

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE  
MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**



# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

DECEMBER 31, 2022 AND 2021

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## **Independent Auditor's Report**

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To the Board of Directors  
Bryan County Rural Water, Sewer and Solid Waste Management District #6  
Caddo, Oklahoma

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the Bryan County Rural Water, Sewer and Solid Waste Management District #6 (the District), as of and for the years ended December 31, 2022 and 2021, and the related notes to the 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 financial position of the Bryan County Rural Water, Sewer and Solid Waste Management District #6 as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits 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 the Bryan County Rural Water, Sewer and Solid Waste Management District #6 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 opinion.

#### ***Responsibilities of Management 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, and 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know 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 auditors' 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 judgment 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 judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement 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 District'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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.

### ***Required Supplementary Information***

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2023, on our consideration of the District’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 District’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 District’s internal control over financial reporting and compliance.



**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**May 9, 2023**

***FINANCIAL STATEMENTS***

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 284,096	\$ 217,547
Restricted investments	42,175	41,730
Accounts receivable	39,031	31,364
Inventory	10,000	10,000
Prepaid insurance	4,344	3,825
<b>Total Current Assets</b>	<b>379,646</b>	<b>304,466</b>
<b>Noncurrent Assets</b>		
<b>Capital Assets</b>		
Land	31,430	31,430
Buildings and improvements	71,914	71,914
Water distribution system and improvements	2,983,613	2,977,213
Machinery and equipment	134,120	134,120
<b>Total Capital Assets</b>	<b>3,221,077</b>	<b>3,214,677</b>
Less: accumulated depreciation	1,643,678	1,533,917
<b>Net Capital Assets</b>	<b>1,577,399</b>	<b>1,680,760</b>
<b>Total Assets</b>	<b>1,957,045</b>	<b>1,985,226</b>
<b>Deferred Outflows of Resources</b>		
Deferred amount on refunding of debt, net of amortization	7,710	8,340
<b>Total Deferred Outflows of Resources</b>	<b>7,710</b>	<b>8,340</b>
<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 1,964,755</b>	<b>\$ 1,993,566</b>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,579	\$ 1,281
Payroll taxes and other withholdings payable	4,681	3,738
Accrued interest	11,205	11,925
Current maturity of long-term debt	50,000	48,000
<b>Total Current Liabilities</b>	<b>68,465</b>	<b>64,944</b>
<b>Long-Term Debt</b>	<b>697,000</b>	<b>747,000</b>
<b>Total Liabilities</b>	<b>765,465</b>	<b>811,944</b>
<b>Net Position</b>		
Net investment in capital assets	838,109	885,760
Restricted	30,970	29,805
Unrestricted	330,211	266,057
<b>Total Net Position</b>	<b>1,199,290</b>	<b>1,181,622</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 1,964,755</b>	<b>\$ 1,993,566</b>

See accompanying notes to financial statements.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
<b>Operating Revenue</b>		
Metered water sales, net of bad debts	\$ 384,923	\$ 349,991
Reimbursement for supplies provided	23,666	2,642
Membership fees	15,750	13,500
Other	1,283	1,383
<b>Total Operating Revenue</b>	<b>425,622</b>	<b>367,516</b>
<b>Operating Expenses</b>		
Contract labor	2,666	3,920
Dues and memberships	1,567	125
Employee benefits	25,946	28,250
Fuel and oil	6,033	5,510
Insurance	13,737	14,968
Miscellaneous	961	4,468
Office expense	5,037	7,190
Payroll taxes	9,868	11,030
Permits and fees	2,398	1,936
Postage	2,826	2,870
Professional fees	29,934	6,850
Salaries and wages	117,622	100,700
Supplies	29,429	27,736
Telephone	8,339	6,541
Trustee fees	2,000	2,000
Utilities	16,453	11,680
Vehicle expense	490	2,084
Depreciation	109,761	108,579
<b>Total Operating Expenses</b>	<b>385,067</b>	<b>346,437</b>
<b>Operating Income</b>	<b>40,555</b>	<b>21,079</b>
<b>Nonoperating Revenue (Expenses)</b>		
Interest and dividend income	512	148
Gain on sale of asset	-	650
Interest expense	(23,399)	(24,839)
<b>Total Net Nonoperating Revenue (Expenses)</b>	<b>(22,887)</b>	<b>(24,041)</b>
<b>Change in Net Position</b>	<b>17,668</b>	<b>(2,962)</b>
Net Position at Beginning of Year	1,181,622	1,184,584
<b>End of the Year Net Position</b>	<b>\$ 1,199,290</b>	<b>\$ 1,181,622</b>

See accompanying notes to financial statements.



# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
<b>Cash Flows From Operating Activities</b>		
Cash receipts from customers	\$ 417,955	\$ 366,022
Cash payments to suppliers for goods and services	(155,962)	(135,165)
Cash payments to employees for services	(117,622)	(100,700)
<b>Net Cash Provided By Operating Activities</b>	<b>144,371</b>	<b>130,157</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from sale of truck	-	650
Acquisition of capital assets	(6,400)	(27,697)
Principal paid on debt	(48,000)	(47,000)
Interest paid on debt	(23,489)	(24,915)
<b>Net Cash Used In Capital and Related Financing Activities</b>	<b>(77,889)</b>	<b>(98,962)</b>
<b>Cash Flows From Investing Activities</b>		
Net investment activity	(445)	(310)
Interest and dividend income	512	148
<b>Net Cash Provided (Used) By Investing Activities</b>	<b>67</b>	<b>(162)</b>
<b>Net Increase In Cash and Cash Equivalents</b>	<b>66,549</b>	<b>31,033</b>
Cash and Cash Equivalents at Beginning of Year	217,547	186,514
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 284,096</b>	<b>\$ 217,547</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Net income from operations	\$ 40,555	\$ 21,079
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	109,761	108,579
Net change in assets and liabilities:		
Accounts receivable	(7,667)	(1,494)
Prepaid insurance	(519)	402
Accounts payable	1,298	(400)
Payroll taxes and other withholdings payable	943	1,991
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 144,371</b>	<b>\$ 130,157</b>

See accompanying notes to financial statements.

# **BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

### **Nature of Business**

Bryan County Rural Water, Sewer and Solid Waste Management District Number 6, Bryan County Oklahoma (the District) was formed on January 28, 1994 for the purpose of supplying water and other miscellaneous services to the residents of rural Bryan County, Oklahoma.

### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

The District's financial statements are prepared in conformity with principles generally accepted in the United States of America. The Governmental Accounting Standards District (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The District accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

#### **Financial Reporting**

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### **Income Taxes**

The District is exempt from income taxes as a governmental agency.

#### **Cash Equivalents**

For purposes of the Statement of Cash Flows, the District considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

#### **Investments**

Investments are presented at fair value. Restricted investments, consist of government money market accounts containing bond proceeds for construction and funds designated to service semi-annual bond payments.

# **BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

### **1. Summary of Significant Accounting Policies (continued)**

#### **Accounts Receivable**

Accounts receivable consists of water fees and surcharges billed to residential and commercial/ industrial customers based on consumption. The District extends unsecured credit for services provided to customers for a limited period of time. The District does not charge interest on overdue accounts but does charge a 10% late fee for late payments. Uncollectible amounts are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

#### **Inventory**

Inventory consists of supplies and repair parts for the operation and maintenance of plant and equipment and is stated at the lower of cost or market using the first-in, first-out method. The cost of inventory is recognized as an expense when used (consumption method).

#### **Prepaid Expenses**

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

#### **Right-of-Use Lease Assets / Lease Liabilities**

The District determines if an arrangement contains a lease at the inception of a contract. Right-of-use assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. The District uses its incremental borrowing rate to discount the lease payments. Right-to-use lease assets are amortized straight-line over the lease term. Lease liabilities are reduced by the principal portion as the payments are made.

Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 1. Summary of Significant Accounting Policies (continued)

#### Right-of-Use Lease Assets / Lease Liabilities (continued)

Leases with a term or twelve months or less are not reflected on the Statement of Net Position. Rental payments are recognized on a straight-line basis over the lease term.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the right-to-use lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the right-to-use lease asset and/or lease liability.

#### Capital Assets and Depreciation

Capital assets of the District are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>Life</u>
Buildings and improvements	10-40 years
Water distribution system and improvements	10-40 years
Machinery and equipment	5-10 years

It is the District's policy to capitalize assets purchased for \$500 or more and to expense assets purchased for less than \$500.

#### Deferred Outflows of Resources

In addition to assets, the Statement of Net Position has a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price.

#### Compensated Absences

Employees of the District do not accrue vacation or sick leave since it is the District's policy not to do so. Therefore, no provision has been made for such.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 1. Summary of Significant Accounting Policies (continued)

#### Net Position

Net position of the District are classified in three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* - This component of net position 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 attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component of net position consists of net position that does not meet the definition of "restricted" or "net invested in capital assets".

The District does not have a policy addressing whether it considers restricted or unrestricted to have been spent when expenditures are incurred for purposes when both are available. District personnel decide which resources to use at the time the expenditures are incurred. For classification of net position amounts, restricted amounts would be reduced first, followed by unrestricted. The District's restricted net position are those resources necessary to comply with various covenants of bond financing agreements.

#### Operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District consist of water sales, and fees for miscellaneous services. Operating expenses include the cost of these goods and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 1. Summary of Significant Accounting Policies (continued)

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of 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.

#### Reclassifications

Certain 2021 amounts have been reclassified in order to conform with the 2022 financial statement presentation. Net position and changes in total net position are unchanged due to these reclassifications.

#### New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued the following new accounting standards which became effective or portions thereof became effective during the District's fiscal year.

GASB Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of a right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice.

GASB Statement No. 92, *Omnibus 2020*. The purpose of this statement is to enhance comparability in accounting and financial reporting to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 1. Summary of Significant Accounting Policies (continued)

#### New Accounting Pronouncements (continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain pension and other post employment retirement plans as fiduciary component units in fiduciary fund financial statements ; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans.

GASB Statement No. 98, *the Annual Comprehensive Financial Report*. The purpose of this statement is to establish the term annual comprehensive financial report and its acronym ACFR to replace the term comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Aside from Statement No. 87, Leases (see Note 4), these statements did not have any impact on the District's financial statements.

### 2. Deposits and Investments

The District does not have a formal deposit and investment policy, but does follow state laws and bond ordinance resolutions.

#### Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District may not be able to recover deposits or collateral securities that are in the possession of an outside party. The District's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds and letters of credit.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 2. Deposits and Investments (continued)

#### Deposits (continued)

The District maintains its operating bank accounts in one local financial institution. All time and savings deposits held, including certificates of deposit, are insured for up to \$250,000. Separately, demand deposits are added together and insured for up to \$250,000. The bank balances and carrying amounts of the District's deposits held were as follows:

Description	At December 31, 2022		At December 31, 2021	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured	\$ 250,000	\$ 250,000	\$ 213,594	\$ 217,231
Unsecured	34,497	33,798	-	-
Cash on hand	-	298	-	316
Total	\$ 284,497	\$ 284,096	\$ 213,594	\$ 217,547

#### Investments

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipality or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market fund regulated by the SEC.

Investments consist of accounts established to administer the scheduled payments of principal and interest on the outstanding bonds as they become due, and bond proceeds for construction. The investments are stated at fair market value, which approximates cost. The District's investments consist of the following:

As of December 31, 2022	Market Value	Maturity	Credit Rating
Government Money Market:			
Bond Fund Principal Account	\$ 25,000	< 30 days	AAAm/Aaa-mf
Bond Fund Interest Account	11,205	< 30 days	AAAm/Aaa-mf
Construction Fund	3,823	< 30 days	AAAm/Aaa-mf
Revenue Fund	2,147	< 30 days	AAAm/Aaa-mf
Total	\$ 42,175		



# MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 2. Deposits and Investments (continued)

#### Investments (continued)

<b>As of December 31, 2021</b>	<b>Market Value</b>	<b>Weighted-Average Maturity</b>	<b>Credit Rating</b>
Government Money Market:			
Bond Fund Principal Account	\$ 24,004	< 30 days	AAAm/Aaa-mf
Bond Fund Interest Account	11,937	< 30 days	AAAm/Aaa-mf
Construction Fund	3,789	< 30 days	AAAm/Aaa-mf
Revenue Fund	2,000	< 30 days	AAAm/Aaa-mf
<b>Total</b>	<b>\$ 41,730</b>		

#### Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of an investment. The District's investments are not subject to interest rate risk as the investments are short-term in nature.

#### Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments are in government money market accounts which generally invest in U.S. Treasury bills, federal agency notes, certificates of deposit and commercial paper which are all investments permitted by Oklahoma statutes. These investments have a high credit rating as they are generally considered to be risk-free as they have the backing of the government.

#### Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held by the District or by an agent of the District are in the District's name.

#### Fair Value Measurements

The District's investments are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categories are as follows:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for identical investments in markets that are not active.

Level 3 - Unobservable inputs

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 2. Deposits and Investments (continued)

#### Investments (continued)

The following table represents the District's investments that are measured at fair value on a recurring basis at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Government money market	\$ 42,175	\$ -	\$ -	\$ 42,175
Total	\$ 42,175	\$ -	\$ -	\$ 42,175

### 3. Restricted Funds And Required Accounts

Certain resources of the District are classified as restricted assets on the statement of net position. These funds are maintained in separate accounts and their use is limited applicable bond covenants.

Restricted investments are comprised of the following:

As of December 31,	2022	2021
2020 Series revenue bonds principal account	\$ 25,000	\$ 24,004
2020 Series revenue bonds interest account	11,205	11,937
2020 Series revenue bonds construction fund	3,823	3,789
2020 Series revenue bonds revenue fund	2,147	2,000
Total	\$ 42,175	\$ 41,730

**Bond Principal, Interest and Revenue Funds** - established to fund the semi-annual interests and principal payments of the 2020 Series bonds.

**Construction Fund** - bond proceeds restricted for improvements

### 4. Leases

In January 2020 and December 2021, the District signed separate twelve month lease agreements for office equipment. Under both agreements, the District pays \$144 monthly plus additional variable amounts for overage on usage. Because the leases are short-term, the right-of-use lease asset and corresponding lease liability are not recorded on the Statement of Net Position, rather the payments are expensed as incurred. Equipment lease rental expense, including variable usage, was \$1,750 and \$1,808 for the years ended December 31, 2022 and 2021, respectively.

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 5. Capital Assets

Activity of capital assets consists of the following:

	January 1, 2022	Additions	Deletions/ Transfers	December 31, 2022
Land	\$ 31,430	\$ -	\$ -	\$ 31,430
Buildings and improvements	71,914	-	-	71,914
Water distribution system	2,977,213	6,400	-	2,983,613
Machinery and equipment	134,120	-	-	134,120
<b>Total</b>	<b>\$ 3,214,677</b>	<b>\$ 6,400</b>	<b>\$ -</b>	<b>\$ 3,221,077</b>

	January 1, 2021	Additions	Deletions/ Transfers	December 31, 2021
Land	\$ 31,430	\$ -	\$ -	\$ 31,430
Buildings and improvements	71,914	-	-	71,914
Water distribution system	2,977,213	-	-	2,977,213
Machinery and equipment	113,923	27,697	7,500	134,120
<b>Total</b>	<b>\$ 3,194,480</b>	<b>\$ 27,697</b>	<b>\$ 7,500</b>	<b>\$ 3,214,677</b>

### 6. Long-Term Debt

On January 1, 2020, the District issued Bryan County Rural Water, Sewer and Solid Waste Management District #6 Utility System Revenue Note in the amount of \$865,000. The note was issued to refund the District's 2007 Refunding Revenue Bonds and finance capital improvements to the District's water system.

Long-term debt of the District consists of:

As of December 31,	2022	2021
Bryan County Rural Water, Sewer and Solid Waste Management District #6 Revenue Bonds - Series 2020 issued in the amount of \$865,000. Interest at 3% and principal payments are due semi-annually through maturity in 2035. The bonds are secured by property, other assets, and revenues of the District.	\$ 747,000	\$ 795,000
Total	747,000	795,000
Less current maturities	50,000	48,000
<b>Long-Term Debt</b>	<b>\$ 697,000</b>	<b>\$ 747,000</b>

# BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

### 6. Long-Term Debt (continued)

Debt is scheduled to mature as follows:

December 31,	Principal	Interest	Total
2023	\$ 50,000	\$ 22,035	\$ 72,035
2024	52,000	20,520	72,520
2025	53,000	18,960	71,960
2026	55,000	17,355	72,355
2027	56,000	15,690	71,690
2028-2032	309,000	51,840	360,840
2033-2035	172,000	7,845	179,845
Total	\$ 747,000	\$ 154,245	\$ 901,245

The bond trust indenture contains certain provisions in the event of loan default including: outstanding principal and interest become immediately due and payable; appointing a receiver to administer the District on behalf of the issuer until all defaults have been cured; take possession of the facility, repair, maintain, and operate or rent it; enforce any and all other rights and remedies by law.

### 7. Activity of Long-Term Liabilities

Activity of long-term liabilities consists of the following:

	January 1, 2022	Debt Additions	Debt Retirements	December 31, 2022	Due Within One Year
2020 Series Bonds	\$ 795,000	\$ -	\$ 48,000	\$ 747,000	\$ 50,000
Total	\$ 795,000	\$ -	\$ 48,000	\$ 747,000	\$ 50,000

	January 1, 2021	Debt Additions	Debt Retirements	December 31, 2021	Due Within One Year
2020 Series Bonds	\$ 842,000	\$ -	\$ 47,000	\$ 795,000	\$ 48,000
Total	\$ 842,000	\$ -	\$ 47,000	\$ 795,000	\$ 48,000

### 8. Deferred Loss on Refunding

The deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The balance of \$7,710 and \$8,340 at December 31, 2022 and 2021, respectively, is shown as deferred outflows on the Statement of Net Position and is amortized over the life of the old or new debt, whichever is shorter, which is 15 years. Amortization of the deferred loss totaled \$629 for both years ended December 31, 2022 and 2021, and is included with interest expense in the Statement of Activities.

# **BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2022 AND 2021**

### **9. Bond Covenants**

The Series 2020 Bryan County Rural Water, Sewer and Solid Waste Management District #6 Revenue Bonds require the District to maintain user rates sufficient to generate net earnings, as defined by the agreement to 125% of the debt service requirements. The revenue bonds contain specific requirements for annual debt service and various covenants which require the District to maintain various restricted investment accounts and to meet various other general requirements. The District is in compliance with all such financial covenants and restrictions at December 31, 2022.

### **10. Concentrations of Credit Risk**

Financial instruments that potentially subject the District to credit risk consist primarily of accounts receivable. The receivables are from individuals located within the same geographic region.

### **11. Risk Management**

The District is exposed to various levels of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial blanket coverage and worker's compensation for risk of loss.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

### **12. Subsequent Events**

The Department has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2022 through May 9, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

***ADDITIONAL REQUIRED REPORT***



**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***

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To the Board of Directors  
Bryan County Rural Water, Sewer and Solid Waste Management District #6  
Caddo, Arkansas

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 Bryan County Rural Water, Sewer and Solid Waste Management District #6 (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 9, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 over financial reporting 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 or significant deficiencies may exist that were not identified.

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

As part of obtaining reasonable assurance about whether the District'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**May 9, 2023**