

Clarita-Olney Water Company, Inc.
Clarita, Oklahoma

Financial Statements and
Reports of Independent Auditor

June 30, 2022

Audited by
BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Broken Arrow, Oklahoma

Clarita-Olney Water Company, Inc.
Clarita, Oklahoma

Board of Directors
June 30, 2022

Chairman

Clark Parker

Vice Chairman

Robert Roebuck

Secretary/Treasurer

Kelly Campbell

Members

Billy Jones

Bonnie Lemons

Manager

Frankie Wallace

Bookkeeper

Donna Bolin

P.O. Box 81
Clarita, Oklahoma 74535
(580) 428-3370

Clarita-Olney Water Company, Inc.
Clarita, Oklahoma

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June 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clarita-Olney Water Company, Inc.
Clarita, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Clarita-Olney Water Company, Inc. (the District), Clarita, Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 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 18 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022, 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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on 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

September 28, 2022

CLARITA-OLNEY WATER COMPANY, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Our discussion and analysis of the Clarita-Olney Water Company's financial performance provides an overview of the District's financial activities for the fiscal year ended June 3, 2022. Please read it in conjunction with the District's financial statements that begin on page 10.

FINANCIAL HIGHLIGHTS

- The District's operating revenue exceeded operating expenses by \$27,086 in the 2021-22 year, an increase of \$18,379 over the prior year.
- The District paid off the \$125,000 CDBG 0% interest loan in the 2021-22 fiscal year.
- In 2021-22, the District was approved for a \$110,926 grant from the USDA to install a new 4 inch line. \$102,848 of these proceeds were received in 2021-22.
- The District approved raising water rates, effective August 1, 2022 to keep up with increased costs.

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 2021-22, increasing from \$620,981 to \$840,208. 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>2021-22</u>	<u>2020-21</u>	<u>Variances</u>
Current and other assets	\$ 188,926	167,769	21,157
Capital assets, net	660,865	467,684	193,181
Total Assets	<u>\$ 849,791</u>	<u>635,453</u>	<u>214,338</u>
Current liabilities	\$ 9,583	14,472	4,889
Long-term liabilities	-	-	-
Total Liabilities	<u>\$ 9,583</u>	<u>14,472</u>	<u>4,889</u>
Invest. In capital assets	\$ 660,865	462,998	197,867
Unrestricted	179,343	157,983	21,360
Total Net Position	<u>\$ 840,208</u>	<u>620,981</u>	<u>219,227</u>

Net Position of the District increased by 35.3 percent (\$840,208 compared to \$620,981). The main reason for this large increase was the grant proceeds received in 2021-22. 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 – increased from \$157,983 to \$179,343.

Table 2 – Changes in Net Position:

	<u>2021-22</u>	<u>2020-21</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 231,642	204,917	26,725
Grant proceeds/reimb.	215,349	60,511	154,838
Interest	271	2,098	(1,827)
Total Revenues	<u>447,262</u>	<u>267,526</u>	<u>179,736</u>
Expenses:			
Water purchases	85,456	-	(85,456)
Contract services	67,200	67,200	-
Supplies & materials	20,901	104,605	83,704
Repairs & Maintenance	12,269	24,405	12,136
Other expenses	18,730	-	(18,730)
Depreciation	23,479	18,780	(4,699)
Total Expenses	<u>228,035</u>	<u>214,990</u>	<u>(13,045)</u>
Changes in Net Position	219,227	52,536	166,691
Net Position, Beginning	<u>620,981</u>	<u>568,445</u>	<u>52,536</u>
Net Position, Ending	<u>\$ 840,208</u>	<u>620,981</u>	<u>219,227</u>

The District's total service revenues increased by 13.0 percent (\$26,725). The total cost of all expenses increased by 6.1 percent (\$13,045).

Capital Assets

At June 30, 2022 the District had \$660,865 invested in capital assets, net of depreciation, including land, the water system, equipment, leases and rights. The District added \$216,660 in additional capital assets in 2021-22. The majority of additions were water line relocations and installations.

Long-Term Debt

The District had no outstanding debt at June 30, 2022. The 20 year note from 2002 was paid off in 2021-22.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending June 30, 2023 the District's budget is fairly consistent with prior years.

As the current economic conditions continue and expenses continue to increase, additional rate increases may become necessary.

Contacting the District's Management

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 P.O. Box 81, Clarita, Oklahoma 74535.



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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
Clarita-Olney Water Company, Inc.
Clarita, 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 accompanying financial statements of the Clarita-Olney Water Company, Inc. (the District), Clarita, Oklahoma, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 28, 2022.

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 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 over.

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 District'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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in the internal controls, described in the accompanying schedule of audit results as item 22-1, to be a material weakness.

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

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

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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

September 28, 2022

CLARITA-OLNEY WATER COMPANY, INC.
Clarita, Oklahoma
Schedule of Audit Results
June 30, 2022

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit disclosed a significant deficiency in the internal controls, item 22-1, which was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

22-1 – Lack of Segregation of Duties

Condition-

The inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available prevent a proper segregation of accounting functions, which is necessary in order to assure adequate internal accounting controls.

Criteria-

An organization should ensure that there is a proper segregation of duties regarding bank reconciliations and the payment and classification of expenses.

Cause/Effect

There is always the possibility that funds expended or bank withdrawals are not used for actual District obligations. The District is not large enough to justify the hiring of additional personnel.

Recommendation-

The current procedures should not be changed. However, there should be additional personnel instilled into the reconciliation and payment procedures when this becomes economically possible.

Response-

Additional personnel will be hired when the actual funds are available. The District is small cannot afford to hire additional personnel. All funds are collected through Shamrock Bank in Coalgate, and two signatures are required on all checks issued.

Clarita-Olney Water Company, Inc.
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended June 30, 2022

	<u>2021-22</u>	<u>-Memorandum- -Only- 2020-21</u>
Operating Revenues:		
Water sales	\$ 216,907	\$ 204,917
Benefit units	5,000	0
Other fees	9,735	0
Total revenues from operations	<u>231,642</u>	<u>204,917</u>
Operating Expenses:		
Water purchases	85,456	0
Contract services	67,200	67,200
Supplies and materials	20,901	104,605
Maintenance and repairs	12,269	24,405
Professional fees	6,150	0
Utilities	6,702	0
Dues and licenses	2,791	0
Insurance	1,616	0
Miscellaneous	42	0
Postage	1,429	0
Total expenses from operations	<u>204,556</u>	<u>196,210</u>
Operating Income (Loss)	27,086	8,707
Non-Operating Revenues (Expenses):		
Interest income	271	2,098
Grant proceeds	102,848	60,511
ODOT reimbursements	112,501	0
Depreciation	(23,479)	(18,780)
Total non-operating revenues (expenses)	<u>192,141</u>	<u>43,829</u>
Change in Net Position	219,227	52,536
Total Net Position, beginning of period	<u>620,981</u>	<u>568,445</u>
Total Net Position, end of period	<u>\$ 840,208</u>	<u>\$ 620,981</u>

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

Clarita-Olney Water Company, Inc.
Statement of Net Position
June 30, 2022

	<u>June 30, 2022</u>	<u>-Memorandum- -Only- June 30, 2021</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 36,784	\$ 33,686
Investments	118,251	117,897
Receivables	29,909	16,186
Prepaid insurance	3,982	0
Total current assets	<u>188,926</u>	<u>167,769</u>
Capital assets:		
Water system and improvements	1,344,333	1,127,673
Less: accumulated depreciation	<u>(683,468)</u>	<u>(659,989)</u>
Total capital assets	<u>660,865</u>	<u>467,684</u>
TOTAL ASSETS	<u>\$ 849,791</u>	<u>\$ 635,453</u>
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 8,683	\$ 9,036
Rental deposits	900	750
Current maturities of long-term debt	<u>0</u>	<u>4,686</u>
Total current liabilities	<u>9,583</u>	<u>14,472</u>
Long-term debt:		
Notes payable, less current maturities	<u>0</u>	<u>0</u>
Total Liabilities	<u>9,583</u>	<u>14,472</u>
 <u>NET POSITION</u>		
Net investment in capital assets	660,865	462,998
Unrestricted	<u>179,343</u>	<u>157,983</u>
Total Net Position	<u>840,208</u>	<u>620,981</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 849,791</u>	<u>\$ 635,453</u>

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

Clarita-Olney Water Company, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2022

	2021-22	-Memorandum- -Only- 2020-21
Cash flows from operating activities:		
Receipts from customers	\$ 218,023	\$ 203,606
Payments for labor	(67,200)	(67,200)
Payments to vendors	(141,741)	(129,190)
Net cash (used in) provided by operating activities	<u>9,082</u>	<u>7,216</u>
Cash flows from capital and related financing activities:		
Capital assets purchased	(216,660)	(65,271)
Principal paid on debt	(4,686)	(6,250)
Grant proceeds and reimbursements	215,349	60,511
Net cash used in capital and related financing activities	<u>(5,997)</u>	<u>(11,010)</u>
Cash flows from investing activities:		
Interest on investments	<u>13</u>	<u>12</u>
Net increase (decrease) in cash and cash equivalents	3,098	(3,782)
Cash & cash equivalents, beginning of period	<u>33,686</u>	<u>37,468</u>
Cash & cash equivalents, end of period	<u>\$ 36,784</u>	<u>\$ 33,686</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income	\$ 27,086	\$ 8,707
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
(Increase) decrease in current assets-		
Accounts receivable	(13,819)	(1,311)
Prepaid expenses	(3,982)	0
Increase (decrease) in current liabilities-		
Accounts payable	(203)	(180)
Net Cash Provided by Operating Activities	<u>\$ 9,082</u>	<u>\$ 7,216</u>

The accompanying notes are an integral part of the financial statements

CLARITA-OLNEY WATER COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2022

Note 1 – Significant Accounting Policies

Clarita-Olney Water Company, Inc. (the “District”) was created under the provisions of Title 82, Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, for the purpose of providing water to the members of the District it serves. Membership in the water district consists of water users who have paid the required membership and connection fees. The District is exempt from federal and state income taxes.

The membership consists of approximately 400 users, each entitled to one vote. The Board consists of five members. The vacant Board seats are elected at the annual meeting, and all officers of the Board (chairman, vice-chairman and secretary/treasurer) are voted and approved at this meeting. The members of the Board serve without compensation.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with Generally Accepted Accounting Principles (GAAP).

Cash

The District’s accounts at June 30, 2022, are comprised as follows:

Shamrock Bank, Coalgate, OK	
Operating & Maintenance Checking	\$ 119,395
Outstanding checks	<u>(82,611)</u>
Total Cash	<u>\$ 36,784</u>

Investments

The District had the following investments at June 30, 2022:

FirstBank, Antlers, OK-	
Certif. of Deposit, dated 4/5/21, matures 4/5/24, .3%	<u>\$ 118,251</u>

CLARITA-OLNEY WATER COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2022

Note 1 – Significant Accounting Policies – cont’d

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers’ acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At June 30, 2022, the District held deposits of approximately \$237,646 at financial institutions. The District’s cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.

CLARITA-OLNEY WATER COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2022

Note 1 – Significant Accounting Policies – cont’d

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Fair Value of Financial Instruments – The District’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District’s estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

Capital Assets

Capital (fixed) assets are valued at cost, and depreciation is computed by use of the straight-line method. The estimated useful life of these assets range from five to 40 years. Capital asset information for the 2021-22 fiscal year is as follows:

	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
Water distribution system	\$ 1,028,474	274,808	-	1,303,282
Construction in progress	60,511	-	(60,511)	-
Equipment	19,428	2,363	-	21,791
Buildings	19,260	-	-	19,260
Total capital assets	<u>1,127,673</u>	<u>277,171</u>	<u>(60,511)</u>	<u>1,344,333</u>
Less: Accumulated depreciation	<u>(659,989)</u>	<u>(23,479)</u>	<u>-</u>	<u>(683,468)</u>
Capital assets, net	<u>\$ 467,684</u>	<u>253,692</u>	<u>(60,511)</u>	<u>660,865</u>

Additions to capital assets in the 2021-22 fiscal year included water lines being replaced and installed on Highway 48 and Highway 31 and a billing software package.

Accounts Receivable

Billings for accounts receivable at June 30, 2022 were \$43,857. No computation was made for allowance for doubtful accounts, which is not considered to be material to the financial statements.

CLARITA-OLNEY WATER COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2022

Note 1 – Significant Accounting Policies – cont’d

Inventories

The District does not include an inventory amount on its financial statements. All items purchased for inventory are expensed immediately.

Equity Classification

Equity is classified as net position and displayed in three components:

1. Net Investment in capital assets – 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) laws through constitutional provisions of enabling legislation.
3. Unrestricted – Net amount of 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 component of net position.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments, such as certificates of deposit maturing within 60 days of year end, as cash equivalents.

Note 2 – Long-Term Debt

The District had no outstanding long-term debt at June 30, 2022. The 20 year CDBG 0% loan in the amount of \$125,000 with the Coal County Public Facilities Authority was paid off in 2021-22.

CLARITA-OLNEY WATER COMPANY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2022

Note 3 – Insurance and Surety Bond Coverage

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 carries commercial insurance for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 4 – Major Suppliers

The District purchases their water from the Coalgate Water Department and is subject to water rate increases from this water source.

Note 5 – Subsequent Events

Management has evaluated subsequent events through September 28, 2022, 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.

CLARITA-OLNEY WATER COMPANY, INC.
Schedule of Water Rates and Customers
-Unaudited Information-
June 30, 2022

Water Rates

0 – 1,000 gallons	=	\$15.50
1,001 – 2,999 gallons	=	\$5.50 per 1,000 gallons
3,000 – 4,999 gallons	=	\$6.00 per 1,000 gallons
5,000 and over	=	\$6.75 per 1,000 gallons

New Rates, effective 8/1/22:

0 – 1,000 gallons	=	\$20.00
1,001 – 10,000 gallons	=	\$8.00 per 1,000 gallons
10,001 – 15,000 gallons	=	\$9.00 per 1,000 gallons
15,000 – 20,000 gallons	=	\$10.00 per 1,000 gallons
20,001 and over	=	\$11.50 per 1,000 gallons

Customers

Membership fee is \$500

Meter fee is \$1,000