

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

Financial Statements and Auditor's Reports

Year Ended December 31, 2023

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, 2023

**BOARD OF DIRECTORS**

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John Galvin

**Vice Chairman**

Joey Pack

**Secretary/Treasurer**

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**Members**

TJ Carter

Britton Putnam

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**MANAGER**

John Wilkerson

**OFFICE MANAGER**

Melody Ulanowski

**Hughes County Rural Water District No. 1**  
**Wetumka, Oklahoma**  
December 31, 2023

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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, 2023, 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, 2023, and the respective changes in modified cash basis financial position and its cash flows for the year then ended, in accordance with the modified 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 February 23, 2024 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

February 23, 2024

Hughes County Rural Water District No. 1  
Management's Discussion and Analysis  
December 31, 2023

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, 2023. 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 \$29,555. Overall, the District had a net loss of (\$14,524) and its cash and cash equivalents increased by \$108,544 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 2023, with a total around 488 at year-end.
- The District conducted a rate study and increased their water rates in the 2023 fiscal year to keep up with increased costs.

### **Using This Report**

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

### **Basis of Accounting**

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

### **The Financial Statements**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net position and the changes in them. You can think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases or

decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District’s water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

**Net Position, and Changes in Net Position**

The District’s Net Position was lower in 2023, decreasing from \$1,830,690 to \$1,816,166. 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>2023</u>	<u>2022</u>	<u>Variances</u>
Current and other assets	\$ 426,869	335,483	91,386
Capital assets, net	3,607,777	3,762,830	(155,053)
Total Assets	<u>4,034,646</u>	<u>4,098,313</u>	<u>(63,667)</u>
Current liabilities	50,260	49,143	(1,117)
Long-term liabilities	2,168,220	2,218,480	50,260
Total Liabilities	<u>2,218,480</u>	<u>2,267,623</u>	<u>49,143</u>
Invest. In capital assets, net of related debt	1,389,297	1,495,207	(105,910)
Restricted	115,582	114,244	1,338
Unrestricted	311,287	221,239	90,048
Total Net Position	<u>\$ 1,816,166</u>	<u>1,830,690</u>	<u>(14,524)</u>

Net Position of the District decreased by 0.79 percent (\$1,816,166 compared to \$1,830,690). 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 \$221,239 to \$311,287.



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

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
<b>Revenues:</b>			
Charges for services	\$ 501,064	382,218	118,846
Other fees	24,199	16,358	7,841
Grant proceeds	64,209	55,791	8,418
Interest	1,337	950	387
<b>Total Revenues</b>	<u>590,809</u>	<u>455,317</u>	<u>135,492</u>
<b>Expenses:</b>			
Water purchases	35,281	29,242	(6,039)
Maintenance and repairs	313,713	243,096	(70,617)
Other expenses	42,191	37,429	(4,762)
Depreciation	163,633	164,556	923
Interest on debt	50,515	51,608	1,093
<b>Total Expenses</b>	<u>605,333</u>	<u>525,931</u>	<u>(79,402)</u>
<b>Changes in Net Position</b>	(14,524)	(70,614)	56,090
<b>Net Position, Beginning</b>	<u>1,830,690</u>	<u>1,901,304</u>	<u>(70,614)</u>
<b>Net Position, Ending</b>	<u>\$ 1,816,166</u>	<u>1,830,690</u>	<u>(14,524)</u>

The District's total operating revenues increased by 29.76 percent (\$135,492). The total cost of all goods and services increased by 15.10 percent (\$79,402).

### **Capital Assets**

At December 31, 2023 the District had \$3,607,777 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 2023, 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, which they began making payments on in early 2016.

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

The District's budget for fiscal year 2024 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.



**BLEDSON, HEWETT & GULLEKSON**  
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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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2024. 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 2023-1, 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

February 23, 2024

**HUGHES COUNTY RURAL DISTRICT NO. 1**  
**Disposition of Prior Year's Significant Deficiencies**  
**December 31, 2023**

22-1 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, 2023**

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 23-1, 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:

23-1 – 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, 2023**

	2023	-Memorandum- -Only- 2022
<b><u>ASSETS:</u></b>		
Current assets:		
Cash-		
Operating account	\$ 144,987	96,939
Constructon account	165,300	123,300
Deposits (ORWA)	1,000	1,000
Total current assets	311,287	221,239
Noncurrent assets:		
Restricted cash and cash equivalents	115,582	114,244
Capital assets:		
Water distribution system	6,406,419	6,397,839
Equipment	42,308	42,308
Less: accumulated depreciation	(2,840,950)	(2,677,317)
Total noncurrent assets	3,723,359	3,877,074
<b>TOTAL ASSETS</b>	<b>\$ 4,034,646</b>	<b>4,098,313</b>
 <b><u>LIABILITIES:</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 50,260	49,143
Noncurrent liabilities:		
Long-term notes payable	2,168,220	2,218,480
<b>Total Liabilities</b>	<b>2,218,480</b>	<b>2,267,623</b>
 <b><u>NET POSITION:</u></b>		
Net investment in capital assets	1,389,297	1,495,207
Restricted for debt service	115,582	114,244
Unrestricted	311,287	221,239
<b>Total Net Position</b>	<b>1,816,166</b>	<b>1,830,690</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,034,646</b>	<b>4,098,313</b>

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, 2023**

	<b>2023</b>	<b>-Memorandum- -Only- 2022</b>
<b>Operating Revenues:</b>		
Water revenue	\$ 501,064	382,218
Benefit units	4,400	3,600
Refunds/rentals	19,363	12,493
Other sales and services	436	265
Total operating revenues	525,263	398,576
<b>Operating Expenses:</b>		
Water purchases	35,281	29,242
Depreciation	163,633	164,556
Contract labor	79,414	78,847
Utilities	19,258	18,481
Repairs and maintenance	165,969	99,723
Supplies and materials	25,383	27,905
Chemicals	31,600	29,626
Insurance	10,088	10,552
Office	6,708	4,170
Professional fees	3,500	2,100
Testing and other fees	11,347	6,995
Memberships	579	1,810
Miscellaneous	2,058	316
Total expenses from operations	554,818	474,323
Operating Income (Loss)	(29,555)	(75,747)
<b>Non-Operating Revenues (Expenses):</b>		
Grant proceeds received	64,209	55,791
Interest income	1,337	950
Interest paid on long-term debt	(50,515)	(51,608)
Total non-operating revenues (expenses)	15,031	5,133
Change in Net Position	(14,524)	(70,614)
Total Net Position, beginning of period	1,830,690	1,901,304
Total Net Position, end of period	\$ 1,816,166	1,830,690

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, 2023

	2023	-Memorandum- -Only- 2022
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 525,263	398,576
Payments to vendors	(391,185)	(309,767)
Net Cash Provided by (used in) Operating Activities	134,078	88,809
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital assets purchased	(8,580)	(19,290)
Principal paid on long-term debt	(49,143)	(48,052)
Interest paid on long-term debt	(50,515)	(51,608)
Net Cash Provided by (used in) Capital and Related Financing Activities	(108,238)	(118,950)
<b>Cash Flows from Investing Activities:</b>		
Grant proceeds	64,209	55,791
Interest earned on investments	1,337	950
Net Cash Provided by (used in) Investing Activities	65,546	56,741
Net increase (decrease) in cash and cash equivalents	91,386	26,600
Cash and cash equivalents, beginning of period	335,483	308,883
Cash and cash equivalents, end of period	\$ 426,869	335,483
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income (loss)	\$ (29,555)	(75,747)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	163,633	164,556
Net cash provided by operating activities	\$ 134,078	88,809

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, 2023**

**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,	
	2023	2022
Mabrey Bank:		
Operating Account	\$ 144,987	97,510
Construction Account	165,300	123,300
Less: Outstanding checks	-	(571)
ORWA deposit	1,000	1,000
Tinker Federal Credit Union:		
Certificate of deposit (restricted)	115,582	114,244
Balance	\$ 426,869	335,483

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, 2023.

**HUGHES COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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, 2023 the restricted asset-investment reserve balance was \$115,582.

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, 2023**

**Note B - Capital Assets – cont'd**

The capital asset information for the District is shown below:

	12/31/2022			12/31/2023
	<u>Amount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u>
Water System & Equipment	\$ 6,397,839	8,580	-	6,406,419
Equipment	42,308	-	-	42,308
Less: Accumulated Depreciation	<u>(2,677,317)</u>	<u>(163,633)</u>	<u>-</u>	<u>(2,840,950)</u>
Total	<u>\$ 3,762,830</u>	<u>(155,053)</u>	<u>-</u>	<u>3,607,777</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	\$ 1,907,995
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;	310,485
Less: Current maturities of long-term debt	<u>(50,260)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 2,168,220</u>

**HUGHES COUNTY RURAL WATER DISTRICT NO. 1**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023**

**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>
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>\$ 1,907,995</u>	<u>310,485</u>	<u>2,218,480</u>

**Note D – Grants**

In 2023 the District received grant proceeds from Hughes County in the total amount of \$64,209. These funds were paid to contractors for line replacements.

**Note E – Subsequent Events**

Management has evaluated subsequent events through February 23, 2024 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, 2023**

**Water Rates**

Cost per 1,000 gallons = \$20.00 minimum  
\$9.10 per 1,000 gallons

Last rate increase – 2023

**Water Loss**

	<u>2023</u>
Total gallons purchased & pumped	69,332,000
Total gallons sold to District customers	<u>(44,278,000)</u>
Total water loss	<u>25,054,000</u>
Percentage of water loss	<u>36.14%</u>

Source – District Sold vs Purchased report

**Customers**

The District had approximately 488 customers at the close of the fiscal year.

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