

**Hughes County Rural Water District No. 1
Wetumka, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2022

Audited by

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

BROKEN ARROW, OK

Hughes County Rural Water District No. 1
Wetumka, Oklahoma
Board of Directors
December 31, 2022

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Hughes County Rural Water District No. 1
Wetumka, Oklahoma
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hughes County Rural Water District No. 1
Wetumka, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Hughes County Rural Water District No. 1, Wetumka, Oklahoma (the District), 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 cash basis financial position and its cash flows for the year then ended, in accordance with the cash basis of accounting described in Note 1.

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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for presentation of the financial statements in the circumstances. Management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 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 supplemental information on page 21 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 March 3, 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

March 3, 2023

Hughes County Rural Water District No. 1
Management's Discussion and Analysis
December 31, 2022

Our discussion and analysis of the Rural Water District No. 1, Hughes 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 \$75,747. Overall, the District had a net loss of (\$70,614) and its cash and cash equivalents increased by \$26,600 in the current fiscal year.
- The District continued to pay on their two notes to the Oklahoma Office of Rural Development.
- The District continued to add new accounts in 2022, with a total around 450 at year-end.
- The District conducted a rate study and 2022 but has not increased rates in several years.

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 lower in 2022, decreasing from \$1,901,304 to \$1,830,690. 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	\$ 335,483	308,883	26,600
Capital assets, net	<u>3,762,830</u>	<u>3,908,096</u>	<u>(145,266)</u>
Total Assets	<u><u>4,098,313</u></u>	<u><u>4,216,979</u></u>	<u><u>(118,666)</u></u>
Current liabilities	49,143	48,051	(1,092)
Long-term liabilities	<u>2,218,480</u>	<u>2,267,624</u>	<u>49,144</u>
Total Liabilities	<u><u>2,267,623</u></u>	<u><u>2,315,675</u></u>	<u><u>48,052</u></u>
Invest. In capital assets, net of related debt	1,495,207	1,592,421	(97,214)
Restricted	114,244	113,294	950
Unrestricted	<u>221,239</u>	<u>195,589</u>	<u>25,650</u>
Total Net Position	<u><u>\$ 1,830,690</u></u>	<u><u>1,901,304</u></u>	<u><u>(70,614)</u></u>

Net Position of the District decreased by 3.71 percent (\$1,830,690 compared to \$1,901,304). Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – increased from \$195,589 to \$221,239.

Table 2 – Changes in Net Position:

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 382,218	355,449	26,769
Other fees	16,358	19,814	(3,456)
Grant proceeds	55,791	-	55,791
Interest	950	564	386
Total Revenues	<u>455,317</u>	<u>375,827</u>	<u>79,490</u>
Expenses:			
Water purchases	29,242	24,301	(4,941)
Maintenance and repairs	243,096	162,569	(80,527)
Other expenses	37,429	32,084	(5,345)
Depreciation	164,556	163,489	(1,067)
Interest on debt	51,608	52,676	1,068
Total Expenses	<u>525,931</u>	<u>435,119</u>	<u>(90,812)</u>
Changes in Net Position	(70,614)	(59,292)	(11,322)
Net Position, Beginning	<u>1,901,304</u>	<u>1,960,596</u>	<u>(59,292)</u>
Net Position, Ending	<u>\$ 1,830,690</u>	<u>1,901,304</u>	<u>(70,614)</u>

The District's total operating revenues increased by 21.15 percent (\$79,490). The total cost of all services increased by 20.87 percent (\$90,812).

Capital Assets

At December 31, 2022 the District had \$3,762,830 invested in capital assets, net of depreciation, including land, the water system, vehicles, equipment, and construction in progress relating to the water well/filtration project. In 2022, the District added a pipe shed and a line locator to their list of capital assets.

Long-Term Debt

The District was indebted to the USDA, Oklahoma Office of Rural Development on three notes obtained for previously extensive extensions and the current water system. The outstanding principal balances from these loans were paid off with the new USDA/RD loan/grant proceeds received in 2015. The District now has two 40 year, 2.25% notes, \$2,031,972 and \$330,687, which they began making payments on in early 2016.

Economic Factors and Next Year's Budget and Rates

The District attempts to absorb water rate increases but may be forced to increase customer rates if additional increases are made by their water sources.

The District is applying for an ARPA grant for further water system improvements.

The District's budget for fiscal year 2023 will remain much like previous years budgets. Your Board of Directors does anticipate small budget changes made primarily to better allow for office and field personnel operations, without the necessity of hiring additional part-time or permanent employees.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office at P.O. Box 160, Wetumka, OK 74536 or call (918) 569-4326.



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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
Hughes County Rural Water District No. 1
Wetumka, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Hughes County Rural Water District No. 1 (the District) Wetumka, 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 March 3, 2023. Our report on the financial statements disclosed that, as described in Note 1 to the financial statements, the District prepares its financial statements on a modified cash basis of accounting, which is a basis of accounting other than 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 District's internal control over financial reporting in order to determine our auditing procedures that are appropriate for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit results as item 2022-1, which is considered a material weakness.

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

Report on Compliance and Other Matters

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

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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

March 3, 2023

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

21-1 Lack of Segregation of Duties

The exception that there were inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available which prevented a proper segregation of accounting functions which is necessary to assure adequate internal accounting controls continued in the current fiscal year.

HUGHES 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 modified cash basis financial statements.
2. The audit disclosed a significant deficiency in the internal controls, item 22-1, which was considered a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

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

22-1 – Lack of Segregation of Duties

Condition-

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

Criteria-

An organization should ensure that there is a proper segregation of duties regarding cash collections and the payment of expenses.

Cause-

The District is not large enough to justify the hiring of additional personnel.

Effect-

There is always the possibility that not all collections are actually receipted or deposited, and the possibility that funds expended are not used for actual District obligations.

Recommendation-

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

Response-

Additional personnel will be hired when the actual funds are available.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
DECEMBER 31, 2022

	2022	-Memorandum- -Only- 2021
ASSETS:		
Current assets:		
Cash-		
Operating account	\$ 96,939	95,289
Constructon account	123,300	99,300
Deposits (ORWA)	1,000	1,000
Total current assets	221,239	195,589
Noncurrent assets:		
Restricted cash and cash equivalents	114,244	113,294
Capital assets:		
Water distribution system	6,397,839	6,381,889
Equipment	42,308	38,968
Less: accumulated depreciation	(2,677,317)	(2,512,761)
Total noncurrent assets	3,877,074	4,021,390
TOTAL ASSETS	\$ 4,098,313	4,216,979
LIABILITIES:		
Current liabilities:		
Current portion of long-term debt	\$ 49,143	48,051
Noncurrent liabilities:		
Long-term notes payable	2,218,480	2,267,624
Total Liabilities	2,267,623	2,315,675
NET POSITION:		
Net investment in capital assets	1,495,207	1,592,421
Restricted for debt service	114,244	113,294
Unrestricted	221,239	195,589
Total Net Position	1,830,690	1,901,304
TOTAL LIABILITIES AND NET POSITION	\$ 4,098,313	4,216,979

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
-MODIFIED CASH BASIS-
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	-Memorandum- -Only- 2021
Operating Revenues:		
Water revenue	\$ 382,218	355,449
Benefit units	3,600	7,600
Refunds/rentals	12,493	12,012
Other sales and services	265	202
Total operating revenues	398,576	375,263
Operating Expenses:		
Water purchases	29,242	24,301
Depreciation	164,556	163,489
Contract labor	78,847	77,181
Utilities	18,481	13,260
Repairs and maintenance	99,723	60,094
Supplies and materials	27,905	4,872
Chemicals	29,626	12,520
Insurance	10,552	10,158
Office	4,170	3,165
Professional fees	2,100	4,075
Testing and other fees	6,995	7,902
Memberships	1,810	1,306
Miscellaneous	316	120
Total expenses from operations	474,323	382,443
Operating Income (Loss)	(75,747)	(7,180)
Non-Operating Revenues (Expenses):		
Grant proceeds received	55,791	0
Interest income	950	564
Interest paid on long-term debt	(51,608)	(52,676)
Total non-operating revenues (expenses)	5,133	(52,112)
Change in Net Position	(70,614)	(59,292)
Total Net Position, beginning of period	1,901,304	1,960,596
Total Net Position, end of period	\$ 1,830,690	1,901,304

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	-Memorandum- -Only- 2021
Cash Flows from Operating Activities:		
Receipts from customers	\$ 398,576	375,263
Payments to vendors	(309,767)	(218,954)
Net Cash Provided by (used in) Operating Activities	88,809	156,309
Cash Flows from Capital and Related Financing Activities:		
Capital assets purchased	(19,290)	(18,290)
Principal paid on long-term debt	(48,052)	(46,984)
Interest paid on long-term debt	(51,608)	(52,676)
Net Cash Provided by (used in) Capital and Related Financing Activities	(118,950)	(117,950)
Cash Flows from Investing Activities:		
Grant proceeds	55,791	0
Interest earned on investments	950	564
Net Cash Provided by (used in) Investing Activities	56,741	564
Net increase (decrease) in cash and cash equivalents	26,600	38,923
Cash and cash equivalents, beginning of period	308,883	269,960
Cash and cash equivalents, end of period	\$ 335,483	308,883
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ (75,747)	(7,180)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	164,556	163,489
Net cash provided by operating activities	\$ 88,809	156,309

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note A – Significant Accounting Policies

Reporting Entity

The District is recognized as a public, not-for-profit rural water district under Oklahoma Statutes, Title 82. 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.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and expenses are recognized when incurred. This policy is accordance with generally accepted accounting principles.

Cash and cash equivalents

The District’s cash and cash equivalents, shown in the financial statements, are amounts that are not subject to fluctuations and have a maturity of less than three months. Cash and investments are detailed as follows:

	December 31,	
	2022	2021
Mabrey Bank:		
Operating Account	\$ 97,510	95,289
Construction Account	123,300	99,300
Less: Outstanding checks	(571)	-
ORWA deposit	1,000	1,000
Tinker Federal Credit Union:		
Certificate of deposit (restricted)	114,244	113,294
Balance	\$ 335,483	308,883

Collateral Pledged

It appears that all funds were adequately insured by the \$250,000 of FDIC coverage and additional collateral pledged by the banking institutions as of December 31, 2022.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note A – Significant Accounting Policies – cont’d

Restricted Asset – Investment Reserves

In compliance with the United States Department of Agriculture Rural Development regulations, cash reserves have been established to collect up to one year’s payments on the notes payable, or \$99,660, at which time deposits in the reserve can be suspended. The reserve account funds have been deposited in an interest-bearing certificate of deposit at Tinker Federal Credit Union, which is insured by the federal government. At December 31, 2022 the restricted asset-investment reserve balance was \$114,244.

Inventory

The District does not maintain inventory records of parts and supplies, but charges these purchases to maintenance or supplies, as they are needed.

Memorandum Totals

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

Note B - Capital Assets

Any items purchased or constructed in excess of \$1,000 and a useful life of over two years is considered a capital (fixed) asset by the District and will be depreciated over a specific time. Capital assets and additions are recorded at cost. Depreciation of the waterworks system and improvements is provided using the straight-line method based on a forty-year life. Equipment is depreciated over a five-year life. Depreciation expense for the year is presented as an operating expense and closed, along with other operating expenses, directly to retained earnings.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note B - Capital Assets – cont'd

The capital asset information for the District is shown below:

	<u>12/31/2021</u> Amount	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2022</u> Amount
Water System & Equipment	\$ 6,381,889	15,950	-	6,397,839
Equipment	38,968	3,340	-	42,308
Less: Accumulated Depreciation	<u>(2,512,761)</u>	<u>(164,556)</u>	<u>-</u>	<u>(2,677,317)</u>
Total	<u>\$ 3,908,096</u>	<u>(145,266)</u>	<u>-</u>	<u>3,762,830</u>

Note C – Long-Term Debt

The District is indebted to the USDA Rural Development Program on two notes obtained to finance system improvements. The notes are secured by system revenues and property, plant and equipment. Long-term debt at December 31 is summarized as follows:

Note No. 91-14, issued for \$2,218,000, dated 1-28-15, at 2.25% interest, due in monthly installments of \$7,142 for 40 years, or until paid	\$ 1,950,252
Note No. 91-16, issued for \$361,000, dated 1-28-15, at 2.25% interest, due in monthly installments of \$1,163 for 40 years, or until paid;	317,370
Less: Current maturities of long-term debt	<u>(49,143)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 2,218,479</u>

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note C – Long-Term Debt – cont’d

The estimated maturities for future years, based on the required monthly payments, are detailed as follows:

<u>Year</u>	<u>Loan 91-14</u>	<u>Loan 91-16</u>	<u>Total</u>
2023	\$ 42,257	6,886	49,143
2024	43,218	7,042	50,260
2025	44,200	7,203	51,403
2026	45,205	7,366	52,571
2027	46,233	7,534	53,767
2028-32	247,415	40,316	287,731
2033-37	276,846	45,113	321,959
2038-42	309,779	50,479	360,258
2043-47	346,629	56,484	403,113
2048-52	387,857	63,202	451,059
2053-54	160,613	25,746	186,359
Total	<u>\$ 1,950,252</u>	<u>317,371</u>	<u>2,267,623</u>

Note D – Grants

In 2022 the District received grant proceeds from Hughes County in the total amount of \$55,791. These funds were paid to contractors for line replacements.

Note E – Subsequent Events

Management has evaluated subsequent events through March 3, 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.

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

Water Rates

		\$15.00 minimum
0 – 10,000 gallons	=	\$8.00 per 1,000 gallons
Over 10,000 gallons	=	\$8.10 per 1,000 gallons

Last rate increase – October 2014

Water Loss

	<u>2022</u>
Total gallons purchased & pumped	57,740,000
Total gallons sold to District customers	<u>(35,776,000)</u>
Total water loss	<u>21,964,000</u>
Percentage of water loss	<u>38.04%</u>

Source – District Sold vs Purchased report

Customers

The District had approximately 450 customers at the close of the fiscal year.

Current membership cost is \$400 plus parts and labor.