

**Hughes County Rural Water District No. 6**  
**Allen, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended August 31, 2024

Audited by

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

BROKEN ARROW, OK

**Hughes County Rural Water District No. 6**  
**Allen, Oklahoma**  
Board of Directors  
August 31, 2024

**BOARD OF DIRECTORS**

**Chairman**

Orval Powell Jr.

**Vice-Chairman**

Winston Beavert

**Secretary/Treasurer**

Greg Meyer

**Members**

James L. Morrison

Willis Rinehart

**MANAGER**

Sheldon Tatum

**BOOKKEEPER**

Grace Gambino

**Hughes County Rural Water District No. 6**  
**Allen, Oklahoma**  
August 31, 2024

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Hughes County Rural Water District No. 6  
Allen, Oklahoma

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

We have audited the accompanying financial statements of the business-type activities of the Hughes County Rural Water District No. 6 (the District), Allen, Oklahoma, as of and for the year ended August 31, 2024, 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 August 31, 2024, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

The District has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The prior year "memorandum only" comparative information and the supplementary 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 October 1, 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

October 1, 2024



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

Eric M. Bledsoe, CPA  
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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. 6  
Allen, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Hughes County Rural Water District No. 6 (the District), Allen, Oklahoma, as of and for the year ended August 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 1, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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

October 1, 2024



**HUGHES COUNTY RURAL WATER DISTRICT NO. 6**  
**Disposition of Prior Year's Significant Deficiencies**  
**August 31, 2024**

There were no prior year material weaknesses or significant deficiencies in the internal controls over financial reporting. There were no prior year instances of noncompliance.

**HUGHES COUNTY RURAL WATER DISTRICT NO. 6**  
**Schedule of Audit Results**  
**August 31, 2024**

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance, which are material to the financial statements.

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

NONE

**HUGHES COUNTY RURAL WATER DISTRICT NO. 6**  
**Statement of Net Position**  
**August 31, 2024**

	-Memorandum- -Only- August 31,	
	2024	2023
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 884,497	\$ 592,516
Investments	213,277	204,212
Accounts receivable	402,681	82,405
Prepaid expenses	19,258	13,886
Total current assets	<u>1,519,713</u>	<u>893,019</u>
Restricted Assets:		
Debt service account	<u>56,472</u>	<u>56,472</u>
Capital Assets:		
Land	85,518	85,518
Water system and improvements	4,398,654	3,942,203
Buildings and improvements	108,384	68,309
Equipment and automobiles	543,101	516,687
Total capital assets	<u>5,135,657</u>	<u>4,612,717</u>
Less: accumulated depreciation	<u>(3,059,500)</u>	<u>(2,917,313)</u>
Total capital assets (net)	<u>2,076,157</u>	<u>1,695,404</u>
Other Assets:		
Loan costs, net of amortization	<u>7,662</u>	<u>8,468</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 3,660,004</u></b>	<b><u>\$ 2,653,363</u></b>
 <b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 339,182	\$ 5,444
Restricted deposits	3,367	4,901
Current maturities of long-term debt	34,226	32,623
Total current liabilities	<u>376,775</u>	<u>42,968</u>
Long-Term Debt, less current maturities-		
Notes payable	<u>455,025</u>	<u>489,248</u>
Total Liabilities	<u>831,800</u>	<u>532,216</u>
 <b><u>NET POSITION</u></b>		
Net investment in capital assets	1,586,906	1,173,533
Restricted for debt service	56,472	56,472
Unrestricted assets	<u>1,184,826</u>	<u>891,142</u>
Total Net Position	<u>2,828,204</u>	<u>2,121,147</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 3,660,004</u></b>	<b><u>\$ 2,653,363</u></b>

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

**HUGHES COUNTY RURAL WATER DISTRICT NO. 6**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For The Year Ended August 31, 2024**

	<u>2023-24</u>	<u>-Memorandum- -Only- 2022-23</u>
<b>Operating Revenues:</b>		
Water sales	\$ 886,214	\$ 836,029
Penalties	16,832	15,668
Meter set fees	14,621	17,326
Other charges for services	15,851	34,532
Total revenues from operations	<u>933,518</u>	<u>903,555</u>
<b>Operating Expenses:</b>		
Payroll costs	347,397	348,017
Water purchases	22,211	18,954
Water testing fees	13,267	2,856
Water treatment supplies	10,701	5,968
Safety	1,000	4,697
Vehicle and travel	20,801	24,263
Repairs and maintenance	82,483	139,254
Insurance	23,507	33,048
Professional fees	8,917	7,480
Office and postage	10,928	9,295
Training fees	2,706	3,036
Utilities	11,338	4,413
Telephone	6,171	3,939
Miscellaneous	230	3,587
Well expenses	22,885	39,834
Depreciation and amortization	142,993	144,666
Total expenses from operations	<u>727,535</u>	<u>793,307</u>
Operating Income (Loss)	205,983	110,248
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	19,023	2,734
Benefit units	10,450	12,100
Gain (loss) on asset disposal	0	2,450
Grant revenue	494,232	48,175
Interest expense on debt	(22,631)	(25,333)
Total non-operating revenues (expenses)	<u>501,074</u>	<u>40,126</u>
Change in Net Position	707,057	150,374
Total Net Position, beginning of period	<u>2,121,147</u>	<u>1,970,773</u>
<b>Total Net Position, end of period</b>	<b><u>\$ 2,828,204</u></b>	<b><u>\$ 2,121,147</u></b>

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

**HUGHES COUNTY RURAL WATER DISTRICT NO. 6**  
**Statement of Cash Flows**  
**For Year Ended August 31, 2024**

	<b>2023-24</b>	<b>-Memorandum- -Only- 2022-23</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 953,061	\$ 906,426
Payments to employees	(336,279)	(348,017)
Payments to vendors	(259,716)	(304,780)
Net Cash Provided by Operating Activities	<u>357,066</u>	<u>253,629</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital assets (purchased) sold	(522,940)	(5,835)
Benefit units	10,450	12,100
Grant proceeds	494,232	48,175
Increase (decrease) in restricted deposits	(1,534)	275
Principal paid on debt	(32,622)	(31,092)
Interest paid on debt	(22,629)	(25,335)
Net Cash Provided by (used in) Capital and Related Financing activities	<u>(75,043)</u>	<u>(1,712)</u>
<b>Cash Flows from Investing Activities:</b>		
(Increase) decrease in investments	(9,065)	(1,184)
Interest revenue	19,023	2,734
Net cash provided by (used in) investing activities	<u>9,958</u>	<u>1,550</u>
Net Increase (Decrease) in Cash and Equivalents	291,981	253,467
Cash and cash equivalents, beginning of period	<u>592,516</u>	<u>339,049</u>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 884,497</u></b>	<b><u>\$ 592,516</u></b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income (loss)	\$ 205,983	\$ 110,248
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expenses	142,993	144,666
(Increase) decrease in accounts receivable	(320,276)	2,871
(Increase) decrease in prepaid expenses	(5,372)	(3,611)
Increase (decrease) in accounts payable	333,738	(545)
Net Cash Provided by Operating Activities	<u>\$ 357,066</u>	<u>\$ 253,629</u>

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

## **HUGHES COUNTY RURAL WATER DISTRICT NO. 6**

**Allen, Oklahoma**

Notes to the Financial Statements

August 31, 2024

### **Note A – Significant Accounting Policies**

#### Nature of Organization

The Hughes County Rural Water District No. 6 (the District) was created under the provisions of Title 82 of Oklahoma Statutes, Sections 1324.1 – 1324.26 and the Laws of the State of Oklahoma. The purpose of this District is to provide water services to users. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 615 members. The Board of Directors consists of five members, listed on page 1. All Board members serve three year terms.

#### Reporting Entity

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of providing water services is financed through user charges.

#### Measurement Focus, Basis of Accounting and Basis of Presentation – Fund Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net position. The operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Depreciation expense is provided for capital assets based upon estimated useful lives. Financial activity is accounted for on the flow of economic resources measurement focus using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

#### Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

## HUGHES COUNTY RURAL WATER DISTRICT NO. 6

Allen, Oklahoma

Notes to the Financial Statements

August 31, 2024

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

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Cash Accounts

The District's cash accounts at August 31, 2024, are detailed as follows:

Cash on hand	\$ 150
Farmers State Bank, Allen, OK-	
Operating account	129,592
Depreciation account	134,980
Rental deposit account	3,367
Vision Bank, Ada, OK-	
ARPA grant account	50
Restricted	20,023
Security State Bank, Holdenville, OK-	
Operating account	170,612
First United Bank, Ada, OK-	
Capital improvement account	222,085
Arbuckle Federal Credit Union, Ada, OK-	
Depreciation account	<u>203,638</u>
Total Cash Accounts	<u>\$ 884,497</u>

#### Investments

The District had the following investments at August 31, 2024:

Security State Bank, Holdenville, OK-	
Certif. of deposit, 12 month, 3.25%, 12/17/24	\$ 106,625
Certif. of deposit, 12 month, 3.25%, 12/17/24	106,624
Farmers State Bank, Allen, OK-	
Certif. of deposit, 6 month, 1.00%, 10/17/24	<u>56,500*</u>
Total Investments	<u>\$ 269,749</u>

\* - This investment is classified as a restricted asset on the financial statements

## **HUGHES COUNTY RURAL WATER DISTRICT NO. 6**

**Allen, Oklahoma**

Notes to the Financial Statements

August 31, 2024

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

**Custodial Credit Risk** - At August 31, 2024, the District held deposits of approximately \$1,153,050 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

**Investment Interest Rate Risk** - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Investment Credit Risk** – The District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

### **Restricted Assets**

In accordance with the prior loan agreement with Rural Development, the District was required to maintain a reserve fund in an amount equal to one year's loan payments. Accordingly, the District was required to have \$56,472 in the reserve account at August 31, 2024. The District currently has a certificate of deposit at First State Bank, Allen, OK, with a balance of \$56,500 that is classified as restricted cash for this purpose.



## **HUGHES COUNTY RURAL WATER DISTRICT NO. 6**

**Allen, Oklahoma**

Notes to the Financial Statements

August 31, 2024

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

Fair Value of Financial Instruments – The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

#### Accounts Receivable

Billings for accounts receivable at August 31, 2024, were \$402,681. This balance is comprised of \$80,274 of water billings at year-end and \$322,407 of ARPA grant funds that were received in September 2024 for services performed in the 2023-24 fiscal year. Allowance for doubtful accounts was not computed because the amount would not be material to the financial statements.

#### Memorandum Totals

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

#### Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance, including workers compensation, for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### Accounts Payable

Accounts payable amounts represent payments that the District issued after year-end, but for good and services actually received during the 2023-24 fiscal year. The \$339,182 accounts payable balance at August 31, 2024, is unusually large due to \$322,407 of ARPA grant project bills that were paid in the first week of September 2024 for contractor services rendered in June, July and August 2024.

## HUGHES COUNTY RURAL WATER DISTRICT NO. 6

### Allen, Oklahoma

#### Notes to the Financial Statements

August 31, 2024

#### Note B – Capital Assets

Any items purchased or constructed in excess of \$2,500 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 are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	5-10 years
Transportation equipment	5 years
Water system	20-40 years
Buildings	20-30 years
Computer equipment	5 years

The capital asset information for the District is shown below:

	8/30/2023 Amount	Additions	Deletions	8/30/2024 Amount
Land	\$ 85,518	-	-	85,518
Const. in progress	-	437,407	-	437,407
Water dist. system	3,942,203	19,044	-	3,961,247
Buildings	68,309	40,075	-	108,384
Equip. & Autos	516,687	26,414	-	543,101
Total Capital Assets	4,612,717	522,940	-	5,135,657
Less: Accumulated Depreciation	(2,917,313)	(142,187)	-	(3,059,500)
Total	<u>\$ 1,695,404</u>	<u>380,753</u>	<u>-</u>	<u>2,076,157</u>

Construction in progress includes \$422,407 for the ongoing ARPA waterline project and \$15,000 for the standpipe project.

## HUGHES COUNTY RURAL WATER DISTRICT NO. 6

Allen, Oklahoma

Notes to the Financial Statements

August 31, 2024

### Note C – Long-Term Debt

Long-Term Debt consists of four notes:

1. Rural Development 91-01 - The District has a 1991 promissory note in the amount of \$450,000 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$2,210. The fixed interest rate on this note is 5.0%. The water system and future water revenues are used as security for this note.
2. Rural Development 91-03 - The District has a 1992 promissory note in the amount of \$66,500 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$327. The fixed interest rate on this note is 5.0%. The water system and future water revenues are used as security for this note.
3. Rural Development 91-05 - The District has a 1994 promissory note in the amount of \$48,000 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$216. The fixed interest rate on this note is 4.5%. The water system and future water revenues are used as security for this note.
4. Rural Development 91-07 - The District has a 1997 promissory note in the amount of \$430,000 with Rural Development for a period of 40 years. The District makes monthly principal and interest payments of \$1,953. The fixed interest rate on this note is 4.5%. The water system and future water revenues are used as security for this note.

The following is a summary of the long-term debt transactions of the District for the year ended August 31, 2024:

	Notes Payable
Balance, September 1, 2023	\$ 521,873
Additions	-
Retirements	(32,622)
Balance, August 31, 2024	<u>\$ 489,251</u>

# HUGHES COUNTY RURAL WATER DISTRICT NO. 6

Allen, Oklahoma

Notes to the Financial Statements

August 31, 2024

## Note C – Long-Term Debt – cont'd

	August 31,	
	2024	2023
Rural Development note payable, dated 1991, issued for \$450,000, at 5.0% interest, due in \$2,210 monthly installments, until paid;	\$ 170,613	188,122
Rural Development note payable, dated 1992, issued for \$66,500, at 5.0% interest, due in \$327 monthly installments, until paid;	24,720	27,336
Rural Development note payable, dated 1994, issued for \$48,000, at 4.5% interest, due in \$216 monthly installments, until paid;	20,741	22,360
Rural Development note payable, dated 1997, issued for \$430,000, at 4.5% interest, due in \$1,953 monthly installments, until paid;	273,177	284,053
Long-Term Debt Outstanding	489,251	521,871
Less: Current maturities of long-term debt	(34,226)	(32,623)
Total Long-Term Debt, Net	\$ 455,025	489,248

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

Year	Total	RD 91-01	RD 91-03	RD 91-05	RD 91-07
2024-25	34,226	18,407	2,750	1,693	11,376
2025-26	35,909	19,349	2,891	1,771	11,898
2026-27	37,675	20,339	3,039	1,852	12,445
2027-28	39,530	21,380	3,195	1,938	13,017
2028-29	41,474	22,474	3,358	2,027	13,615
2029-34	167,661	68,664	9,487	11,460	78,050
2034-39	97,702	-	-	-	97,702
2039-44	35,074	-	-	-	35,074
2044+	-	-	-	-	-
Total	\$ 489,251	170,613	24,720	20,741	273,177

## **HUGHES COUNTY RURAL WATER DISTRICT NO. 6**

**Allen, Oklahoma**

Notes to the Financial Statements

August 31, 2024

### **Note D – Grant Revenue and Expenses**

In 2022, the District was approved for a Rural Infrastructure Grant (RIG) through Oklahoma DEQ and ORWA in the amount of \$100,000, which requires a local match amount of 20%. These funds were received in the 2023-24 fiscal year and used for engineering fees for the waterline project and the standpipe project.

In 2022, the District received Local Fiscal Recovery Funds, through Hughes County. These funds were part of the American Rescue Plan Act (ARPA) (CFDA #21.027). The District was allocated a total of \$120,000. In the 2022-23 fiscal year, the District spent and received \$48,175 of these funds. In the 2023-24 fiscal year, the District spent and received the remaining \$71,825 of these funds. The District expended these funds for well house construction, generators and other needed equipment to support the water system.

In 2023, the District was awarded additional ARPA funds through the OWRB in the amount of \$1,000,000. These federal funds (CFDA #21.027) were allocated for waterline replacements and a new standpipe. In the 2023-24 fiscal year, the District began construction on the waterline replacement project. During the 2023-24 fiscal year, the contractor invoiced the District \$322,407 for services performed in June through August 2024. These amounts were paid and subsequently reimbursed in September 2024. These amounts are shown as accounts receivable and accounts payable at August 31, 2024 on the financial statements.

### **Note E – Pending Litigation**

District officials are not aware of any pending or threatened litigation, claims or assessments or un-asserted claims or assessments against the District.

### **Note F – Subsequent Events**

The District is currently in discussions with Hughes County Rural Water District No. 4 to possibly annex the district into their system and take over their customer base. The District currently provides water service to Hughes County Rural Water District No. 4.

Management has evaluated subsequent events through October 1, 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. 6**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**August 31, 2024**

**Water Rates:**

Rate Schedule 1-

\$38.92 minimum bill  
\$12.41 per 1,000 gallons for first 1,000 gallons  
\$12.60 per 1,000 gallons for the next 1,000 gallons  
\$12.78 per 1,000 gallons for the next 1,000 gallons  
\$12.97 per 1,000 gallons for the next 6,000 gallons  
\$13.16 per 1,000 gallons for the next 40,000 gallons  
\$13.34 per 1,000 gallons for the next 50,000 gallons

Rate Schedule 2-

\$45.09 minimum bill  
\$14.18 per 1,000 gallons for first 1,000 gallons  
\$14.37 per 1,000 gallons for the next 1,000 gallons  
\$14.54 per 1,000 gallons for the next 1,000 gallons  
\$14.71 per 1,000 gallons for the next 6,000 gallons  
\$14.88 per 1,000 gallons for the next 40,000 gallons  
\$15.07 per 1,000 gallons for the next 50,000 gallons

Hughes Co. RWD #4- \$8.24 per 1,000 gallons

**Water Loss:**

	<u>2023-24</u>	<u>2022-23</u>
Total gallons pumped	72,508,508	74,955,377
Total gallons sold to customers	<u>(57,911,844)</u>	<u>(56,780,422)</u>
Total water loss	<u>14,596,664</u>	<u>18,174,955</u>
Percentage of water loss	<u>20.13%</u>	<u>24.25%</u>

Source – Pump Total Reports

**Customers:**

The District had 615 customers at the close of the fiscal year.

Current new service fee is \$1,750