

RURAL WATER DISTRICT #1,
CADDO COUNTY, LOOKEBA, OKLAHOMA

FINANCIAL STATEMENTS
AND AUDITOR'S REPORT

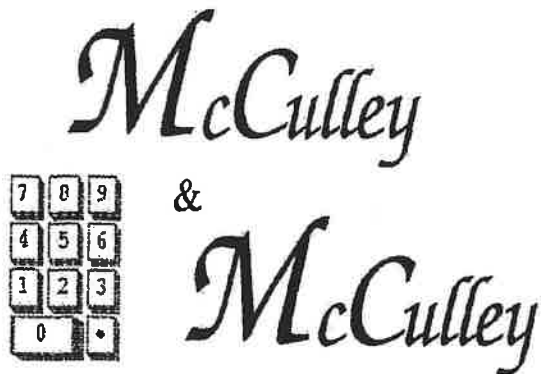
DECEMBER 31, 2023 AND 2022

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
DIRECTORS AND OFFICERS
DECEMBER 31, 2023**

Chairman	David Sutton
Vice-Chairman	
Secretary-Treasurer	Bill Johnston
Member	Sandra Vargas
Member	Anthony Delno
Member	Rose Casey
Member	Carey Franklin

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rural Water District #1, Caddo County
Lookeba, Oklahoma

Report on the Audit of the Financial Statements

Opinion

We have audited the basic financial statements of the Rural Water District #1, Caddo County, (the District), a component unit of the Town of Lookeba, Oklahoma, as of and for the year ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Rural Water District #1, Caddo County, basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Water District #1, Caddo County, as of December 31, 2023 and 2022, and the 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.

3. 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.

4. 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.

5. Conclude whether, in our judgement, 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

The District 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 statements 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 a report dated March 6, 2025 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

McCulley & McCulley

Weatherford, Oklahoma

March 6, 2025

**RURAL WATER DISTRICT #1, CADDO COUNTY
LOOKEBA, OKLAHOMA
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

	DECEMBER 31,	
	2023	2022
ASSETS		
CURRENT ASSETS		
Petty Cash	\$ 100	\$ 100
Cash in Bank	52,096	29,820
Certificate of Deposits	34,080	34,061
Restricted Assets:		
Cash in Bank	6,239	6,852
Accounts Receivable, Net of Allowance for Loss	6,362	7,258
Prepaid Assets	1,079	1,053
Accrued Interest Receivable	7	7
TOTAL CURRENT ASSETS	<u>99,963</u>	<u>79,151</u>
NONCURRENT ASSETS		
Capital Assets, Net of Accumulated Depreciation	<u>178,402</u>	<u>190,776</u>
TOTAL ASSETS	<u><u>\$ 278,365</u></u>	<u><u>\$ 269,927</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 4,637	\$ 2,532
Accrued Payroll Liabilities	3,005	2,319
Customer Meter Deposits	6,239	6,852
TOTAL CURRENT LIABILITIES	<u>13,881</u>	<u>11,703</u>
LONG-TERM LIABILITIES		
TOTAL LONG-TERM LIABILITIES	<u>0</u>	<u>0</u>
NET POSITION		
Net Investment in Capital Assets	178,402	190,776
Unrestricted	<u>86,082</u>	<u>67,448</u>
TOTAL NET POSITION	<u>264,484</u>	<u>258,224</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 278,365</u></u>	<u><u>\$ 269,927</u></u>

The accompanying notes are an integral part of these statements.

**RURAL WATER DISTRICT #1, CADDO COUNTY
LOOKEBA, OKLAHOMA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEAR ENDING DECEMBER 31, 2023 AND 2022**

	DECEMBER 31,	
	2023	2022
OPERATING REVENUES		
Water Sales	\$ 41,770	\$ 44,162
Sewer Sales	8,579	8,738
Garbage Sales	27,090	26,795
Late Charges and Penalties	2,412	2,101
Insurance Rebate	694	676
Rental Revenue	12,600	18,000
Other Revenue	954	925
TOTAL OPERATING REVENUES	94,099	101,397
OPERATING EXPENSES		
Director Fees	2,500	2,500
Compensation and Benefits	32,468	33,699
Contract Labor	4,600	6,944
Depreciation	12,374	16,597
Bad Debt Expense	684	168
Repairs and Maintenance	3,851	7,201
Insurance	2,693	2,616
Utilities	3,566	6,226
Professional Services	2,400	2,300
Office Supplies	1,181	2,370
Licenses, Dues, and Subscriptions		189
Solid Waste Disposal	15,691	13,592
Environmental Penalty	900	
Miscellaneous Expense	4,981	7,617
TOTAL OPERATING EXPENSES	87,889	102,019
OPERATING (LOSS)	6,210	(622)
NONOPERATING REVENUES (EXPENSES)		
Sale of Assets		2,000
Interest Income	50	52
TOTAL NONOPERATING REVENUES (EXPENSES)	50	2,052
CHANGE IN NET POSITION	6,260	1,430
NET POSITION		
Beginning of Year	258,224	256,794
End of Year	\$ 264,484	\$ 258,224

The accompanying notes are an integral part of these statements.

**RURAL WATER DISTRICT #1, CADDO COUNTY
LOOKEBA, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2023 AND 2022**

	DECEMBER 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES	\$	\$
Cash Received from Customers	94,344	100,944
Cash Paid to Employees and Benefits	(34,282)	(36,142)
Cast Paid for Goods and Services	(38,430)	(49,629)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>21,632</u>	<u>15,173</u>
CASH FLOWS FROM NONFINANCING ACTIVITIES		
NET CASH PROVIDED BY NONFINANCING ACTIVITIES	<u>0</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Capital Assets		
Sale of Capital Assets		2,000
Interest Received on Cash and Certificate of Deposits	50	68
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>50</u>	<u>2,068</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,682	17,241
CASH AND CASH EQUIVALENTS		
Beginning of Year	<u>70,833</u>	<u>53,592</u>
End of Year	\$ <u><u>92,515</u></u>	\$ <u><u>70,833</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating Income (Loss)	\$ <u>6,210</u>	\$ <u>(622)</u>
Adjustments to Operating (Loss) to Net Cash Provided by Operating Activities		
Depreciation	12,374	16,597
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	858	(1,753)
Increase in Allowance for Bad Debts	38	168
(Increase) in Prepaid Assets	(26)	(41)
Increase (Decrease) in Accounts Payable	2,105	(533)
Increase in Accrued Payroll Liabilities	686	57
Increase (Decrease) in Customer Deposits	<u>(613)</u>	<u>1,300</u>
Total Adjustments	<u>15,422</u>	<u>15,795</u>
Net Cash Provided by Operating Activities	\$ <u><u>21,632</u></u>	\$ <u><u>15,173</u></u>

The accompanying notes are an integral part of these statements.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 1 - Significant Accounting Policies

The accounting policies of the Rural Water District #1, Caddo County, (the District) conform to generally accepted accounting principles of the United States of America as applicable to an enterprise fund of government organizations. The following is a summary of the more significant current accounting policies.

A. The Reporting Entity.

The District provides water, sewer, and garbage services to its members within its geographic boundaries. The District is governed by a seven member Board of Directors who is elected by the participating members. These financial statements include all of the funds under the control of the Board of Directors relevant to the operations of the District. These members of the Board of Directors are also members of the Town Board of Trustees. Based upon the Bylaws of the District, and the use of common offices, employees, and Board members, it appears that the District should be a component unit of the Town of Lookeba, Oklahoma. Financial information concerning the Town of Lookeba, Oklahoma, is available from the Town of Lookeba, Oklahoma.

B. Basis of Presentation.

The activities of the District are organized into a single fund, an enterprise fund (proprietary fund type).

Enterprise funds are used to account for operations (a) 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 or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or changes in net position is appropriate for capital maintenance, accountability, or other purposes.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 1 - Significant Accounting Policies - (continued).

C. Basis of Accounting.

Basis of accounting refers as to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement focus applied.

Enterprise funds use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the obligation is incurred.

D. Capital Assets.

All capital assets are valued at historical cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets are depreciated on the straight-line basis over the estimated useful life of the asset. A summary of capital assets and the service lives by type of asset at December 31, 2023 and 2022, are as follows:

	<u>Estimated Useful Life</u>
Building and Improvements	10 - 39 yrs.
Water and Sewer Improvements	10 - 40 yrs.
Furniture and Equipment	3 - 7 yrs.

E. Allowance for Losses.

Allowance for losses on receivables are recorded when management believes a receivable is uncollectible. Management periodically reviews its receivables to determine what is collectible.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 1 - Significant Accounting Policies - (continued).

F. Net Position

Net position is classified into three components:

1. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes payable attributable to these assets.
2. Restricted - Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets have constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional revisions or enabling legislation.
3. Unrestricted - Net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Note 2 - Cash and Certificate of Deposits.

The District's cash in bank and certificate of deposits at December 31, 2023 and 2022, are secured by federal deposit insurance or collateralized by the bank. Certificate of deposits are recorded at cost, which approximates market value. Certificates of deposits are authorized and legal investments. The District's petty cash, cash in bank (including restricted assets), and certificate of deposits are considered to be cash equivalents for purposes of the Statement of Cash Flows.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 3 - Accounts Receivable.

Accounts receivable consists of billed and unbilled receivables as shown below:

	December 31,	
	2023	2022
Charges for Services	\$7,214	\$ 8,072
Allowance for Losses	(852)	(814)
Net Accounts Receivable	<u>\$6,362</u>	<u>\$ 7,258</u>

Note 4 - Restricted Assets.

Restricted assets consist of cash restricted for customer deposits which are offset by a related liability payable.

Note 5 - Capital Assets.

Capital assets consist of the following:

	Dec 31, 2022	Additions	Deletions	Dec 31, 2023
Land **	\$ 2,020	\$	\$	\$ 2,020
Buildings & Improve.	69,540			69,540
Equipment	32,784			32,784
Sewer Improvements	19,488			19,488
Water Improvements	528,519			528,519
Total Capital Assets	<u>652,351</u>			<u>652,351</u>
Less Accumulated Depreciation for:				
Buildings & Improve.	11,010	3,591		14,601
Equipment	24,608	1,654		26,262
Sewer Improvements	8,401	531		8,932
Water Improvements	417,556	6,598		424,154
Total Accumulated Depreciation	<u>461,575</u>	<u>12,374</u>		<u>473,949</u>
Net Capital Assets	<u>\$ 190,776</u>	<u>\$ (12,374)</u>	<u>\$ -0-</u>	<u>\$ 178,402</u>

** non-depreciable asset

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 5 - Capital Assets (continued).

	Dec 31, 2021	Additions	Deletions	Dec 31, 2022
Land **	\$ 2,020	\$	\$	\$ 2,020
Buildings & Improve.	69,540			69,540
Equipment	34,784		(2,000)	32,784
Sewer Improvements	19,488			19,488
Water Improvements	528,519			528,519
Total Capital Assets	<u>654,351</u>		<u>(2,000)</u>	<u>652,351</u>
Less Accumulated Depreciation for:				
Buildings & Improve.	7,786	3,224		11,010
Equipment	24,617	1,991	(2,000)	24,608
Sewer Improvements	7,870	531		8,401
Water Improvements	<u>406,705</u>	<u>10,851</u>		<u>417,556</u>
Total Accumulated Depreciation	<u>446,978</u>	<u>16,597</u>	<u>(2,000)</u>	<u>461,575</u>
Net Capital Assets	<u>\$ 207,373</u>	<u>\$ (16,597)</u>	<u>\$ -0-</u>	<u>\$ 190,776</u>

** non-depreciable asset

Note 6 - Risk Management.

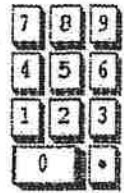
The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District purchases commercial insurance to manage these risks of loss and retains a deductible ranging from \$250 to \$1,000, depending upon the coverage.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2023 AND 2022**

Note 7 - Noncompliance with Certain Environmental Compliance Issues.

In December 2020, the District received a consent order from the Oklahoma Department of Environmental Quality (ODEQ) alleging the District violated the maximum contaminant level of 0.01 milligrams per liter for arsenic in its water supply. The consent order requires the District to perform certain tasks by specific dates to upgrade the public water supply system and achieve compliance. The District never accepted this consent order. In February 2022, ODEQ issued another consent order which was accepted by the District. This consent order assessed a penalty of \$3,641 with \$911 due in 2022 and the remainder deferred contingent upon the District complying with the consent order. In June 2023, the District and ODEQ agreed to an addendum to the consent order modifying due dates for the consent order and the District paid \$900 penalty. The Oklahoma Environmental Quality Code authorizes ODEQ to seek penalties up to \$10,000 per day for each violation of the Code and associated rules. If the District fails to comply with the consent order, ODEQ may assess stipulated penalties for each task not in compliance with the amount not to exceed \$75,000 in total.

In February, 2025, the District received a letter from ODEQ stating they were not in compliance with the consent order. ODEQ required the District to submit a written response within 30 days detailing why the tasks were not completed along with a proposed schedule for returning to compliance with the Order. If the written response cannot be completed within the specified time frame, then the District must submit a letter explaining why and describe any actions the District will take to return to compliance. Any additional enforcement action will depend upon the information the District provides. The District has drafted a written response to ODEQ and will present it to the Board of Directors at their next meeting.



McCulley

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**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Rural Water District #1, Caddo County
Lookeba, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Rural Water District # 1, Caddo County, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report dated March 6, 2025. The District has elected to omit the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Rural Water District # 1, Caddo County'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 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 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of the District's 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 the objective of our audit. Accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported herein under Government Auditing Standards. It is described in the schedule of findings and responses as item #1.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Their response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McCulley & McCulley

Weatherford, Oklahoma

March 6, 2025

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

1. Noncompliance with Certain Environmental Compliance Issues.

Finding - In December 2020, the District received a consent order from the Oklahoma Department of Environmental Quality (ODEQ) alleging the District violated the maximum contaminant level of 0.01 milligrams per liter for arsenic in its water supply. The consent order requires the District to perform certain tasks by specific dates to upgrade the public water supply system and achieve compliance. The District never accepted this consent order. In February 2022, ODEQ issued another consent order which was accepted by the District. This consent order assessed a penalty of \$3,641 with \$911 due in 2022 and the remainder deferred contingent upon the District complying with the consent order. In June 2023, the District and ODEQ agreed to an addendum to the consent order modifying due dates for the consent order. The Oklahoma Environmental Quality Code authorizes ODEQ to seek penalties up to \$10,000 per day for each violation of the Code and associated rules. If the District fails to comply with the consent order, ODEQ may assess stipulated penalties for each task not in compliance with the amount not to exceed \$75,000 in total. In February, 2025, the District received a letter from ODEQ stating they were not in compliance with the consent order. ODEQ required the District to submit a written response within 30 days detailing why the tasks were not completed along with a proposed schedule for returning to compliance with the Order. If the written response cannot be completed within the specified time frame, then the District must submit a letter explaining why and describe any actions the District will take to return to compliance. Any additional enforcement action will depend upon the information the District provides.

Criteria - The Oklahoma Department of Environmental Quality has regulatory jurisdiction under Oklahoma law to regulate and enforce the environmental laws for public water supply systems.

Cause - The District's testing of its public water supply system indicates it is not in compliance with the maximum contaminant level for arsenic in its water supply.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2023**

**1. Noncompliance with Certain Environmental Compliance Issues
(continued).**

Effect - The arsenic violation noted above resulted in several notice of violations being issued and ultimately to the consent order.

Recommendation - The District should work with the ODEQ to resolve its violation. It should seek whatever means is necessary to reduce the arsenic level in its water supply and keep ODEQ informed of its progress.

Views of Responsible Officials and Planned Corrective Action - The District is working on complying with the consent order. The District has drafted a written response to ODEQ and will present it to the Board of Directors at their next meeting.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
UPDATE ON PRIOR YEAR'S AUDIT FINDINGS
DECEMBER 31, 2023**

1. Noncompliance with Certain Environmental Compliance Issues.

Finding - In December 2020, the District received a consent order from the Oklahoma Department of Environmental Quality (ODEQ) alleging the District violated the maximum contaminant level of 0.01 milligrams per liter for arsenic in its water supply. The consent order requires the District to perform certain tasks by specific dates to upgrade the public water supply system and achieve compliance. The District never accepted this consent order. In February 2022, ODEQ issued another consent order which was accepted by the District. This consent order assessed a penalty of \$3,641 with on \$911 due in 2022 and the remainder deferred contingent upon the District complying with the consent order. In June 2023, the District and ODEQ agreed to an addendum to the consent order modifying due dates for the consent order. The Oklahoma Environmental Quality Code authorizes ODEQ to seek penalties up to \$10,000 per day for each violation of the Code and associated rules. If the District fails to comply with the consent order, ODEQ may assess stipulated penalties for each task not in compliance with the amount not to exceed \$75,000 in total.

Criteria - The Oklahoma Department of Environmental Quality has regulatory jurisdiction under Oklahoma law to regulate and enforce the environmental laws for public water supply systems.

Cause - The District's testing of its public water supply system indicates it is not in compliance with the maximum contaminant level for arsenic in its water supply.

Effect - The arsenic violation noted above resulted in several notice of violations being issued and ultimately to the consent order.

Recommendation - The District should work with the ODEQ to resolve its violation. It should seek whatever means is necessary to reduce the arsenic level in its water supply and keep ODEQ informed of its progress.

Views of Responsible Officials and Planned Corrective Action - The District is working on complying with the consent order.

**RURAL WATER DISTRICT #1
CADDO COUNTY, LOOKEBA, OKLAHOMA
UPDATE ON PRIOR YEAR'S AUDIT FINDINGS
DECEMBER 31, 2023**

**1. Noncompliance with Certain Environmental Compliance Issues
(continued).**

Updated Comment. Situation the same. In February, 2025, the District received a letter from ODEQ stating they were not in compliance with the consent order. ODEQ required the District to submit a written response within 30 days detailing why the tasks were not completed along with a proposed schedule for returning to compliance with the Order. If the written response cannot be completed within the specified time frame, then the District must submit a letter explaining why and describe any actions the District will take to return to compliance. Any additional enforcement action will depend upon the information the District provides. The District has drafted a written response to ODEQ and will present it to the Board of Directors at their next meeting.

Comment revised and included in current audit report.