

**OKLAHOMA COUNTY
UTILITY SERVICES AUTHORITY
ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2022**

**OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

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INDEPENDENT AUDITOR'S REPORT

To the Trustees of the Oklahoma County Utility Services Authority

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Oklahoma County Utility Services Authority (the "Authority") as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Authority 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 qualified audit opinion.

Matter Giving Rise to Qualified Opinion

As more fully described in Note 3 to the financial statements, no provision has been made for the depreciation of utility property in the accompanying financial statements. Accounting principles generally accepted in the United States of America require that these assets be depreciated over their respective estimated useful lives. The amount by which this departure would affect the assets, net position, and operating expenses of the Authority is disclosed in Note 3 to the financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Authority'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 Authority'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 Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 supplementary 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 basic 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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, except for the effects on the supplementary information of the qualified opinion on the basic financial statements as explained in the "Basis for Qualified Opinion" paragraph, the individual fund financial statements are fairly stated in all material respects, in relation to the basic 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 June 3, 2024, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Arledge & Associates PC

Edmond, Oklahoma
June 3, 2024



OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
3134 NW 23rd Street
Oklahoma City, Oklahoma 73107
(405) 943-9894

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Oklahoma County Utility Services Authority (the "Authority") provides an overview of the Authority's financial activities for the year ended December 31, 2022. Please read it in conjunction with the financial statements, which begin on page 5.

Financial Highlights

- The Authority's net position increased to \$3,721,536 from \$3,717,523 for an increase of \$4,013, which is primarily related to the Authority's non-operating revenues, net.
- Operating revenues totaled \$273,817, compared with \$276,537 of operating revenues in prior year.
- The Authority's total assets remained consistent, increasing to \$3,797,573 from \$3,722,138. Total assets remained relatively consistent between the periods. Capital assets, carried at historical cost value, also remained consistent valuing \$1,720,843 in both the current and prior year.
- Total liabilities remained relatively consistent with \$76,037 of liabilities at the end of 2022 compared to \$54,615 at the end of 2022.

Economic Factors and Next Year's Outlook

For the upcoming year ending December 31, 2023, management believes the Authority's operations will remain fairly consistent with the 2022 year.

Contacting the Authority's Financial Management

This financial report is designed to provide the Trustees' accountability of the Authority. If you have questions about this report or need additional financial information, contact the Oklahoma County Utility Services Authority at Johanning and Byrom, P.C., 3134 NW 23rd Street, Oklahoma City, Oklahoma 73107.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$	72,231
Inventory & supplies		47,945
Investments		1,924,441
Accounts receivable		<u>32,113</u>

Total current assets 2,076,730

Noncurrent Assets:

Plant investments and equipment, at cost		<u>1,720,843</u>
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Total assets 3,797,573

LIABILITIES

Current Liabilities:

Accounts payable		62,562
Customer deposits payable		<u>13,475</u>

Total current liabilities 76,037

NET POSITION

Invested in capital assets, net of related debt		1,720,843
Unrestricted		<u>2,000,693</u>

Total net position \$ 3,721,536

See accompanying notes to the basic financial statements.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For The Year Ended December 31, 2022

REVENUES

Operating Revenues:

Charges for services	\$ 547,633
Compensation to operator	<u>(273,816)</u>

Total operating revenues	<u>273,817</u>
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EXPENSES

Operating Expenses:

General and administrative	223,921
Water purchases	5,473
Utilities	34,353
Repairs	<u>30,481</u>

Total operating expenses	<u>294,228</u>
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Operating income (loss)	<u>(20,411)</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income (loss)	24,124
Oil and gas royalties	<u>300</u>

Total nonoperating revenues (expenses)	<u>24,424</u>
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Change in net position	4,013
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Net position at beginning of year	<u>3,717,523</u>
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Net position at end of year	<u>\$ 3,721,536</u>
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See accompanying notes to the basic financial statements.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers	\$ 549,329
Payments to suppliers	(272,806)
Payments to operators	(273,816)
Purchase of inventory	<u>(24,426)</u>

Net Cash Provided (Used) by Operating Activities	<u>(21,719)</u>
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Cash Flows From Investing Activities:

Interest and dividends	23,639
Proceeds from sales of investments	901,381
Purchases of investments	(886,162)
Oil and gas royalties	<u>300</u>

Net Cash Provided (Used) by Investing Activities	<u>39,158</u>
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Net increase (decrease) in cash and cash equivalents	17,439
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Cash and cash equivalents at beginning of year	<u>54,792</u>
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Cash and cash equivalents at end of year	<u><u>\$ 72,231</u></u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ (20,411)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in assets and liabilities:	
(Increase) Decrease In:	
Inventory	(24,426)
(Increase) Decrease In:	
Accounts receivable	1,696
Increase (Decrease) In:	
Accounts payable	<u>21,422</u>

Net Cash Provided (Used) by Operating Activities	<u><u>\$ (21,719)</u></u>
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See accompanying notes to the basic financial statements.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Oklahoma County Utility Services Authority (the "Authority") was established to provide utility services to unincorporated areas of Oklahoma County for the safeguarding of public health and the conservation of public welfare in these areas.

Fund Accounting

The accounting system of the Authority is organized and operated on a fund basis. A description of the fund is as follows:

Proprietary Funds

Enterprise Fund - This fund accounts for operations where the intent of the governing body is that the cost of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of net income is appropriate.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board ("GASB").

Basis of Accounting

The accounts in this report are presented on the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period in which the related liability is incurred.

Operating revenues for the Authority are those generated from its primary operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the operation of the Authority. All other expenses are reported as non-operating expenses.

Investments

Investments are recorded at fair value and consist exclusively of money market funds. See Note 2 for more information on the valuation of investments.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plant and Equipment

Investment in plant and equipment is recorded at cost. No provision has been made for depreciation of plant and equipment. See Note 3 for more information regarding depreciation.

Operation and Maintenance Contract

The Authority has a contract with an operator whereby the operator will maintain and operate the utility systems owned by the Authority. As compensation, the operator withholds 50% of the gross revenue of each water system.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, at cost and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH DEPOSITS AND INVESTMENT RISK

Custodial Credit Risk – Deposits - deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of \$72,231 at December 31, 2022. The entire amount was insured by depository insurance.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2022, the Authority's bank balances were not exposed.

Investment Interest Rate Risk – the Authority 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 Authority has no investment policy that limits its investment choices.

As of December 31, 2022, all of the Authority's investments have been converted into Federated Treasury Obligations Inst Money Market Funds in the amount of \$1,924,441. These investments carry a credit rating of AAA.

Fair Value Measurements – Various inputs may be used to determine the value of the Authority's investments. These inputs are summarized in three broad levels. The inputs used to value securities are not necessarily an indication of the risk associated with those securities.

Level 1 – Quoted prices in active markets for identical securities

Level 2 – Other significant observable inputs

Level 3 – Significant unobservable inputs

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

3. PLANT INVESTMENT AND EQUIPMENT

Investment in plant and equipment is as follows:

Series C Fund	
Water System One, Four, and Six	\$ 1,447,841
Metropolitan Area Fund	
Water System Five	179,559
Special Projects	1,850
Bluff Creek	30,249
Roberson Acres	61,343
Total Plant Investments and Equipment	<u>\$ 1,720,843</u>

The Authority has not provided for depreciation on its investment in utility systems as required by generally accepted accounting principles. Based on a forty (40) year life for equipment and twenty-five (25) year life for capitalized repair using the straight-line depreciation method, current year depreciation expense would have been approximately \$16,000. If depreciation expense had been recorded as required, "*plant investment and equipment*" would be reduced by the unrecorded accumulated depreciation expense totaling approximately \$1,375,000 and "*net position – invested in capital assets, net of related debt*" would be reduced by an equivalent amount as of December 31, 2022.

4. SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through date which the financial statements were available to be issued and determined that no subsequent events have occurred that require adjustment to or disclosure in the financial statements.

SUPPLEMENTAL INFORMATION

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
BLUFF CREEK PROJECT FUND

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Cash and cash equivalents	\$	72,231
Inventory & supplies		9,260
Receivable from operators		32,113
Plant investment and equipment, at cost		
Water systems and equipment		30,249
Due from other funds		1,160,513
Investment and fund accounts		
Operational fund		587,405
Total assets		<u>1,891,771</u>

LIABILITIES

Accounts payable		62,562
Due to other funds		594,165
Customer deposits payable		<u>13,475</u>
Total liabilities		<u>670,202</u>

NET POSITION

Invested in capital assets, net of related debt		30,249
Unrestricted		<u>1,191,320</u>
Total net position	\$	<u><u>1,221,569</u></u>

**OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
BLUFF CREEK PROJECT FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022**

EXPENSES

Operating Expenses:

General and administrative \$ 52,054

Total operating expenses 52,054

Operating income (loss) (52,054)

NONOPERATING REVENUES (EXPENSES)

Investment income (loss) 7,619

Oil and gas royalties 300

Total nonoperating revenues (expenses) 7,919

Change in net position (44,135)

Net position at beginning of year 1,265,704

Net position at end of year \$ 1,221,569

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

BLUFF CREEK PROJECT FUND

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers, net of transfers to/from other funds	\$	(858,247)
Purchase of inventory		(2,497)
Payments to suppliers		<u>(30,632)</u>

Net Cash Provided (Used) by Operating Activities		<u>(891,376)</u>
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Cash Flows From Investing Activities:

Interest		7,134
Sale of investments		901,381
Oil and gas royalties		<u>300</u>

Net Cash Provided (Used) by Investing Activities		<u>908,815</u>
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Net increase (decrease) in cash and cash equivalents		17,439
Cash and cash equivalents at beginning of year		<u>54,792</u>

Cash and cash equivalents at end of year	\$	<u><u>72,231</u></u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(52,054)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) Decrease In:		
Inventory		(2,497)
(Increase) Decrease In:		
Accounts receivable		1,696
Due from other funds		(859,943)
Increase (Decrease) In:		
Accounts payable		21,422

Net cash provided (used) by operating activities	\$	<u><u>(891,376)</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SERIES C FUND

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Inventory & supplies	\$	25,662
Due from other funds		1,074,583
Plant investment and equipment, at cost		
Water systems and equipment		1,447,842
Total assets		<u>2,548,087</u>

LIABILITIES

Due to other funds		<u>499,744</u>
Total liabilities		<u>499,744</u>

NET POSITION

Invested in capital assets, net of related debt		1,447,842
Unrestricted		<u>600,501</u>
Total net position	\$	<u><u>2,048,343</u></u>

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SERIES C FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022

REVENUES

Operating Revenues:

Charges for services	\$	468,207
Compensation to operator		<u>(234,103)</u>

Total operating revenues		<u>234,104</u>
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EXPENSES

Operating Expenses:

General and administrative		117,018
Water purchases		5,473
Utilities		27,277
Repairs		<u>27,335</u>

Total operating expenses		<u>177,103</u>
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Operating income		<u>57,001</u>
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Change in net position		57,001
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Net position at beginning of year		<u>1,991,342</u>
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Net position at end of year	\$	<u><u>2,048,343</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SERIES C FUND

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers, net of transfers to/from other funds	\$	425,129
Payments for inventory		(13,923)
Payments to suppliers		(177,103)
Payments to operators		<u>(234,103)</u>

Net Cash Provided (Used) by Operating Activities		<u>-</u>
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Net increase in cash and cash equivalents		-
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Cash and cash equivalents at beginning of year		<u>-</u>
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Cash and cash equivalents at end of year	\$	<u><u>-</u></u>
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Reconciliation of operating income (loss)

to net cash provided (used) by operating activities

Operating income (loss)	\$	57,001
Change in assets and liabilities:		
(Increase) Decrease In:		
Inventory		(13,923)
(Increase) Decrease In:		
Due from other funds		(41,012)
Increase (Decrease) In:		
Due to other funds		<u>(2,066)</u>
Net cash provided (used) by operating activities	\$	<u><u>-</u></u>

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

METROPOLITAN AREA FUND

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Inventory & supplies	\$	10,523
Due from other funds		131,277
Plant investment and equipment, at cost		
Water systems and equipment		179,559
Investment and fund accounts		
Capital improvement fund		<u>456,057</u>
Total assets		<u>777,416</u>

LIABILITIES

Due to other funds		<u>154,367</u>
Total liabilities		<u>154,367</u>

NET POSITION

Invested in capital assets, net of related debt		179,559
Unrestricted		<u>443,490</u>
Total net position	\$	<u><u>623,049</u></u>

**OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
METROPOLITAN AREA FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022**

REVENUES

Operating Revenues:

Charges for services	\$	62,635
Compensation to operator		<u>(31,317)</u>

Total operating revenues		<u>31,318</u>
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EXPENSES

Operating Expenses:

General and administrative		48,274
Utilities		5,074
Repairs		<u>3,146</u>

Total operating expenses		<u>56,494</u>
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Operating income (loss)		<u>(25,176)</u>
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NONOPERATING REVENUE (EXPENSE)

Investment income (loss)		<u>5,414</u>
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Total nonoperating revenue (expense)		<u>5,414</u>
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Change in net position		(19,762)
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Net position at beginning of year		<u>642,811</u>
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Net position at end of year	\$	<u><u>623,049</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

METROPOLITAN AREA FUND

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers, net of transfers to/from other funds	\$	94,027
Payments for inventory		(6,216)
Payments to suppliers		(56,494)
Payments to operators		<u>(31,317)</u>

Net Cash Provided (Used) by Operating Activities		<u>-</u>
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Cash Flows From Investing Activities:

Interest		5,414
Purchase of investments		<u>(5,414)</u>

Net Cash Provided (Used) by Investing Activities		<u>-</u>
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Net increase in cash and cash equivalents		-
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Cash and cash equivalents at beginning of year		<u>-</u>
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Cash and cash equivalents at end of year	\$	<u><u>-</u></u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	(25,175)
Change in assets and liabilities:		
(Increase) Decrease In:		
Inventory		(6,216)
(Increase) Decrease In:		
Due from other funds		25,126
Increase (Decrease) In:		
Due to other funds		<u>6,265</u>

Net cash provided (used) by operating activities	\$	<u><u>-</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ROBERTSON ACRES

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Inventory & supplies	\$	2,486
Due from other funds		22,556
Plant investment and equipment, at cost		
Water systems and equipment		<u>61,343</u>
Total assets		<u>86,385</u>

LIABILITIES

Due to other funds		<u>16,127</u>
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NET POSITION

Invested in capital assets, net of related debt		61,343
Unrestricted		<u>8,915</u>
Total net position	\$	<u><u>70,258</u></u>

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ROBERTSON ACRES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022

REVENUES

Operating Revenues:

Charges for services	\$	16,791
Compensation to operator		<u>(8,396)</u>

Total operating revenues		<u>8,395</u>
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EXPENSES

Operating Expenses:

General and administrative		5,762
Utilities		<u>2,002</u>

Total operating expenses		<u>7,764</u>
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Operating income		<u>631</u>
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Change in net position		631
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Net position at beginning of year		<u>69,627</u>
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Net position at end of year	\$	<u><u>70,258</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

ROBERTSON ACRES

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers, net of transfers to/from other funds	\$	17,946
Payments for inventory		(1,786)
Payments to suppliers		(7,764)
Payments to operators		(8,396)

Net Cash Provided (Used) by Operating Activities

-

Net increase in cash and cash equivalents

-

Cash and cash equivalents at beginning of year

-

Cash and cash equivalents at end of year

\$ -

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	631
Change in assets and liabilities:		
(Increase) Decrease In:		
Inventory		(1,787)
(Increase) Decrease In:		
Due from other funds		1,076
Increase (Decrease) In:		
Due to other funds		80
Net cash provided (used) by operating activities	\$	-

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SPECIAL PROJECT FUND

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Inventory & supplies	\$	14
Investments		880,979
Due from other funds		-
Plant investment and equipment, at cost		
Water systems and equipment		<u>1,850</u>
Total assets		<u>882,843</u>

LIABILITIES

Due to other funds		<u>870,805</u>
Total liabilities		<u>870,805</u>

NET POSITION

Invested in capital assets, net of related debt		1,850
Unrestricted		<u>10,188</u>
Total net position	\$	<u><u>12,038</u></u>

**OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SPECIAL PROJECT FUND**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2022**

EXPENSES

Operating Expenses:

General and administrative	\$	<u>813</u>
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Total operating expenses		<u>813</u>
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Operating income (loss)		<u>(813)</u>
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NONOPERATING REVENUES

Investment income		<u>11,091</u>
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Total nonoperating revenue		<u>11,091</u>
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Change in net position		10,278
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Net position at beginning of year		<u>1,760</u>
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Net position at end of year	\$	<u><u>12,038</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SPECIAL PROJECT FUND

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Receipts from customers, net of transfers to/from other funds	870,474
Payments for inventory	(4)
Payments to suppliers	\$ <u>(813)</u>

Net Cash Provided (Used) by Operating Activities	<u>869,657</u>
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Cash Flows From Investing Activities:

Interest	11,091
Purchase of investments	<u>(880,748)</u>

Net Cash Provided (Used) by Investing Activities	<u>(869,657)</u>
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Net increase in cash and cash equivalents	-
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Cash and cash equivalents at beginning of year	<u>-</u>
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Cash and cash equivalents at end of year	\$ <u><u>-</u></u>
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Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ (813)
Change in assets and liabilities:	
(Increase) Decrease In:	
Inventory	(4)
(Increase) Decrease In:	
Due from other funds	-
Increase (Decrease) In:	
Due to other funds	<u>870,474</u>

Net cash provided (used) by operating activities	\$ <u><u>869,657</u></u>
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**OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
MAINTENANCE FUND**

STATEMENT OF NET POSITION

December 31, 2022

ASSETS

Due from other funds \$ -

Total assets -

LIABILITIES

Due to other funds 253,721

Total liabilities 253,721

NET POSITION

Unrestricted (deficit) (253,721)

Total net position \$ (253,721)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For The Year Ended December 31, 2022

EXPENSES

Operating Expenses:

General and administrative	\$	<u>-</u>
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Total operating expenses		<u>-</u>
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Operating income (loss)		<u>-</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income (loss)	\$	-
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Total nonoperating revenues (expenses)		<u>-</u>
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Change in net position		-
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Net position (deficit) at beginning of year		<u>(253,721)</u>
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Net position (deficit) at end of year	\$	<u><u>(253,721)</u></u>
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OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY MAINTENANCE FUND

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2022

Cash Flows From Operating Activities:

Payments to suppliers, net of transfers to/from other funds	\$	-
Net Cash Provided (Used) by Operating Activities		-
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	\$	-

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$	-
Change in assets and liabilities:		
(Increase) Decrease In:		
Due from other funds		-
Increase (Decrease) In:		
Due to other funds		-
Net cash provided (used) by operating activities	\$	-
Non-cash investment activity in due to/from accounts	\$	-

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*

To the Trustees of the Oklahoma County Utility Services Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Oklahoma County Utility Services Authority (the "Authority"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 3, 2024. Our report was qualified because the Authority did not provide for depreciation expense in accordance with accounting principles generally accepted in the United States of America.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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.

Arlidge & Associates PC

Edmond, Oklahoma
June 3, 2024



OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2022

Finding 2022-01 (Repeat of prior years' comment)

Criteria of Specific Requirement:

Accounting principles generally accepted in the United States of America require that assets purchased or constructed with a useful life greater than one year and exceeding an established dollar threshold be capitalized and depreciated over their respective useful lives.

Finding:

The Authority has elected not to record depreciation expense and accumulated depreciation as required by accounting principles generally accepted in the United States of America (US GAAP).

Recommendation:

We recommend that the Board of Trustees review the effect of unrecorded depreciation expense might have on the financial statements of the Authority and the related users of those financial statements.

Authority's Response:

The Board has reviewed the effects of unrecorded depreciation expense and accumulated depreciation for the period and believes the financial statements adequately present the financial position of the Authority.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2022

Finding 2022-02

Criteria of Specific Requirement:

Accounting principles generally accepted in the United States of America require that accounts payable are recorded as a liability on the balance sheet when goods or services are received but not yet paid for and subsequently removed from accounts payable once the expense has been paid.

Finding:

The Authority overstated their liabilities by not removing transactions that have been paid for in the current audit year in the amount of \$4,749 as of December 31, 2022.

Recommendation:

We recommend that the detail of accounts payable be reviewed and properly reconciled to ensure proper reporting of accounts payable and expenses.

Authority's Response:

Management will put procedures into place to review the accrual of accounts payable to ensure that liabilities and expenses are valued properly within the fiscal period.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SCHEDULE OF PRIOR FINDINGS AND RESPONSES

Year Ended December 31, 2022

Finding 2021-01 (Repeat of prior years' comment)

Criteria of Specific Requirement:

Accounting principles generally accepted in the United States of America require that assets purchased or constructed with a useful life greater than one year and exceeding an established dollar threshold be capitalized and depreciated over their respective useful lives.

Finding:

The Authority has elected not to record depreciation expense and accumulated depreciation as required by accounting principles generally accepted in the United States of America (US GAAP).

Recommendation:

We recommend that the Board of Trustees review the effect of unrecorded depreciation expense might have on the financial statements of the Authority and the related users of those financial statements.

Authority's Response:

The Board has reviewed the effects of unrecorded depreciation expense and accumulated depreciation for the period and believes the financial statements adequately present the financial position of the Authority.