demands exceeding 33 million gallons, is undergoing rapid expansion under the Master Water Plan developed and financed by the

Corporation. The Corporation's investment in the System amounted to \$15.4 million as of 30 June 1967 and is expected to exceed \$29 million in a few years.

**Financing:** There are three sources of funds for capital investment of RDWC: the General Fund of USCAR, the Army Civil Function appropriation (Administration Ryukyu Islands Army), and the retained earnings of the Corporation. The former two constitute the major fund sources and contributions therefrom, as of 30 June 1967, amounted to \$14.9 million and \$6.5 million respectively. It is the established policy of the Corporation to reinvest all of its retained earnings, which amounted to \$2.6 million as of 30 June 1967, for the improvement and expansion of the existing facilities and for the development of new sources for an expanded water supply.

### ACCUMULATIVE GROWTH OF CAPITAL AND EARNINGS

(FY 1959 thru FY 1967)



**I. Fiscal Year 1967 In Review**



## 1. Summary

In the fiscal year under review, the Corporation received an additional capital contribution of \$1,250,000 from USCAR General Fund for continuous improvement and expansion of the Integrated Island Water System. During the fiscal year, 11 construction projects and 14 design and/or study projects were completed. In addition, 14 construction contracts were awarded, and there were 11 projects under construction and 9 projects under design and/or study.

As a result, there now exists \$13 million water facilities in service, and \$8 million have been programmed for various projects.

The water demand in the Ryukyus has continued a steady increase, and during the fiscal year 1967, the Corporation sold 5.417 billion gallons of water, showing an increase of 22 percent over the previous fiscal year.

## 2. Operations

### Operation of Integrated Island Water System:

The Integrated Island Water System (IWS) consists of facilities owned by USARYIS and

RDWC. Under the agreement between the two parties of 15 May 1958, as amended, USARYIS is responsible for the operation and maintenance of the entire Integrated Island Water System and furnishes at cost to RDWC the daily amount of water needed to satisfy the requirements of local municipalities and other consumers to the maximum extent possible. In FY 1967, IWS produced a total of 10.294 billion gallons of water (9.314 billion gallons of treated water and 0.980 billion gallons of raw water) and furnished RDWC a total of 5.417 billion gallons (4.437 billion gallons of treated water and 0.980 billion gallons of raw water).

Based on an operational arrangement between RDWC and Fort Buckner, the operator of the Integrated Island Water System, in March 1967, the Corporation recruited and placed eighteen (18) Ryukyuan chemists, pump station operators and dam tenders under the direct supervision of Island Water System Division for operation and maintenance of newly constructed water facilities including Ishikawa Water Treatment Plant and Tengan Dam. The aggregated wages for these RDWC employees will be credited to cost of water furnished RDWC.

### BREAKDOWN OF WATER SOLD BY RDWC

(In Thousands of Gallons)

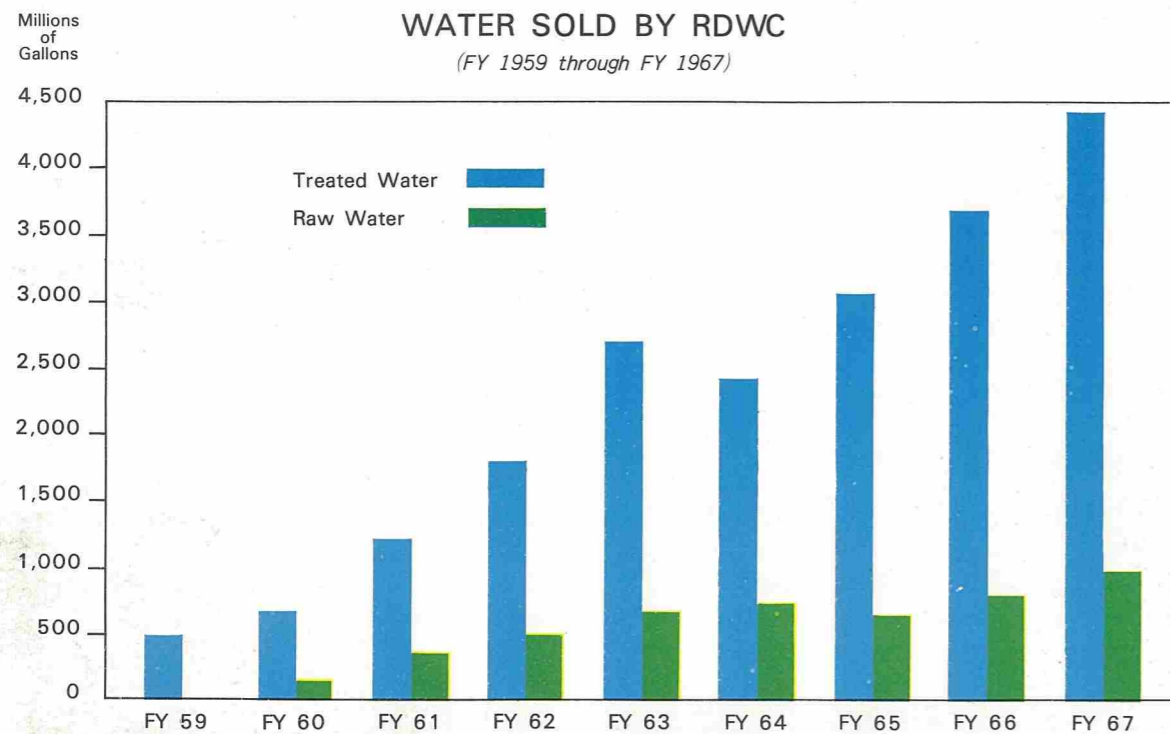
	FY 1967	FY 1966	Percentage of Increase or (Decrease)
Treated Water Sold			
Municipalities:			
Naha	1,393,268	1,118,117	25
Koza	782,013	647,723	21
Ginowan	668,643	608,565	10
Urasoe	562,719	425,689	32
Misato	231,043	192,707	20
Gushikawa	182,932	144,543	27
Chatan	145,335	124,497	17
Kadena	155,735	164,561	( 5)
Yomitan	152,631	104,109	47
Kitanakagusuku	108,210	88,164	23
Yonagusuku	13,850	7,932	75
Nishihara	1,279	0	-
Sub-total	4,397,658	3,626,607	21
Housing Company	787	16,977	(95)
Commercial and residential customers	38,901	40,126	( 3)
Total Treated Water Sold	4,437,346	3,683,710	21
Raw Water Sold			
Municipality (Naha City)	966,010	774,427	25
Others	13,925	0	-
Total Raw Water Sold	979,935	774,427	27
GRAND TOTAL	5,417,281	4,458,137	22



**Sale of Water:**

During the fiscal year 1967, the Corporation sold 4.437 billion gallons of treated water to its customers which consisted of twelve (12) municipalities, one (1) housing company and 97 retail customers, and 980

million gallons of raw water to Naha City and two industrial customers. The table on previous page presents the breakdown of the water sold by type of customers in the past two fiscal years, and the chart below illustrates the growth in the quantities of water sold by RDWC from FY 1959 through FY 1967.



**Memorandum of Understanding between USCAR and U.S. Marine Corps:**

The Memorandum of Understanding, which transfers Camp Hansen Dam and Reservoir and underlying land therefor to RDWC, was duly executed on 4 November 1966. The memorandum allows RDWC to draw raw water from the reservoir for Ishikawa Water Treatment Plant. At present, the reservoir is the only raw water source for the plant, and RDWC plans to develop raw water sources in northern Okinawa to meet raw water requirements of the treatment plant.

**3. Capital Investment Program**

As of 30 June 1967, there was a total of \$23,984,194 invested for the capital investment programs of the Corporation. Of \$23,984,194, \$14,896,557 were made available from the

General Fund of USCAR, \$6,476,937 from ARIA Fund, and the remaining \$2,610,700 from the retained earnings of the Corporation.

As of 30 June 1967, there existed \$13 million water facilities in service constructed by RDWC. In addition, there were \$8 million in projects either under construction or design.

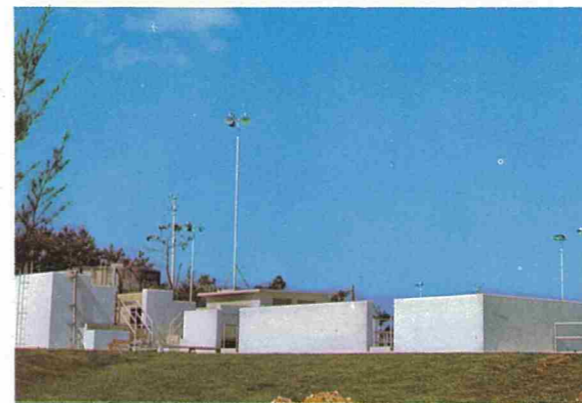
The District Engineer, United States Army Engineer District, Okinawa (USAEDO), acts as the contracting officer of the Corporation for the design and construction of water projects in accordance with the Memorandum of Understanding Concerning The Construction Incident To The Strengthening and Expansion of The Integrated Water System, Okinawa, executed by and between the President of the Corporation and Chief of Engineers, U.S. Army, Corps of Engineers, on 21 December

1966. He is responsible for the execution of design solicitation and examination of bids, recommendation for contract awards and contract modifications, and supervision and acceptance of construction work from contractors.

**Construction Projects Completed:**

During the fiscal year under review, the Corporation completed the following 11 construction projects:

- |   | <u>Date of Completion</u> |
|---|---------------------------|
| (1) Modification to Flocculation Basins at Tybase Water Treatment Plant | Sep 1966                  |



Flocculation basins at Tybase Treatment Plant

- |                                  |          |
|----------------------------------|----------|
| (2) A 10 MG Storage Tank at Naha | Nov 1966 |
|----------------------------------|----------|

In November 1966, the Corporation constructed a 10-million-gallon water storage tank at Uema, Naha City, first in a series of construction projects to alleviate the city's seasonal water shortage. The dedication ceremony of the new water tank was held on 20 December 1966 with the attendance of High Commissioner F.T. Unger, Civil Administrator, and GRI and Naha City officials. The tank is 244 feet in diameter and 35 feet in height. It is the largest water storage tank ever constructed in the Ryukyu Islands with a capacity of 10 million gallons.

This tank is the first fruit of the Master Water Plan, and its completion marked an epoch in the development of modern water facilities in the Ryukyus.



High Commissioner Speaks at Completion of the Tank



The High Commissioner (left) opens a gate valve for Naha Storage Tank at its dedication ceremony. He is assisted by Hirosada Ohama (second from right), President of Ryukyu Domestic Water Corporation.



General view of 10 MG Naha Storage Tank





Lt. Gen. Ferdinand T. Unger, High Commissioner (center) and Mr. Gerald Warner, Civil Administrator (right) tour the tank site.

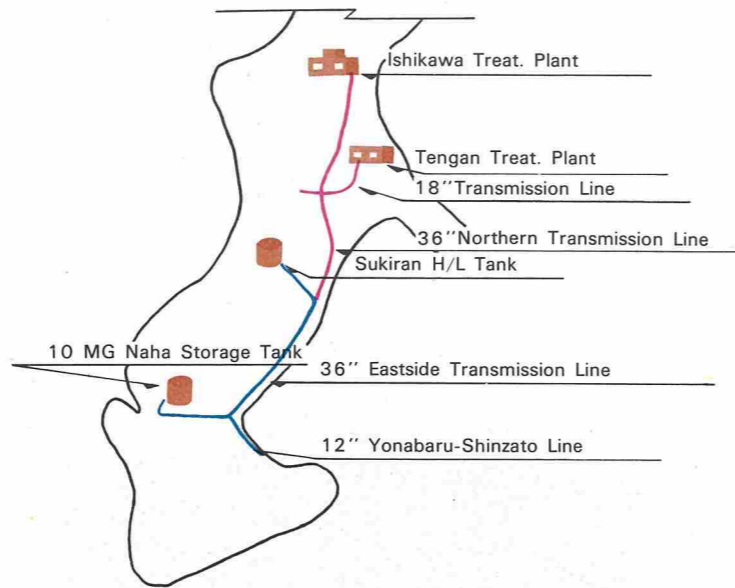


Junji Nishime, Mayor of Naha City, speaks at completion of Naha Storage Tank.

- (3) Pipe Installation, Nov 1966  
Eastside Transmission System (Highway 30 to Naha)

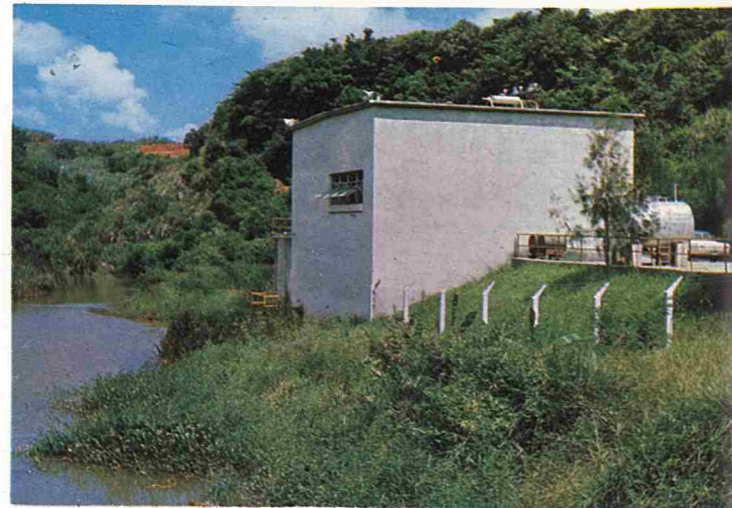
The pipeline that starts at the junction of Highways 5 and 30, on to Highway 13 along Highway 30; thence to Highway 44 along Highway 13 and ends at 10-MG storage tank at Naha is called Eastside Transmission System. The 36-inch pipeline takes water from a 36-inch potable water main, a portion of Northern Transmission System which is the extension of 36 inch pipeline to the north along highway 13 and ends at Ishikawa Treatment Plant. This 36-inch main is interconnected with 18-inch potable water main at the

intersection of Highways 13 and 16 and drawing water not only from Ishikawa but also from Tengan. The system completed in November 1966 provides water for east central and southern Okinawa.



- (4) Modification to Nagata Nov 1966  
Raw Water Pumping Station

Completion of the facility made it possible to deliver up to 3.5 mgd of raw water to Naha City, an increase of 1.5 mgd.



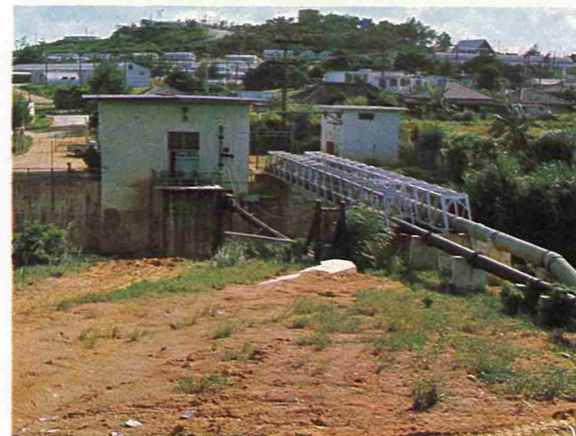
Nagata Raw Water Pumping Station

- (5) Pipe Installation, Feb 1967  
Yonabaru-Sashiki

In order to provide potable water to the municipalities of Yonabaru-Cho, Sashiki-Son, and the villages of Chinen Peninsula, the Corporation installed a 12-inch pipeline along Highway 44 between Yonabaru-Cho and Shinzato village of Sashiki-Son.

- (6) Modification to Kawasaki Raw Water Pumping Station Apr 1967

The modifications principally consisted of replacement of the 14-inch raw water transmission main by a new 20-inch concrete cylinder pipe and replacement of three pumps in the pumping station with pumps with increased efficiency.



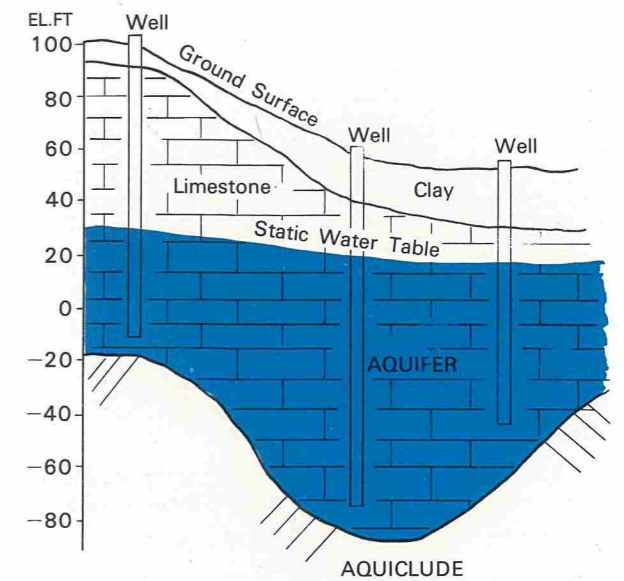
Kawasaki Raw Water Pumping Station

- (7) Modification to Zuke-yama Dam, Phase I May 1967

The project was to improve the 600 million-gallon storage capacity reservoir by constructing a filter blanket on the downstream face of the left abutment and also grout abutment foundation.

- (8) Tengan Well Field Jun 1967

The construction of five deep wells was completed on 30 June 1967, and the wells are in operation. As a result, approximately 2.8 million gallons per day of water from the wells were added to the production capability of the Integrated Island Water System.



Generalized Cross-section of Tengan Well Basin

- (9) Tengan Dam and Reservoir Jun 1967

The reservoir, which has a storage capacity of approximately 330 million gallons, was completed in June 1967. The dam will provide enough water to match the treatment capacity of 8 million gallons per day of Tengan Water Treatment Plant, releasing its water when the flow of water in Tengan river decreases in dry seasons.



Control tower of Tengan Dam



(10) Ishikawa Water Treatment Plant Jun 1967  
ment Plant

Ishikawa Water Treatment Plant with rated treatment capacity of 20 million gallons per day, of which construction started in July 1965, was completed in June 1967. The plant has been producing water to meet requirements of central and southern Okinawa. The raw water source for the plant is now from Camp Hansen Dam and Reservoir in northern Okinawa and the Corporation plans to develop additional raw water resources in northern Okinawa. The first phase consists of the extension of the 36-inch pipeline to tap the waters of the Genka, Henan and Taiho Rivers. Hopefully, this project will be completed by July 1968. The remainder of this project will be to continue the pipeline to Fukuji River and the construction of the Fukuji Reservoir. This Reservoir will have a storage capacity of 10 billion gallons and is scheduled to be completed during 1972.



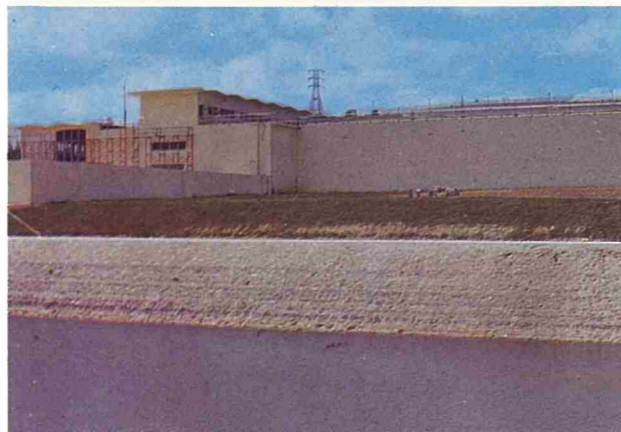
General view of the plant



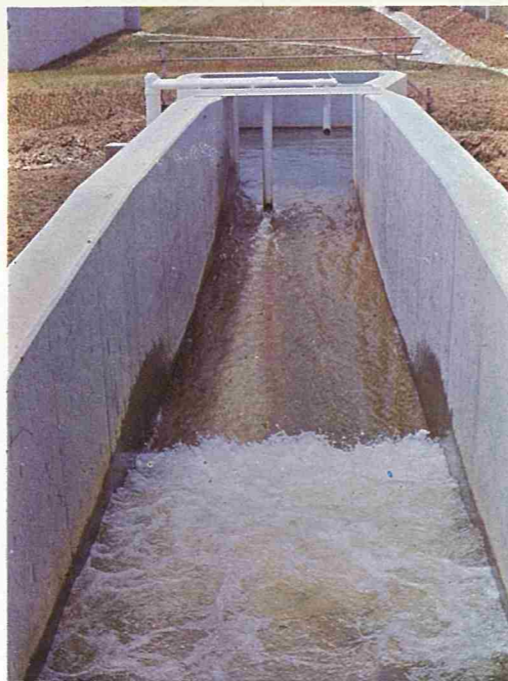
Front entrance of the plant



10 MG raw water storage tank for the plant

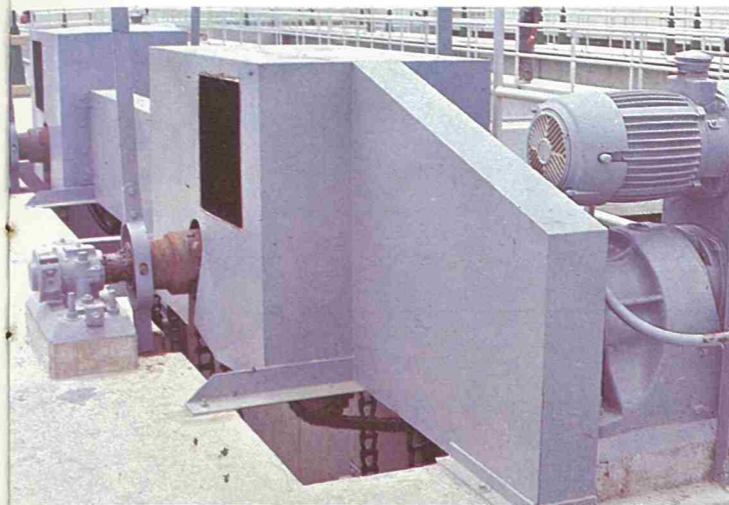


Lagoon for wash water from Treatment Plant



Mixing flume: Pre-chlorinated water flows through this flume into mixing chamber (flocculator)

ISHIKAWA WATER TREATMENT PLANT



Electric motor for flocculator



Pump room



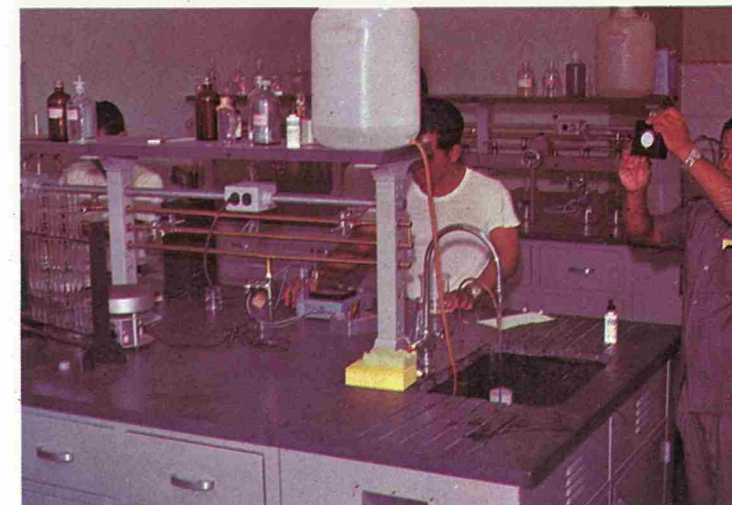
Flocculation basin, sedimentation basin and filter



Control Center



Filter gallery

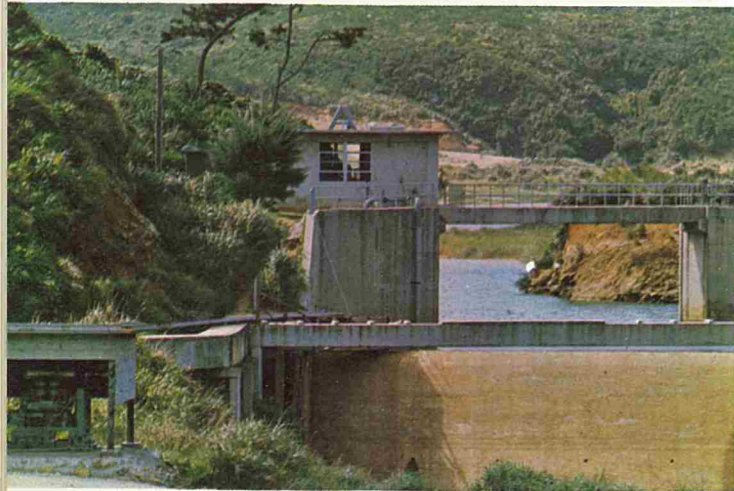
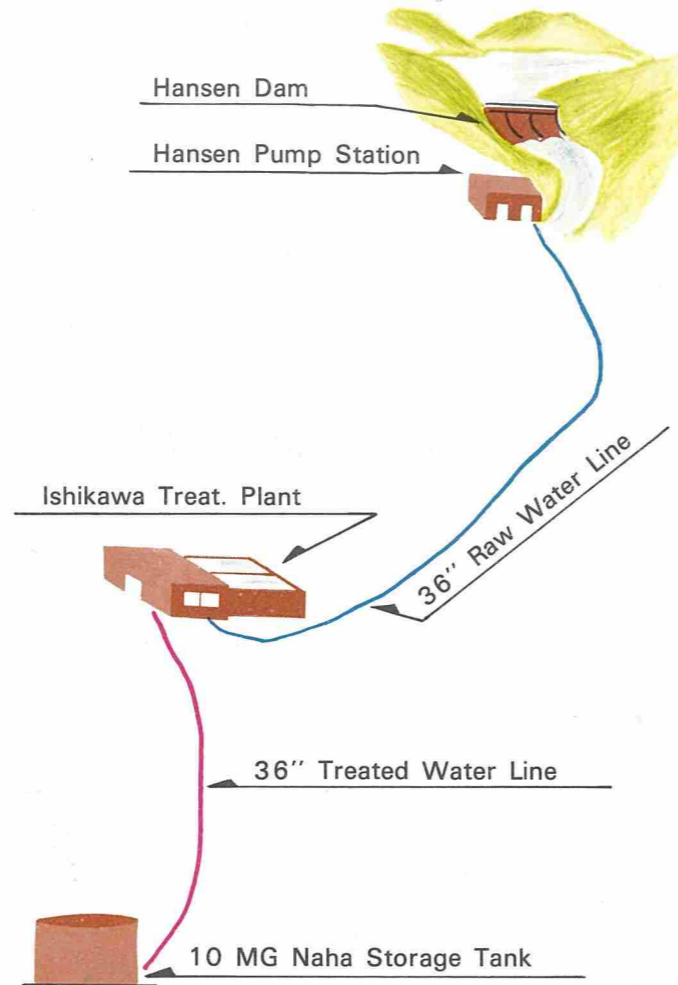


Laboratory room



- (11) Pipe Installation, Northern Transmission System (Kanna to Highway 30) Jun 1967

The system consists of raw water transmission main between Kanna and Ishikawa Water Treatment Plant and treated water transmission main between Ishikawa Water Treatment Plant and Highway 30 where it is connected with Eastside Transmission System. The 36-inch raw water main transmits raw water pumped from Camp Hansen dam and reservoir to Ishikawa Water Treatment Plant.



Hansen Pumping Station

**Construction Contracts Awarded:**

During the fiscal year 1967, the Corporation awarded construction and procurement contracts for the following 14 projects:

- (1) Pipe Installation, Yonabaru - Sashiki Jul 1966
- (2) Tengan Well Field Aug 1966
- (3) Well Field, Kadena-Kinser Aug 1966
- (4) Pipe Installation, Ufu to Kanna Sep 1966
- (5) A 5 MG Storage Tank at Plaza, Westside Storage Facilities Oct 1966

- (6) A 30-inch Raw Water Pipeline from Bishi River to Tybase Water Treatment Plant and Ancillary Facilities Nov 1966
- (7) Pipe Installation, Highway 44 Connection, Eastside Transmission System Nov 1966
- (8) Modification to Tybase High Lift Pump Station Mar 1967
- (9) Pipe Procurement, Ufu-Fukuji Pipeline Jun 1967
- (10) Pipe Procurement, Tengan-Koza Pipeline Jun 1967

- (11) A 5 MG Storage Tank at Machinato Westside Storage Facilities Jun 1967
- (12) Well Development (Stage III), Camp Kinser, Kadena Air Base, Tengan and Camp Hauge Jun 1967
- (13) Pipe Installation, Tengan-Koza, Modification of Transmission System Jun 1967
- (14) Modification to Tengan High Lift Pump Station Jun 1967

- (9) Definitive Studies and Exploration of Development and Utilization of Water Sources in Northern Okinawa
  - i. Definitive Study Dec 1966
  - ii. Economic Study (Preliminary) Mar 1967

- (10) Modification to Tengan High Lift Pump Station Mar 1967
- (11) Master Water Supply Plan for Itoman and Tomigusuku areas (Study) Mar 1967
- (12) Well Development (Stage III), Camp Kinser, Kadena Air Base, Tengan, and Camp Hauge May 1967
- (13) Tengan-Koza Pipeline, Modification of Transmission System May 1967
- (14) 1.5 MG Storage Tank at Tengan Jun 1967

**Design and/or Study Projects Completed:**

During the reporting period, design and/or study were completed for the following 14 projects:

- |  | <i>Date of Completion</i> |
|--|---------------------------|
| (1) A 30-inch Raw Water Pipeline from Bishi River to Tybase Water Treatment Plant and Ancillary Facilities | Aug 1966                  |
| (2) A 5 MG Storage Tank at Plaza, Westside Storage Facilities  | Aug 1966                  |
| (3) Pipeline from Ufu to Kanna   | Aug 1966                  |
| (4) Tengan, Koza, White Beach Line, Modification of Transmission System (Study)                            | Sep 1966                  |
| (5) A 10 MG Storage Tank (No. 2) at Naha, Eastside Transmission System                                     | Oct 1966                  |
| (6) Definitive Study for Utilization of Tengan-Kadena Aquifer  | Nov 1966                  |
| (7) A 5 MG Storage Tank at Machinato, Westside Transmission Facilities                                     | Jan 1967                  |
| (8) Modification to Tybase High Lift Pump Station  | Jan 1967                  |

**Projects Under Construction:**

As of 30 June 1967, there were 11 projects under construction including those awarded during the fiscal year:

- |  | <i>Percentage of Work Completed</i> |
|--|-------------------------------------|
| (1) Highway 5 Central Feeder System, Stage I   | 37                                  |
| (2) Well Field, Kadena-Kinser  | 70                                  |
| (3) Pipe Installation, Ufu to Kanna  | 98                                  |
| (4) A 5 MG Storage Tank at Plaza, Westside Storage Facilities  | 27                                  |
| (5) A 30-inch Raw Water Pipeline from Bishi River to Tybase Water Treatment Plant and Ancillary Facilities | 49                                  |



	<i>Percentage of Work Completed</i>
(6) Pipe Installation, Highway 44 Connection, Eastside Transmission System	49
(7) Modification to Tybase High Lift Pump Station	0
(8) Tengan-Koza Pipeline, Modification of Transmission System	0
(9) Modification to Tengan High Lift Pump Station	0
(10) A 5 MG Storage Tank at Machinato, Westside Storage Facilities	0
(11) Well Development (Stage III) Camp Kinser, Kadena Air Base, Tengan and Camp Hauge	0

#### Projects Under Design and/or Study:

As of the end of fiscal year 1967, the following 9 projects were under design and/or study:

- (1) Definitive Studies and Exploration for Development and Utilization of Water Sources in Northern Okinawa (Economic Study)
- (2) Modification to Zukeyama Dam, Phase II
- (3) Stream Gaging and Exploration of Water Resources
- (4) Tengan-White Beach Pipeline, Modification of Transmission System
- (5) Ufu-Fukuji Pipeline and Pump Stations
- (6) Transmission Water Line from Tybase Water Treatment Plant to Kadena-Yomitan, and Ancillary Facilities
- (7) Highway 13 Booster Pump Stations, near Highways 30 and 35
- (8) Extension of Pipeline, Central Feeder System, and 2 MG Storage Tank
- (9) Design of Fukuji Dam

#### FY 1967 General Fund Program:

The capital contribution in the amount of \$1,250,000 made available from USCAR General Fund in FY 1967 has been programmed for the following eight (8) projects:

- (1) Master Water Supply Plan for Itoman and Tomigusuku Area (Study)
- (2) Design for Extension of Pipeline, Central Feeder System, and 2 MG Storage Tank
- (3) Design for 1.5 MG Storage Tank at Tengan
- (4) Design for Ufu to Fukuji Pipeline
- (5) Design for Fukuji Dam
- (6) Design for Well Development in Kadena and Tengan Aquifers, Stage III
- (7) Construction of Tengan-Koza Pipeline
- (8) Pipe Installation, Highway 44 Connection, Eastside Transmission System

#### Capital Contribution Expected in FY 1968:

In FY 1968, contribution to RDWC of \$2.2 millions are expected from USCAR General Fund for installation of pipe from Ufu to Henan, a part of Northern Water Development project as conceived in the Master Water Plan for the Integrated Island Water System.



## II. Financial Statements

**KANWA HOKAMA**  
Certified Public Accountant  
314 Yosemite, Naha, Okinawa  
Tel. 2-1072

### AUDIT REPORT

Board of Directors  
Ryukyu Domestic Water Corporation  
Naha, Okinawa, Ryukyu Islands

I have examined the balance sheet of the Ryukyu Domestic Water Corporation as of June 30, 1967 and the related statement of income and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion, the accompanying balance sheet and statement of income and retained earnings present fairly the financial position of the Ryukyu Domestic Water Corporation at June 30, 1967 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Kanwa Hokama*  
Kanwa Hokama  
Certified Public Accountant

Naha, Okinawa  
August 15, 1967



RYUKYU DOMESTIC WATER CORPORATION  
COMPARATIVE BALANCE SHEET

	June 30	
	1967	1966
<b>ASSETS</b>		
Current assets:		
Cash - (Note 1)		
General fund	\$ 1,651,717.59	\$ 920,506.68
Construction fund	7,607,266.00	13,220,471.44
Accounts receivable -		
Trade and other	103,841.84	89,670.19
Accrued interest	419,171.79	345,232.99
Materials and supplies (Note 2)	73,719.46	52,501.38
Prepaid expenses	4,873.54	17,024.75
Total current assets	<u>\$ 9,860,590.22</u>	<u>\$14,645,407.43</u>
Fixed assets: (Note 3)		
Land	\$ 42,845.91	\$ 9,407.91
Depreciable fixed assets	4,217,383.91	3,294,276.00
Less: Accumulated depreciation	( 447,469.16)	( 303,685.27)
Construction in progress -		
Master Water Plan Projects	11,153,370.03	6,521,090.83
Total fixed assets	<u>\$14,966,130.69</u>	<u>\$ 9,521,089.47</u>
Total assets	<u>\$24,826,720.91</u>	<u>\$24,166,496.90</u>
<b>EQUITIES</b>		
Current liabilities:		
Accounts payable -		
Trade	\$ 50,495.52	\$ 82,928.01
Other and accrued	238,933.24	138,578.73
Customers' deposits	5,031.00	1,795.00
Total current liabilities	<u>\$ 294,459.76</u>	<u>\$ 223,301.74</u>
Other liabilities:		
Reserve for employees' benefits	20,505.89	16,377.34
Total liabilities	<u>\$ 314,965.65</u>	<u>\$ 239,679.08</u>
Capital and retained earnings:		
Capital - (Note 4)	\$21,426,075.10	\$21,288,318.21
Retained earnings	3,085,680.16	2,638,499.61
Total capital and retained earnings	<u>\$24,511,755.26</u>	<u>\$23,926,817.82</u>
Total equities	<u>\$24,826,720.91</u>	<u>\$24,166,496.90</u>

RYUKYU DOMESTIC WATER CORPORATION  
COMPARATIVE STATEMENT OF INCOME AND RETAINED EARNINGS

	Year ended June 30	
	1967	1966
Sales - (Note 5)	\$1,057,148.28	\$ 880,901.96
Cost of sales	570,053.96	461,915.95
Gross margin	<u>\$ 487,094.32</u>	<u>\$ 418,986.01</u>
Operating expenses:		
Depreciation - (Note 3)	\$ 147,986.19	\$ 123,342.10
Salaries and employees' benefits	61,875.35	51,865.07
Land rent	13,281.75	13,074.18
Repairs and maintenance -		
Office and vehicle	2,364.61	2,111.26
Field maintenance	1,865.45	4,104.38
General and office supplies	1,417.06	1,809.96
Audit fee	344.50	1,000.00
Telephone, telegraph and postage	1,198.18	894.17
Insurance	2,797.45	1,487.07
Training expense	-0-	131.64
Utilities	1,345.12	963.06
Travel expenses	75.23	2,068.29
Miscellaneous	19,944.55	1,843.34
Total operating expenses	<u>\$ 254,495.44</u>	<u>\$ 204,694.52</u>
Net operating income	<u>\$ 232,598.88</u>	<u>\$ 214,291.49</u>
Other income:		
Interest on time deposits	\$ 657,276.24	\$ 720,124.29
Miscellaneous income	1,022.94	1,639.54
Total other income	<u>\$ 658,299.18</u>	<u>\$ 721,763.83</u>
Net income	<u>\$ 890,898.06</u>	<u>\$ 936,055.32</u>
Adjustments to retained earnings:		
Add: Prior year's income	-0-	\$ 35,240.02
Less: Prior year's expenses and extraneous loss - (Note 6)	( 443,717.51)	( 21,627.55)
Net change to retained earnings	<u>\$ 447,180.55</u>	<u>\$ 949,667.79</u>
Retained earnings, beginning of year	2,638,499.61	1,688,831.82
Retained earnings, end of year	<u>\$3,085,680.16</u>	<u>\$2,638,499.61</u>

**RYUKYU DOMESTIC WATER CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**

*For the Year ended June 30, 1967*

**1. Cash:**

Cash at June 30, 1967 consists of the following:

a) Petty cash	\$ 200.00
b) Demand deposits	78,434.66
c) Interest bearing time deposits	<u>9,180,348.93</u>
Total	<u>\$9,258,983.59</u>

**2. Inventories:**

Inventories at June 30, 1967 consist of the following:

a) Pipe and accessories stated at moving average cost	\$21,709.15
b) Residue materials stated at acquisition cost	<u>52,010.31</u>
Total	<u>\$73,719.46</u>

**3. Fixed assets and depreciation:**

Additions and deductions of the fixed assets during the year are as follows:

## a) Cost:

	<i>Balance July 1, '66</i>	<i>Addition</i>	<i>Deduction</i>	<i>Balance June 30, '67</i>
i) Land	\$ 9,407.91	\$ 33,438.00	—	\$ 42,845.91
ii) Depreciable fixed assets:				
1) Source	\$1,180,284.88	\$ 112,360.66	\$ 3,291.05	\$ 1,289,354.49
2) Pumping	172,667.01	170,766.56	19,710.00	323,723.57
3) Treatment	379,063.71	69,033.96	—	448,097.67
4) Transmission	1,524,638.13	586,992.88	11,354.52	2,100,276.49
5) General	<u>37,622.27</u>	<u>18,488.96</u>	<u>179.54</u>	<u>55,931.69</u>
Sub-total	<u>\$3,294,276.00</u>	<u>\$ 957,643.02</u>	<u>\$ 34,535.11</u>	<u>\$ 4,217,383.91</u>
iii) Construction in progress	<u>\$6,521,090.83</u>	<u>\$6,585,242.13</u>	<u>\$1,952,962.93</u>	<u>\$11,153,370.03</u>
Total	<u>\$9,824,774.74</u>	<u>\$7,576,323.15</u>	<u>\$1,987,498.04</u>	<u>\$15,413,599.85</u>

## b) Accumulated depreciation:

	<i>Balance July 1, '66</i>	<i>Addition</i>	<i>Deduction</i>	<i>Balance June 30, '67</i>
1) Source of supply	\$118,005.95	\$ 53,818.25	\$ —	\$171,824.20
2) Pumping	40,089.71	25,852.20	—	65,941.91
3) Treatment	22,469.73	6,798.97	—	29,268.70
4) Transmission	112,352.89	56,927.88	\$4,202.30	165,078.47
5) General plant	<u>10,766.99</u>	<u>4,588.89</u>	—	<u>15,355.88</u>
Total	<u>\$303,685.27</u>	<u>\$147,986.19</u>	<u>\$4,202.30</u>	<u>\$447,469.16</u>

Provisions for depreciation have been computed at the following annual composite straight-line rates.

1) Source of supply	4.5% (22 years)
2) Pumping	10.0% (10 years)
3) Water treatment	1.7% (60 years)
4) Transmission and distribution	3.0% (33 years)
5) General plant	10.0% (10 years)

**4. Capital:**

Capital at June 30, 1967 of \$21,426,075.10 has been contributed entirely by the United States Government. During FY 1967 additional capital of \$137,756.89 was provided by the USCAR General Fund.

**5. Sales:**

Sales for the year ended June 30, 1967 consist of the following:

	<i>M/Gallons</i>	<i>Amount</i>
Treated water:		
Municipalities	4,397,658	\$ 964,846.20
Housing companies	787	275.45
Individual customers	<u>38,901</u>	<u>12,270.73</u>
Total treated water sales	4,437,346	\$ 977,392.38
Raw water sales to Naha City	979,935	78,394.80
Total sales - water	<u>5,417,281</u>	<u>\$1,055,787.18</u>
Connections and repair services		<u>1,361.10</u>
Total sales		<u>\$1,057,148.28</u>

6. Retained earnings:

Adjustments to the retained earnings for the year ended June 30, 1967 are as follows:

Deduction: Extraneous losses from abandoned projects	
a) Kanna Dam and pumping stations, design costs	\$405,947.17
b) Kokuba River preliminary survey costs	25,934.77
c) Machinato Dam, definitive study	<u>11,835.57</u>
Total	<u>\$443,717.51</u>

7. Taxes:

The corporation is exempt from all taxes.

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