

**Creek County Rural Water District No. 1  
Kellyville, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2022

Audited by

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

BROKEN ARROW, OK

**Creek County Rural Water District No. 1**  
**Kellyville, Oklahoma**  
Board of Directors  
December 31, 2022

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**Vice-President**

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**DISTRICT MANAGER**

Mitch Conley

**OFFICE MANAGER**

Amy Pardus

**Creek County Rural Water District No. 1**  
**Kellyville, Oklahoma**  
December 31, 2022

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Creek County Rural Water District No. 1  
Kellyville, Oklahoma

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

We have audited the accompanying financial statements of the business-type activities of the Creek County Rural Water District No. 1 (the District), Kellyville, Oklahoma, as of and for the year ended December 31, 2022, 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, 2022, 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 24 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 May 5, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

May 5, 2023

**RURAL WATER DISTRICT NO. 1, CREEK COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**DECEMBER 31, 2022**

Our discussion and analysis of the Rural Water District No. 1, Creek County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. 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 \$45,802. Overall, the District's total net position increased by \$12,231 in the current fiscal year.
- The Water Plant supplied a total of 577,960,000 gallons of water in 2022, an increase of 74,223,000 gallons.
- The District sold 43 new taps in 2022, making a total of 2,790 total benefit units in the District.
- The District approve a water rate increase, effective January 1, 2023, to keep up with increased costs of goods and services.

**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 2022, increasing from \$7,845,375 to \$7,857,606. 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>2022</u>	<u>2021</u>	<u>Variances</u>
Current and other assets	\$ 3,158,826	3,030,028	128,798
Capital assets, net	8,116,373	8,310,136	(193,763)
Total Assets	<u>\$ 11,275,199</u>	<u>11,340,164</u>	<u>(64,965)</u>
Current liabilities	\$ 164,401	182,012	17,611
Long-term liabilities	3,253,192	3,312,777	59,585
Total Liabilities	<u>\$ 3,417,593</u>	<u>3,494,789</u>	<u>77,196</u>
Invest. In capital assets, net			
of related debt	\$ 4,863,181	4,997,359	(134,178)
Restricted	611,188	366,188	245,000
Unrestricted	2,383,237	2,481,828	(98,591)
Total Net Position	<u>\$ 7,857,606</u>	<u>7,845,375</u>	<u>12,231</u>

Net Position of the District increased by .15 percent (\$7,857,606 compared to \$7,845,375). 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 \$2,481,828 to \$2,383,237.



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

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 2,541,571	2,348,758	192,813
Insurance reimbursements	10,821	12,479	(1,658)
Other income and fees	7,122	12,750	(5,628)
Grant proceeds	-	684,594	(684,594)
Interest	17,815	16,517	1,298
Total Revenues	<u>\$ 2,577,329</u>	<u>\$ 3,075,098</u>	<u>(497,769)</u>
Expenses:			
Salaries, taxes and benefits	\$ 534,060	482,209	(51,851)
Maintenance and repairs	467,437	355,006	(112,431)
Chemicals	677,988	478,767	(199,221)
Other expenses	389,055	309,791	(79,264)
Depreciation/amortization	306,687	306,807	120
Utilities	128,268	108,108	(20,160)
Interest on loan	61,603	62,709	1,106
Total Expenses	<u>\$ 2,565,098</u>	<u>2,103,397</u>	<u>(461,701)</u>
Changes in Net Position	12,231	971,701	(959,470)
Net Position, Beginning	<u>7,845,375</u>	<u>6,873,674</u>	<u>971,701</u>
Net Position, Ending	<u>\$ 7,857,606</u>	<u>7,845,375</u>	<u>12,231</u>

The District's total revenues decreased by 16.2 percent (\$497,769), mostly due to grant proceeds received in 2021. The total cost of all services increased by 21.9 percent (\$461,701).

### **Capital Assets**

At December 31, 2022 the District had \$8,116,373 invested in capital assets, net of depreciation, including land, the water system, vehicles, equipment and lines. Additional capital assets of \$111,036 were added during the 2022 fiscal year, which was mostly the continuation of the water treatment plant rehabilitation and expansion, transmission pipeline and treatment plant site piping, storage tank project and storage tank recoating – all part of the USDA loan/grant project. The District also purchased a truck in 2022.

### **Long-Term Debt**

The District currently has two long-term notes with USDA/Rural Development. Both loans are dated June 1, 2020. Loan 91-01 was for \$2,949,000 at 1.875% interest, and Loan 91-03 was for \$451,000 at 1.875% interest. At December 31, 2022 the outstanding principal balance on these notes are \$3,253,192.

### **USDA/Rural Development Required Balances**

The USDA/Rural Development Office has required the District to include a short-lived asset reserve account and a debt service reserve account in their financial statements. The District is required to deposit \$245,000 annually into the short-lived asset reserve account, and the debt service reserve account is required to maintain a balance of \$121,188, which is the amount of loan payments made each year.

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

For the upcoming fiscal year ending December 31, 2023 the District's projected budget is fairly consistent with the 2022 fiscal year.

For the fiscal year 2023 the District may have to again increase rates to users to meet demands if the cost of water purchased and everyday expenses are substantially increased. 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. As of the date of this report, none of these situations are probable for the 2023 year.

### **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 P.O. Box 406, Kellyville, OK 74039, or call (918) 247-6465.



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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  
Creek County Rural Water District No. 1  
Kellyville, 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 Creek County Rural Water District No. 1 (the District), Mounds, Oklahoma, as of and for the year ended December 31, 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 May 5, 2023.

**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

May 5, 2023

**CREEK COUNTY RURAL DISTRICT NO. 1**  
**Disposition of Prior Year's Significant Deficiencies**  
**December 31, 2022**

There were no prior year significant deficiencies.

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Schedule of Audit Results**  
**December 31, 2022**

Section 1 – Summary of Auditor’s Results

1. An unmodified opinion report was issued on the financial statements.
2. 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 financial reporting.
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:

NONE

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Statement of Net Position**  
**December 31, 2022**

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash	\$ 842,649	763,639
Investments	1,309,916	1,517,948
Restricted cash and cash equivalents	611,188	366,188
Accounts and interest receivable	118,092	99,489
Inventory	170,346	168,659
Prepaid expenses	36,250	41,832
Total current assets	<u>3,088,441</u>	<u>2,957,755</u>
Capital Assets:		
Land	8,249	8,249
Plant and distribution system	12,251,048	12,181,852
Buildings, vehicles and equipment	629,339	587,499
Total capital assets	<u>12,888,636</u>	<u>12,777,600</u>
Less: accumulated depreciation	<u>(4,772,263)</u>	<u>(4,467,464)</u>
Total capital assets (net)	<u>8,116,373</u>	<u>8,310,136</u>
Other Assets:		
Loan costs, less amortization	<u>70,385</u>	<u>72,273</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 11,275,199</u></b>	<b><u>11,340,164</u></b>
 <b><u>LIABILITIES</u></b>		
Current Liabilities:		
Accounts payable	\$ 142,279	161,240
Refundable deposits	22,122	20,772
Total current liabilities	<u>164,401</u>	<u>182,012</u>
Long-Term Liabilities:		
Notes Payable	<u>3,253,192</u>	<u>3,312,777</u>
Total Liabilities	<u>3,417,593</u>	<u>3,494,789</u>
 <b><u>NET POSITION</u></b>		
Net investment in capital assets	4,863,181	4,997,359
Restricted assets	611,188	366,188
Unrestricted assets	<u>2,383,237</u>	<u>2,481,828</u>
Total Net Position	<u>7,857,606</u>	<u>7,845,375</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 11,275,199</u></b>	<b><u>11,340,164</u></b>

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

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For The Year Ended December 31, 2022**

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
<b>Operating Revenues:</b>		
Water sales	\$ 2,422,907	2,241,437
Lease revenue	7,700	7,680
Installations and connections	19,964	43,141
Other income and fees	7,122	12,750
Total revenues from operations	<u>2,457,693</u>	<u>2,305,008</u>
<b>Operating Expenses:</b>		
Backhoe and hauling	1,125	5,150
Chemicals	677,988	478,767
Professional fees	84,476	46,334
Fittings, meters and connections	344,970	256,596
Franchise and storage	72,825	37,097
Insurance, general	44,096	49,706
Insurance, health	119,851	120,136
Office and postage	23,297	19,687
Maintenance and repairs	121,342	93,260
Retirement	96,833	86,098
Salaries and taxes	437,227	396,111
Vehicles	38,569	28,325
Utilities	128,268	108,108
Miscellaneous	5,941	8,506
Depreciation/amortization	306,687	306,807
Total expenses from operations	<u>2,503,495</u>	<u>2,040,688</u>
Operating Income (Loss)	(45,802)	264,320
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	17,815	16,517
Benefit units	91,000	56,500
Insurance reimbursements	10,821	12,479
USDA grant proceeds	0	684,594
Interest paid on debt	(61,603)	(62,709)
Total non-operating revenues (expenses)	<u>58,033</u>	<u>707,381</u>
Change in Net Position	12,231	971,701
Total Net Position, beginning of period	<u>7,845,375</u>	<u>6,873,674</u>
Total Net Position, end of period	<u>\$ 7,857,606</u>	<u>7,845,375</u>

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



**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Statement of Cash Flows**  
**For Year Ended December 31, 2022**

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 2,440,158	2,306,582
Payments to employees	(437,227)	(482,209)
Payments to vendors	(1,774,647)	(1,221,821)
Net Cash Provided by Operating Activities	<u>228,284</u>	<u>602,552</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
USDA grant proceeds	0	684,594
Additions to capital assets	(111,036)	(717,668)
Principal paid on loan	(59,585)	(58,479)
Interest paid on loan	(61,603)	(62,709)
Loan costs paid, to be amortized	0	(21,401)
Insurance reimbursements	10,821	12,479
Net cash provided by (used in) capital and related financing activities	<u>(221,403)</u>	<u>(163,184)</u>
<b>Cash Flows from Investing Activities:</b>		
Benefit units	91,000	56,500
Interest revenue	18,097	16,404
Net cash provided by (used in) investing activities	<u>109,097</u>	<u>72,904</u>
Net Increase (Decrease) in Cash and Equivalents	115,978	512,272
Cash and cash equivalents, beginning of period	<u>2,647,775</u>	<u>2,135,503</u>
Cash and cash equivalents, end of period	<u>\$ 2,763,753</u>	<u>2,647,775</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income (loss)	\$ (45,802)	264,320
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and Amortization Expense	306,687	306,807
(Increase) decrease in receivables	(18,885)	1,574
(Increase) decrease in inventory	(1,687)	(44,251)
(Increase) decrease in prepaid expenses	5,582	(18,886)
Increase (decrease) in accounts payable	(17,611)	92,988
Net Cash Provided by Operating Activities	<u>\$ 228,284</u>	<u>602,552</u>

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

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note A – Significant Accounting Policies**

Organization

Creek County Rural Water District No. 1 (the District) is an Oklahoma non-profit water district organized under Title 82 of Oklahoma Statutes to provide water service to rural residents of Creek 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.

Reporting Entity

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost of providing water services is financed through user charges. The District produces its own water supply and sells water to Creek County Rural Water Districts 2 and 3.

Cash

The District's accounts are with the American Heritage Bank, Sapulpa, Oklahoma, and are detailed as follows:

	December 31,	
	2022	2021
Cash on hand	\$ 300	300
Petty cash	300	300
Operation and Maint. Account	837,027	805,000
Pension Plan Account	6,803	6,803
Add: Deposits in transit	-	-
Less: Outstanding checks	(1,781)	(48,764)
Total	<u>\$ 842,649</u>	<u>763,639</u>

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note A – Significant Accounting Policies – cont'd**

Cash and Cash Equivalents

For the purposes of preparing the statement of cash flows, cash on hand, reconciled cash in savings and checking, and certificates of deposit that can be converted into cash (if necessary) are considered cash equivalents.

Investments

The District had the following outstanding investments at December 31, 2022:

Spirit Bank-	
Certificate of Deposit no. 300110162	\$ 16,356
Certificate of Deposit no. 300192777	16,356
Certificate of Deposit no. 300135785	67,014
Community Bank-	
Money Market Account	253,988
Certificate of Deposit no. 23628 (debt service reserve)	228,029
Certificate of Deposit no. 23950	215,857
Certificate of Deposit no. 23951	215,857
Certificate of Deposit no. 24004	-
Certificate of Deposit no. 24005	-
Certificate of Deposit no. 23550	72,650
Certificate of Deposit no. 24000	-
Certificate of Deposit no. 24001	-
BancFirst-	
Certificate of Deposit no. 331000112	250,251
American Heritage Bank-	
Savings Account (short-lived assets)	407,110
Certificate of Deposit no. 100021039 (short-lived assets)	88,818
Certificate of Deposit no. 100003141	88,818
Total Investments	<u>\$ 1,921,104</u>

Custodial Credit Risk - At December 31, 2022, the District held deposits of approximately \$2,764,934 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.

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note A – Significant Accounting Policies – cont’d**

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.

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.

Accounts Receivable

Billings for accounts receivable at December 31, 2022 were \$113,581. Allowance for doubtful accounts was not computed on this balance because uncollectibles do not have a material effect on the balance sheet.

Federal Income Tax

The District is exempt from Federal and State income taxes.

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2022 no determination of the aggregate dollar value of vacation or sick pay had been made.

Memorandum Totals

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

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note A – Significant Accounting Policies – cont'd**

**Capital Assets**

Any items purchased or constructed in excess of \$1,000 and has a useful life of over two years is considered a capital asset by the District and will be depreciated over a specific time. The capital asset information for the District is shown below:

	12/31/2021 Amount	Additions	Deletions	12/31/2022 Amount
Land	\$ 8,249	-	-	8,249
Plant and dist. system	12,181,852	69,169	-	12,251,021
Trucks and equipment	310,097	-	-	310,097
Buildings	101,174	41,840	-	143,014
Office furn. & equip.	35,704	-	-	35,704
Other equipment	140,524	-	-	140,524
Total Capital Assets	6,626,200	111,009	-	12,888,609
Less: Accumulated Depreciation	(4,467,464)	(304,799)	-	(4,772,263)
Total	<u>\$ 2,158,736</u>	<u>(193,790)</u>	<u>-</u>	<u>8,116,346</u>

**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.

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note B – Long-Term Debt**

Long-Term Debt consists of two notes:

1. Rural Development 91-01 - The District has a 2020 promissory note in the amount of \$2,949,000 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$8,759. The fixed interest rate on this note is 1.875%. The water system and future water revenues are used as security for this note.
2. Rural Development 91-03 - The District has a 2020 promissory note in the amount of \$451,000 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$1,340. The fixed interest rate on this note is 1.875%. The water system and future water revenues are used as security for this note.

	December 31,	
	2022	2021
Rural Development 91-01 note payable, dated 2020, issued for \$2,949,000, at 1.875% interest, due in monthly installments, until paid;	\$ 2,821,678	2,873,354
Rural Development 91-03 note payable, dated 2020, issued for \$451,000, at 1.875% interest, due in monthly installments, until paid;	431,514	439,423
Long-Term Debt Outstanding	3,253,192	3,312,777
Less: Current maturities of long-term debt	(60,711)	(59,586)
Total Long-Term Debt, Net	<u>\$ 3,192,481</u>	<u>3,253,191</u>

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

**Note B – Long-Term Debt**

The scheduled maturities for the next five years, and in five year totals thereafter, are detailed as follows:

<u>Year</u>	<u>Total</u>	<u>RD 91-01</u>	<u>RD 91-03</u>
2023	\$ 60,711	52,653	8,058
2024	61,858	53,648	8,210
2025	63,029	54,663	8,366
2026	64,221	55,697	8,524
2027	65,435	56,750	8,685
2028-32	346,213	300,260	45,953
2033-37	380,213	329,747	50,466
2038-42	412,552	362,130	50,422
2043-47	458,557	397,693	60,864
2048-52	503,590	436,748	66,842
2053-57	553,045	479,639	73,406
2058-60	278,768	242,050	36,718
Total	<u>\$ 3,248,192</u>	<u>2,821,678</u>	<u>426,514</u>

Restricted Assets

The Rural Development loan agreements require the District to set aside funds into a Reserve Account equal to the amounts to be paid in a given year on these notes, which is \$105,108 for Note 91-01 and \$16,080 for Note 91-03. Once the required reserve balances are met, no further deposits are required to be held, except to replace withdrawals. As of December 31, 2022, the required balance for the reserve account was \$121,188, which is the required balance, represented by CD no. 23628 at Community Bank. This balance is taken from the investments and is listed as part of “restricted cash and cash equivalents” on the financial statements and showed as a restricted net position.

The Rural Development loan agreements require the District to set aside funds into a Short-Lived Assets Account and should have \$245,000 deposited annually into this account. As of December 31, 2022 the balance for the reserve account was \$490,000, represented by CD no. 100021039 and the savings account at Spirit Bank. This balance is taken from the investments and is listed as part of “restricted cash and cash equivalents” on the financial statements and showed as a restricted net position.

**CREEK COUNTY RURAL WATER DISTRICT NO. 1**  
**Notes to Financial Statements**  
**December 31, 2022**

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

The District appears to have had adequate insurance to cover all major perils at December 31, 2022.

**Note D – Retirement Plan**

The District has a noncontributory defined benefit pension plan covering all employees 20.5 years old after six months of employment. Plan benefits are 2% of compensation times years of service. Minimum retirement age is 65, minimum years of participation is five years. The plan pays a pre-retirement death benefit that is the greater of the insurance or the present value of the accrued benefit. Vesting is: 2 years – 20%, 3 years – 40%, 4 years – 60%, 5 years – 80%, 6 years – 100%. Funding of the pension plan is through individual insurance and annuity contracts. The actuarial assumptions used to compute contributions are the same as used to compute pension obligations. For 2022, total salaries were \$314,298 and total contributions to the plan were \$96,833. There were no pension distributions paid in 2022.

**Note E – Subsequent Events**

Management has evaluated subsequent events through May 5, 2023, 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.



**CREEK COUNTY RURAL DISTRICT NO. 1**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**December 31, 2022**

**Water Rates**

\$22.00 minimum  
\$5.50 per 1,000 gallons after

Effective 1/1/23:  
\$23.00 minimum  
\$6.50 per 1,000 gallons after

**Water Loss**

	<u>2022</u>	<u>2021</u>
Total gallons pumped	577,960,000	503,737,000
Total gallons sold to District customers	<u>(527,990,889)</u>	<u>(477,997,241)</u>
Total water loss	<u>49,969,111</u>	<u>25,739,759</u>
Percentage of water loss	<u>8.65%</u>	<u>5.11%</u>

Source – District provided Water Produced Report

**Customers**

The District had 2,790 taps at the close of the fiscal year.

Current membership (benefit unit) cost is \$2,000 for a 5/8" meter setting.