

**CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1  
FORT GIBSON, OKLAHOMA**

**FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR**

**DECEMBER 31, 2024**

Audited by

**BLEDSON, HEWETT & GULLEKSON  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

**BROKEN ARROW, OK**

**CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1  
FORT GIBSON, OKLAHOMA  
BOARD OF DIRECTORS  
DECEMBER 31, 2024**

**BOARD OF DIRECTORS**

**Chairman**

Tom Cole

**Vice-Chairman**

Dean Williams

**Secretary/Treasurer**

Jeff Delmedico

**Members**

Nick Reich

Rodney Bond

**Plant Manager**

Jason Graber

**Office Manager**

Jaci Taylor, CPA - NEO Accounting PLLC

**CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1**  
**FORT GIBSON, OKLAHOMA**  
**DECEMBER 31, 2024**

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**BLEDSON, HEWETT & GULLEKSON**  
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Cherokee County Rural Water District No. 1  
Fort Gibson, Oklahoma

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

We have audited the accompanying financial statements of the business-type activities of the Cherokee County Rural Water District No. 1 (the District), Fort Gibson, Oklahoma, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the respective changes in financial position and its cash flows for the year 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.

***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 known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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.

### ***Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 - 9 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the

information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The prior year "memorandum only" comparative information and the supplementary information on page 22 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying financial statements and other supplementary information and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the fund type and account group financial statements within the combined financial statements-regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, 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.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 24, 2025

**RURAL WATER DISTRICT NO. 1, CHEROKEE COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2024**

Our discussion and analysis of the Rural Water District No. 1, Cherokee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the District's financial statements that begin on page 14.

**FINANCIAL HIGHLIGHTS:**

- The District's total operating expenses exceeded total operating revenues by \$14,256. Overall, the District's total net position increased by \$2,578,416 in the current fiscal year, primarily as result of the Muskogee County RWD #7 capital improvements (see below). The cash and cash equivalents increased by \$30,313 in 2024.
- The District earned \$2,103 in interest earnings during 2024, which is \$420 more than the prior year. The District also purchased \$22,000 in certificates of deposit during 2024 to take advantage of the higher interest rates.
- The District was awarded a \$4,671,972 grant from the U.S. Environmental Protection Agency (EPA) for various water system improvements that include water lines, pump station, water storage tank, and a line connection to Muskogee County RWD No. 7. The project is only partially complete as of December 31, 2024. The District drew down \$2,388,203 of funds as work was completed in 2024.
- The District was awarded a \$100,000 Rural Infrastructure Grant from OWRA and DEQ for system improvements. The District received approximately \$50,000 from this grant in 2023 and \$60,000 in 2024.
- The District received approximately \$150,000 in funding from Cherokee Nation, including ARPA funds, for various system improvements and for the Muskogee County RWD #7 project.
- The District continued to pay on their existing debt. The truck loan was paid off in 2024, two years earlier than originally scheduled. Funds awarded from the Cherokee County Clerk's office as part of ARPA funding were used to make this payment.

**Using This Report**

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

### **Basis of Accounting**

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

### **The Financial Statements**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, the Statement of Revenues, Expenses and changes in Net Position, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net position and the changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

### **Net Position, and Changes in Net Position**

The District's Net Position was higher in 2024, increasing from \$1,790,889 to \$4,369,305. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's business-type activities.

#### **Table 1 – Net Position:**



	<u>2024</u>	<u>2023</u>	<u>Variances</u>
Current and other assets	\$ 164,447	134,859	29,588
Capital assets, net	<u>4,439,989</u>	<u>1,862,014</u>	<u>2,577,975</u>
Total Assets	<u>\$ 4,604,436</u>	<u>1,996,873</u>	<u>2,607,563</u>
Current liabilities	\$ 103,331	52,684	(50,647)
Long-term liabilities	<u>131,800</u>	<u>153,300</u>	<u>21,500</u>
Total Liabilities	<u>\$ 235,131</u>	<u>205,984</u>	<u>(29,147)</u>
Invest. In capital assets, net of related debt	\$ 4,284,451	1,688,222	2,596,229
Restricted	35,518	37,760	(2,242)
Unrestricted	<u>49,336</u>	<u>64,907</u>	<u>(15,571)</u>
Total Net Position	<u>\$ 4,369,305</u>	<u>1,790,889</u>	<u>2,578,416</u>

Net Position of the District increased by 143.97 percent (\$4,369,305 compared to \$1,790,889). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from \$64,907 to \$49,336.

**Table 2 – Changes in Net Position:**

	<u>2024</u>	<u>2023</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 366,180	368,446	(2,266)
Other revenue	2,602,539	147,608	2,454,931
Interest	<u>2,103</u>	<u>1,683</u>	<u>420</u>
Total Revenues	<u>2,970,822</u>	<u>517,737</u>	<u>2,453,085</u>
Expenses:			
Salaries, taxes and benefits	77,055	75,454	(1,601)
Maintenance and repairs	38,794	45,316	6,522
Other expenses	151,754	149,301	(2,453)
Depreciation	112,833	59,881	(52,952)
Interest on debt	<u>11,970</u>	<u>6,241</u>	<u>(5,729)</u>
Total Expenses	<u>392,406</u>	<u>336,193</u>	<u>(56,213)</u>
Changes in Net Position	2,578,416	181,544	2,396,872
Net Position, Beginning	<u>1,790,889</u>	<u>1,609,345</u>	<u>181,544</u>
Net Position, Ending	<u>\$ 4,369,305</u>	<u>1,790,889</u>	<u>2,578,416</u>

The District's total revenues increased by 473.81 percent (\$2,453,085), due to the grant funds received from the EPA and Cherokee Nation in 2024. The total cost of all services increased by 16.72 percent (\$56,213).

### **Capital Assets**

At December 31, 2024, the District had \$4,439,989 invested in capital assets, net of depreciation, including land, buildings, the water system, pump stations, vehicles and equipment. Additional capital assets of \$2,690,177 were added during the 2024 fiscal year, which included water line improvements, system improvements, a mini-excavator, and costs associated with the Muskogee RWD No. 7 tie-in project.

### **Long-Term Debt**

The District had one note with the Oklahoma Water Resources Board. The total outstanding loan balance decreased from \$173,792 to \$153,300 in 2024.

### **Economic Factors and Next Year's Budget and Rates**

For the upcoming fiscal year ending December 31, 2025, the District's projected budget is fairly consistent with the 2024 fiscal year.

This District will continue District-wide improvements related to the Muskogee tie-in project that are currently ongoing and being funded with the EPA grant. Completion of the \$4,671,972 project is expected in 2025.

For the fiscal year 2025, the District does not foresee any water rate increases. However, the District may have to increase rates to users in future years to meet the demands of the struggling economy. If demand is increased on existing lines and equipment, or additional memberships are substantially increased, it may be necessary for the District to incur some long-term debt to meet these demands.

### **Contacting the District**

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at 21439 Hwy 80, Fort Gibson, OK 74434, or call (918) 400-1043.



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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  
Cherokee County Rural Water District No. 1  
Fort Gibson, Oklahoma

We have audited 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, the financial statements of the Cherokee County Rural Water District No. 1 (the District), Fort Gibson, Oklahoma, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 24, 2025.

**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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

## **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 its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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**

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

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 24, 2025



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Cherokee County Rural Water District No. 1  
Fort Gibson, Oklahoma

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Cherokee County Rural Water District No. 1, Fort Gibson, Oklahoma's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 24, 2025

CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1  
FORT GIBSON, OKLAHOMA  
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFECIENCIES  
DECEMBER 31, 2024

There were no prior year significant deficiencies.



**CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1**  
**FORT GIBSON, OKLAHOMA**  
**SCHEDULE OF AUDIT RESULTS**  
**DECEMBER 31, 2024**

**Section 1 – Summary of Auditor’s Results:**

1. An unmodified opinion report was issued on the financial statements.
2. The audit reported no material weaknesses and did not report on any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.
4. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over major programs.
5. An unmodified opinion report was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under the Uniform Guidance.
7. The federal program determined to be major was the EPA Grant - Congressionally Mandated Projects (66.202), which was not clustered in determination.
8. The dollar threshold used to determine between Type A and Type B programs was \$750,000.
9. The auditee was determined not to be a low-risk auditee.

**Section 2** – Findings relating to the financial statements required to be reported in accordance with Generally Accepted Government Auditing Standards:

NONE

**Section 3** – Findings and questioned costs for federal awards:

NONE

Cherokee County Rural Water District No. 1  
Statement of Net Position  
December 31, 2024

	2024	-Memorandum- -Only- 2023
<b><u>ASSETS:</u></b>		
Current assets:		
Cash	\$ 75,203	\$ 68,554
Investments (CDs)	22,179	0
Accounts receivable	11,676	11,895
Prepaid insurance	1,904	1,780
Total current assets	<u>110,962</u>	<u>82,229</u>
Restricted assets:		
Restricted cash per contracts	1,168	4,168
Restricted cash with fiscal agent	13,185	9,458
Restricted investment with fiscal agents	34,350	33,592
Total restricted assets	<u>48,703</u>	<u>47,218</u>
Capital assets:		
Property, plant and equipment	5,446,098	2,755,921
Less: accumulated depreciation	(1,006,109)	(893,907)
Total noncurrent assets	<u>4,439,989</u>	<u>1,862,014</u>
Other assets:		
Loan costs, net of amortization	4,782	5,412
<b>TOTAL ASSETS</b>	<b><u>\$ 4,604,436</u></b>	<b><u>\$ 1,996,873</u></b>
 <b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 79,593	\$ 32,192
Accrued interest payable	2,238	0
Notes payable - current portion	21,500	20,492
Notes payable - long-term portion	131,800	153,300
Total Liabilities	<u>235,131</u>	<u>205,984</u>
 <b><u>NET POSITION:</u></b>		
Net investment in capital assets	4,284,451	1,688,222
Restricted for debt service	35,518	37,760
Unrestricted assets	49,336	64,907
Total Net Position	<u>4,369,305</u>	<u>1,790,889</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 4,604,436</u></b>	<b><u>\$ 1,996,873</u></b>

The accompanying notes to the financial statements are an integral part of this statement

Cherokee County Rural Water District No. 1  
Statement of Revenues, Expenses and Changes in Net Position  
For The Year Ended December 31, 2024

	2024	-Memorandum- -Only- 2023
<b>Operating Revenues:</b>		
Water sales and other sales	\$ 366,180	\$ 368,446
<b>Operating Expenses:</b>		
Chemicals	15,864	19,660
Professional fees	38,262	19,333
Supplies and parts	22,185	30,649
Equipment rental	75	1,602
Insurance and bonds	21,554	24,222
Water purchased	1,113	1,056
Miscellaneous	1,261	2,766
Office supplies and postage	6,968	5,102
Dues and memberships	10,112	9,477
Repairs and contract labor	38,794	45,316
Salaries	71,234	69,775
Payroll taxes	5,821	5,679
Utilities and telephone	21,897	20,944
Vehicles	6,878	7,584
Water testing	5,585	6,275
Depreciation	112,202	59,881
Amortization	631	631
Total expenses from operations	380,436	329,952
Operating Income (Loss)	(14,256)	38,494
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	2,103	1,683
Cherokee Nation grant	151,528	92,546
Other grants (EPA)	2,388,203	0
OWRA grant (RIG)	62,808	55,062
Interest paid on long-term debt	(11,970)	(6,241)
Total non-operating revenues (expenses)	2,592,672	143,050
Change in Net Position	2,578,416	181,544
Total Net Position, beginning of period	1,790,889	1,609,345
<b>Total Net Position, end of period</b>	<b>\$ 4,369,305</b>	<b>\$ 1,790,889</b>

The accompanying notes to the financial statements are an integral part of this statement

Cherokee County Rural Water District No. 1  
Statement of Cash Flows  
For the Year Ended December 31, 2024

	2024	Memorandum Only 2023
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 366,063	\$ 364,612
Payments to employees	(71,234)	(69,775)
Payments to vendors	(146,519)	(177,892)
Net Cash Provided by Operating Activities	<u>148,310</u>	<u>116,945</u>
<b>Cash Flows from Investing Activities:</b>		
Interest revenue	<u>2,103</u>	<u>1,683</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital assets purchased	(2,690,177)	(220,596)
Cherokee Nation grant	151,528	92,546
Other grants	2,388,203	55,062
OWRA grant	62,808	0
Interest expense on debt	(11,970)	(6,241)
Principal payments on debt	(20,492)	(71,007)
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(120,100)</u>	<u>(150,236)</u>
Net Increase (Decrease) in Cash	30,313	(31,608)
Cash and cash equivalents, beginning of period	<u>115,772</u>	<u>147,380</u>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 146,085</u></b>	<b><u>\$ 115,772</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income	\$ (14,256)	\$ 38,494
Adjustments to reconcile operating income to net cash provided (used by operating activities:		
Depreciation Expense	112,202	59,881
Amortization Expense	631	631
(Increase) decrease in accounts receivable	219	5,861
(Increase) decrease in prepaid expenses	(124)	396
Increase (decrease) in accounts payables	49,638	11,682
Net Cash Provided by Operating Activities	<u>\$ 148,310</u>	<u>\$ 116,945</u>

The accompanying notes to the financial statements are an integral part of this statement

**Cherokee County Rural Water District No. 1**  
**Fort Gibson, Oklahoma**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note A – Significant Accounting Policies**

Organization

Cherokee County Rural Water District No. 1 (the District) is an Oklahoma rural water district organized under Title 82 of Oklahoma Statutes to provide water service to rural residents of Cherokee County, Oklahoma. The District is considered a political subdivision of the State of Oklahoma.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and liabilities are recognized when incurred. This policy is in accordance with generally accepted accounting principles. The District has also complied with GASB Statement No. 34 financial reporting requirements.

Cash

The District's accounts are with Firststar Bank and Armstrong Bank, Muskogee, Oklahoma, and are detailed as follows:

	December 31,	
	2024	2023
Operating account	\$ 83,661	88,058
Muskogee RWD #7 escrow	1,168	4,168
EPA grant (construction)	0	0
ORWA grants	230	5,230
Add: deposits in transit	68	606
Less: outstanding checks	(8,756)	(25,340)
Total	<u>\$ 76,371</u>	<u>72,722</u>

Investments

The bookkeeper is authorized by the Board of Directors to invest certain amounts of money from available funds. The types of investments available are specified in and limited by Oklahoma Statutes, which includes certificates of deposit and governmental securities. Investments are recorded on the financial records and in the financial statements at cost. Income from investments is recorded when collected. The District held approximately \$22,179 in two certificates of deposit with BancFirst at December 31, 2024.

**Cherokee County Rural Water District No. 1**  
**Fort Gibson, Oklahoma**  
**Notes to Financial Statements**  
**December 31, 2024**

Restricted Asset – Investment Reserves

In compliance with Oklahoma Water Resources Board Loan Agreement, the District is required to establish, fund and maintain a Debt Service Account and a Debt Service Reserve Account. These funds can only be used by the Local Trustee to pay the principal or, premium, if any, and interest on the note and any other indebtedness issued therewith as the same become due and payable. These accounts are fully funded as stipulated by Article 1.11 of the Loan Agreement. The reserve account funds have been deposited in an interest-bearing money market accounts at the Bank of Oklahoma, Oklahoma City, Oklahoma, which is insured by the federal government. At December 31, 2024, the restricted assets are detailed as follows:

Bank of Oklahoma, Tulsa, Oklahoma:

Money Market account No. 83-6084-06-1, @.90%	\$ 34,350
Checking account No. 83-6084-06-1	<u>13,185</u>
Total	<u>\$ 47,535</u>

The District also holds \$1,168 in Armstrong Bank as part of an escrow agreement with Muskogee County RWD #7. The funds can be used to pay any past due balances owed to Muskogee County RWD #7 for water purchased by the District.

Collateral Pledged

All funds were adequately insured by the \$250,000 FDIC coverage per banking institution as of December 31, 2024.

Accounts Receivable

Billings for accounts receivable at December 31, 2024 were \$22,826. The amount of allowance for doubtful accounts was computed at \$11,150, or all accounts over 30 days past due. The net accounts receivable balance at December 21, 2024 was \$11,676.

Memorandum Totals

The “Memorandum Only” captions above the total columns mean that amounts are presented for overview information purposes only.

**Cherokee County Rural Water District No. 1**  
**Fort Gibson, Oklahoma**  
**Notes to Financial Statements**  
**December 31, 2024**

Federal Income Tax

The District is exempt from Federal and State income taxes.

Capital Assets

Capital assets are valued at cost, depreciation is computed by use of the straight line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture	5 years
Equipment & tools	5 years
Water & sewer system	40 years
Buildings	20-40 years
Computer equipment	3 years

The capital asset information for the District is shown below:

	12/31/2023 Amount	Additions	Deletions	12/31/2024 Amount
Land	\$ 16,647	-	-	16,647
Water System	2,597,312	2,620,872	-	5,218,184
Bldg & Equip.	141,962	69,305	-	211,267
Less: Accumulated Depreciation	(893,907)	(112,202)	-	(1,006,109)
Total	<u>\$ 1,862,014</u>	<u>2,577,975</u>	<u>-</u>	<u>4,439,989</u>

**Cherokee County Rural Water District No. 1**  
**Fort Gibson, Oklahoma**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note B – Long-term Debt**

Long-term debt as of December 31 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Note FAP-98-0029-L, variable interest rate, mortgage payable to the Oklahoma Water Resource Board, required semi-annual installments, through August 15, 2030	\$ 153,300	173,100
Promissory Note #700072135 with Armstrong, Bank, Muskogee, OK, interest rate of 4.828% payable in monthly installments of \$1,225 until November 18, 2026 (Truck Loan)	<u>-</u>	<u>692</u>
Total Long-term debt	153,300	173,792
Less: current maturities	<u>(21,500)</u>	<u>(20,492)</u>
Total	<u><u>\$ 131,800</u></u>	<u><u>153,300</u></u>

The maturities for the next five years plus the total amount due thereafter are detailed as follows:

<u>Year</u>	<u>OWRB</u>
2025	\$ 21,500
2026	23,300
2027	25,100
2028	27,200
2029	29,400
2030-2034	<u>26,800</u>
Total	<u><u>\$ 153,300</u></u>



**Cherokee County Rural Water District No. 1**  
**Fort Gibson, Oklahoma**  
**Notes to Financial Statements**  
**December 31, 2024**

**Note C – Contributed Capital**

In 2021, the District received \$84,750 in grant funds from OWRB, \$15,000 in grant funds from Cherokee Nation, and \$6,000 in other grant funds. In 2022, the District received \$603,916 in grant funds from Cherokee Nation and \$42,294 in other grant funds for system improvements. In 2023, the District received \$92,546 in grant funds from Cherokee Nation and \$55,062 in grant funds from OWRA. In 2024, the District received \$151,528 in ARPA grant funds from Cherokee Nation and \$2,388,203 in grant funds from the U.S. Environmental Protection Agency to fund a tie-in project with Muskogee County RWD #7 and to fund other system improvements.

**Note D – Insurance and Surety Bond Coverage**

At December 31, 2024, the District had appropriate coverage against all major perils.

**Note E – Subsequent Events**

Management has evaluated subsequent events through March 24, 2025 which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Program or Award Amount</u>	<u>Balance at 1/1/24</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Balance at 12/31/24</u>
<u>Department of Homeland Security:</u>						
Cherokee Nation- American Rescue Plan Act:	97.042	\$ 800,000	0	151,528	151,528	648,472
<u>U.S. Environmental Protection Agency:</u>						
* Congressionally Mandated Projects: Muskogee Co. RWD #7 Tie-in	66.202	4,671,972	0	2,388,203	2,388,203	2,283,769
Total Federal Assistance		<u>\$ 5,471,972</u>	<u>0</u>	<u>2,539,731</u>	<u>2,539,731</u>	<u>2,932,241</u>

\* - major program

Notes to Schedule of Expenditures of Federal Awards:

Basis of Presentation - The schedule of federal awards (the "Schedule" includes the federal awards activity of the District under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the net position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**CHEROKEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**December 31, 2024**

Water Rates (revised January 1, 2023)

Monthly minimum charge: \$45.00

0 – 1,000 gallons	=	\$8.00 per 1,000 gallons
1,000 – 2,000 gallons	=	\$9.00 per 1,000 gallons
2,001 – 3,000 gallons	=	\$10.00 per 1,000 gallons
3,001 – 4,000 gallons	=	\$11.00 per 1,000 gallons
4,001 – 5,000 gallons	=	\$12.00 per 1,000 gallons
5,001 – 6,000 gallons	=	\$14.00 per 1,000 gallons
6,001 – 7,000 gallons	=	\$16.00 per 1,000 gallons
7,001 – 8,000 gallons	=	\$18.00 per 1,000 gallons
8,001 – 9,000 gallons	=	\$18.00 per 1,000 gallons
9,001 – 10,000 gallons	=	\$18.00 per 1,000 gallons
10,001 – 11,000 gallons	=	\$20.00 per 1,000 gallons
11,001 – 12,000 gallons	=	\$20.00 per 1,000 gallons
12,001 – 13,000 gallons	=	\$20.00 per 1,000 gallons
13,001 – 14,000 gallons	=	\$20.00 per 1,000 gallons
14,001 – 15,000 gallons	=	\$20.00 per 1,000 gallons
15,001 – 16,000 gallons	=	\$22.00 per 1,000 gallons
16,001 – 17,000 gallons	=	\$22.00 per 1,000 gallons
17,001 – 18,000 gallons	=	\$22.00 per 1,000 gallons
18,001 – 19,000 gallons	=	\$22.00 per 1,000 gallons
19,001 – 20,000 gallons	=	\$22.00 per 1,000 gallons
20,000 + gallons	=	\$25.00 each 1,000 gal

Customers

The District had 342 active customer accounts at the close of the fiscal year.

Current membership/tap fee is \$2,500.