Rural Water, Sewer and Solid Waste Management Dist. #5, Garfield Co., Oklahoma Audit Report For Year Ending October 31, 2023 00 Scott Northrip, CPA P.O. Box 642

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SCOTT NORTHRIP, CPA

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Independent Auditor's Report

To The Board of Directors of Rural Water, Sewer, & Solid Waste Management Dist. #5 Garfield County, Oklahoma

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Rural Water, Sewer, & Solid Waste Management District #5, Garfield County, Oklahoma (District), as of and for the years ended October 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rural Water, Sewer, & Solid Waste Management District #5, Garfield County, Oklahoma, as of October 31, 2023 and 2022, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted the 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 (Government Auditing Standards). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance accounting principle generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 12 months after the date of the financial statements and no conditions were found that raise substantial doubt.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I: a) exercised professional judgement and maintained professional skepticism throughout the audit, b) 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, c) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed, d) evaluate 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, e) 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, and f) 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 I identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 12, 2023, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is 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.

Scott Northrip, CPA

Certified Public Accountant

January 4, 2024

Rural Water, Sewer, & Solid Waste Management District #5, Garfield County, Oklahoma Comparative Statement of Net Position

As of October 31, 2023 and 2022

	2023	2022
ASSETS:	2023	
Current Assets:	\$ 353,477	\$ 601,839
Cash & Cash Equivalents	1,868,802	1,523,399
Investments	60,879	55,123
Accounts Receivable (Note 2)	-	-
Other Receivable	16,712	3,222
Interest Receivable	12,437	11,956
Prepaid Insurance	47,879	41,466
Inventory	\$ 2,360,186	\$ 2,237,005
Total Current Assets	Ψ 2,000,100	Ψ 2,201,000
Noncurrent Assets:		
Construction in Progress	\$ -	\$ -
Loan Origination Fees - Net (Note 9)	7,416	9,270
Capital Assets: (Note 5)		
Land & Water Rights	52,244	52,244
Other Capital Assets, net of depreciation	2,178,884	2,185,302_
Total Noncurrent Assets	\$ 2,238,544	\$ 2,246,816
TOTAL ASSETS	\$ 4,598,730	<u>\$ 4,483,821</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	\$ 20,202	\$ 23,495
Payroll Taxes Payable	5,511	4,257
Customer Deposits	15,350	15,350
Bond Premium	28,207	35,259
Current Portion of Long-term Liabilities	50,417	50,000
Total Current Liabilities	\$ 119,687	\$ 128,361
Long-Term Liabilities: (Note 9)		
Notes Payable - net of current	\$ 230,416	\$ 280,833
Notes Fayable There of current		
Net Position:		
Restricted Fund Balance	\$ 74,145	\$ 71,476
Unrestricted Fund Balance	2,449,601	2,376,068_
Total Fund Balance	\$ 2,523,746	\$ 2,447,544
Member Investments	379,006	357,756
Donated Assets (Note 6)	380,469	370,836
Grants	965,406	898,491
TOTAL NET POSITION	\$ 4,248,627	\$ 4,074,627
TOTAL LIABILITIES AND NET POSITION	\$ 4,598,730	\$ 4,483,821

Rural Water, Sewer, & Solid Waste Management District #5, Garfield County, Oklahoma Comparative Statement of Activities For the Years Ended October 31, 2023 and 2022

		2023		2022
OPERATING REVENUES:			Φ.	600.051
Water Sales	. \$	592,123	\$	620,051
Bulk Water Sales		1,963		15,014 10,704
Sale of Supplies		17,051		
Other Service Revenues		10,053		12,883
Miscellaneous Revenues		6,027	•	36,536
Total Operating Revenues	\$	627,217	_\$	695,188
OPERATING EXPENSES:				170 101
Salaries	\$	176,617	\$	176,461
Depreciation Expense		150,713		148,776
Interest Expense		19,234		19,785
Utilities		26,411		30,866
Supplies & Chemicals		57,963		51,227
Repairs & Maintenance		70,791		41,549
Insurance		13,686		13,206
Legal & Professional Fees		15,320		12,943
Bad Debts		438		1,545
Employee Benefits		23,820		23,960
Payroll Tax Expense		14,301		14,243
Communication Expense		8,593		8,411
Office Supplies & Postage		8,396		10,096
Employee Retirement		4,824		5,189
Transportation Expense		15,783		13,767
Travel & Per Diem		3,003		8,847
Dues, Testing & Licenses		10,174		6,439
Contract Services		4 '		199
Miscellaneous Expense		8,440		3,873
Total Operating Expenses	\$	628,507	\$	591,382
OPERATING INCOME (LOSS)	\$	(1,290)	_\$	103,806
OTHER REVENUES (EXPENSES):	0			
Investment Revenues	\$	71,636	\$	15,755
Patronage Stock Retirement	•	658		631
Bond Premium		7,052		7,052
Amortised Loan Fees		(1,854)		(1,854)
Gain on Sale of Assets		`		-
Total Other Revenues(Expenses)	\$	77,492	\$	21,584
NET INCOME	\$	76,202	<u>\$</u>	125,390

District #5, Garfield County, Oklahoma
Comparative Statement of Changes in Net Position
For the Years Ended October 31, 2023 and 2022

	2023	2022		
Balance, November 1	\$ 4,074,627	\$ 3,900,110		
Net Income (Loss) Member Investments Donated Assets Grants	76,202 21,250 9,633 66,915	125,390 24,750 24,377		
Total Changes in Net Position	\$ 174,000	\$ 174,517		
Balance, October 31	\$ 4,248,627	\$ 4,074,627		

Rural Water, Sewer & Solid Waste Management District #5, Garfield County, Oklahoma Comparative Statement of Cash Flows

For the Years Ended October 31, 2023 and 2022

		2023		2022
CASH FLOWS FROM OPERATING ACTIVITIES:				
	\$	621,461	\$	830,397
Receipts from customers		(247,931)		(222,072)
Payments to suppliers		(219,562)		(219,853)
Payments to employees	\$	153,968	\$	388,472
Net Cash Provided by Operating Activities	Ψ_	100,000		000,111
AND DELATED EINANCING ACT	VITIE	٥.		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTI	\$	(144,295)	\$	(33,010)
Purchase of fixed assets	Ψ	9,633	Ψ	24,377
Donated assets		9,000		24,011
Payment of construction in progress		- - -		_
Proceeds from grants		66,915		(470.000)
Principal payments on notes payable		(50,000)		(173,333)
Interest paid on notes payable		(19,234)		(20,321)
Proceeds from sale of assets				-
Proceeds from loans	<u> </u>			
Net Cash Used In Capital & Related Financing Activities	\$	(136,981)	\$	(202,287)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Received	\$	58,146	\$	14,952
		658		631
Other Revenues		21,250		24,750
Proceeds from memberships	\$	80,054	\$	40,333
Net Cash Provided from Investing Activities	.	00,007	<u>Ψ</u>	40,000
Hot Guoii i Tovidou ii oiii oii oii oii oii oii oii oii o				
	\$	97,041	\$	226,518
INCREASE (DECREASE) IN CASH AND INVESTMENTS	\$	97,041	\$	•
INCREASE (DECREASE) IN CASH AND INVESTMENTS	· · · · · · · · · · · · · · · · · · ·	97,041 2,125,238	\$	226,518 1,898,720
	\$	2,125,238		1,898,720
INCREASE (DECREASE) IN CASH AND INVESTMENTS	\$		\$	•
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING	<u> </u>	2,125,238		1,898,720
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning	<u> </u>	2,125,238		1,898,720
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING	<u>\$</u>	2,125,238 2,222,279	\$	1,898,720 2,125,238
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss)	<u> </u>	2,125,238		1,898,720
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss)	<u>\$</u>	2,125,238 2,222,279	\$	1,898,720 2,125,238
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used)	<u>\$</u>	2,125,238 2,222,279 (1,290)	\$	1,898,720 2,125,238 103,806
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234	\$	1,898,720 2,125,238 103,806
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense	<u>\$</u>	2,125,238 2,222,279 (1,290)	\$	1,898,720 2,125,238 103,806
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234	\$	1,898,720 2,125,238 103,806
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities:	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713	\$	1,898,720 2,125,238 103,806
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951)
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425)
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance Inventory	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481) (6,413)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425) (13,276)
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance Inventory Accounts Payable	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481) (6,413) (3,293)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425) (13,276) (7,531)
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance Inventory Accounts Payable Payroll Taxes Payable	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481) (6,413)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425) (13,276)
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance Inventory Accounts Payable Payroll Taxes Payable Customer Deposits	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481) (6,413) (3,293) 1,254	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425) (13,276) (7,531) 2,128
INCREASE (DECREASE) IN CASH AND INVESTMENTS Cash and Investment Balance - Beginning CASH AND INVESTMENT BALANCE - ENDING Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities: Operating Income (Loss) Adjustments to reconcile operating income to net cash provided (used) by Operating Activities: Interest Expense Depreciation expense Change in assets and liabilities: Accounts Receivable Other Receivable Prepaid Insurance Inventory Accounts Payable Payroll Taxes Payable	<u>\$</u>	2,125,238 2,222,279 (1,290) 19,234 150,713 (5,756) (481) (6,413) (3,293)	\$	1,898,720 2,125,238 103,806 19,785 148,776 (4,951) 140,160 (425) (13,276) (7,531)

See accompanying notes to the financial statements.

Notes to the Financial Statements For the Years Ended October 31, 2023 and 2022

Note 1 - Significant Accounting Policies

Organization:

Rural Water, Sewer, and Solid Waste Management District #5, Garfield County, Oklahoma (District) is an Oklahoma trust formed under the Oklahoma Rural Water Act to provide water, sewer, and solid waste management in a designated area in and around Garfield County, Oklahoma to individuals and businesses that purchase a membership. The District served 834 and 820 meters at October 31, 2023 and 2022, respectively.

Basis of Accounting:

The District is a proprietary fund type of entity and uses the accrual method of accounting which reports revenues when earned and expenses when incurred. The District is not legally required to adopt a budget or report on budget comparisons in this report.

Fixed Assets and Depreciation:

The District records its fixed assets at their historical cost or donated value. Depreciation is calculated on each individual asset using the straight-line method of depreciation at the asset's estimated useful life. The District estimates the useful lives of the assets based on the type of asset. The lives range from 5 to 40 years.

Income Tax:

The District is exempt from federal and state income taxes under IRS Code Section 115 (a) as an agency of the State of Oklahoma.

Note 2 - Accounts Receivable

The accounts receivable represents the water usage and service revenues for October plus any unpaid balances from the previous months. The District uses the reserve method to account for bad debts. No provision was made since the allowance is more than the the accounts receivable balances over 90 days old. The accounts receivable balances at October 31, 2023 and 2022 amounted to \$61,278 and \$55,522, respectively with the allowance in the amount of \$399 for both years. The District changed billing procedures from members reading meters and sending in with previous months payment, to reading the meters electonically and sending bills to members.

Note 3 - Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 4 - Contingencies

The District didn't have any contingencies as of the date of the audit.

Notes to the Financial Statements
For the Years Ended October 31, 2023 and 2022

Note 5 - Changes in Fixed Assets

	Balance			Balance
Total Fixed Assets:	11/1/2022	Additions	Disposed	10/31/2023
Water System Plant Assets	\$ 4,253,149	\$ 112,494	\$ -	\$ 4,365,643
Green Valley Plant Assets	844,124	_	_	844,124
Office Furniture & Computers	46,829	1,147	· · · · · · · · · · · · · · · · · · ·	47,976
Equipment	106,748	1,689	- ,	108,437
Vehicles	61,767	28,965	(27,777)	62,955
Buildings	54,429	· -	_	54,429
Total Assets	\$ 5,367,046	\$ 144,295	\$ (27,777)	\$ 5,483,564
Total Accumulated Depreciation:		<u> </u>		
Water System Plant Assets	2,480,023	105,949		2,585,972
Green Valley Plant Assets	494,164	21,103	-	515,267
Office Furniture & Fixtures	36,393	1,909	<u>-</u>	38,302
Equipment	67,489	9,784	-	77,273
Vehicles	49,246	11,968	(27,777)	33,437
Buildings	54,429	. · <u>-</u>		54,429
Total Accumulated Deprec.	3,181,744	150,713	(27,777)	3,304,680
Net Fixed Assets	\$ 2,185,302	\$ (6,418)	\$ -	\$ 2,178,884
			- 1 NA - 1	

Note 6 - Donated Assets

Donated assets are the estimated value of water lines installed by members from the existing lines of the system to the member's meter. The value of the lines donated to the District for the years ending October 31, 2023 and 2022 were \$9,633 and \$24,377, respectively.

Note 7 - Components of Cash and Investments

	Date of	Interest	Balance
	Maturity	Rate	10/31/2023
Checking - Interbank	-	0.05%	\$ 135,500
Petty Cash	_	0.00%	247
Hi-Fi Account - Banc Central	-	1.21%	168,054
Money Market - Edward Jones	-	1.00%	1,430
Hi-Fi Account - NBC	_	2.43%	48,246
CD - Alva State Bank	2/7/2024	4.00%	247,787
CD - Edward Jones	2/18/2025	4.55%	250,000
CD - Edward Jones	12/8/2023	4.75%	200,000
CD - Edward Jones	3/10/2025	5.00%	279,000
CD - Bank of Kremlin	3/7/2024	4.50%	222,814
CD - Great Plains Bank	3/7/2024	5.00%	103,364
CD - Tinker Fed Credit Union	8/7/2025	4.41%	220,692
CD - Edward Jones	9/27/2024	5.50%	271,000
OWRB Reserve Acct - Stride Bank	_	0.92%	74,145 Restricted
Total Cash and Investments			\$ 2,222,279

The Hi-Fi accounts and certificates of deposit are reserved for future water system improvements.

Notes to the Financial Statements
For the Years Ended October 31, 2023 and 2022

Note 8 - Budget Comparison

The District is a proprietary fund type of governmental entity and is not legally required to adopt a budget or include a report on budget comparison to actual expenditures in this basic financial statement.

Note 9 - Long Term Liabilities

OWRB - Series 2013

The District borrowed \$740,000 from Oklahoma Water Resources Board for system improvements to the Green Valley area of the District. The loan was financed through the sale of bonds administered by the Central National Bank of Enid, Oklahoma. Note payments are made the Bank monthly. Interest is variable and is adjusted semi-annually which changes the amount of the monthly payments since the principle is fixed. The note is secured by the system assets of the District. The note was refinanced and increased to fund line extension project during 2013. The note is extended until 9-15-2028.

Semi-annual Period		Interest	Monthly	
	Begin	End	Rate	Payment
•	9/16/2021	3/15/2022	2.81%	5,422.50
	3/16/2022	9/15/2022	2.81%	5,390.38
	9/16/2022	3/15/2023	2.81%	5,636.67
	3/16/2023	9/15/2023	2.81%	5,308.23
	9/16/2023	3/15/2024	2.81%	5,449.17

	Balance 10/31/2023		Balance 0/31/2022
OWRB - 2013	\$ 280,833		\$ 330,833
	\$	280,833	\$ 330,833
Less: Current Portion		50,417	50,000
Net Long-term Liabilities	\$	230,416	\$ 280,833

Current Portion:		OWRB-13			4	TOTAL
Year Ending	10/31/2023	50,417	_	_	-	50,417
Year Ending	10/31/2024	55,000	-	-		55,000
Year Ending	10/31/2025	55,417	_	-		55,417
Year Ending	10/31/2026	60.416	. ·	-		60,416
Year Ending	10/31/2027	59,583	. 	<u>-</u>		59,583

Amortization of Loan Origination fees and Bond Premium

The District paid loan origination fees on the OWRB Series 2013 note of \$27,810 which will be amortized over the life of the note or 15 years. Each year's amortization amounts to \$1,854. The District also received a bond premium on the refinance with OWRB of \$105,777 which will also be amortized over the life of the note and each year's premium will be \$7,052.

Notes to the Financial Statements For the Years Ended October 31, 2023 and 2022

Note 10 - Retirment

The District provides a SIMPLE-IRA retirement plan for its participating employees. The District matches up to 3% of the wages of the employees. The District matched contributions to the plan in the amounts of \$4,824 and \$5,189 for the years ending October 31, 2023 and 2022.

Note 11 - Evaluation of Subsequent Events

The subsequent events of the District were evaluated through January 4, 2024, the date of the report.

SCOTT NORTHRIP, CPA

P.O. Box 642, Hobart, Oklahoma 73651

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of Rural Water, Sewer, and Solid Waste Management Dist. #5 Garfield County, Oklahoma

I 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 basic financial statements of Rural Water, Sewer, and Solid Waste Management District #5, Garfield County, Oklahoma (District), as of and for the years ending October 31, 2023 and 2022, and have issued my report thereon dated January 4, 2024.

Compliance and Other Matters

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

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control.

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

Report on Compliance and Internal Controls-Continued

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.

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.

Scott Northrip

Certified Public Accountant

January 4, 2024