

**MAYES COUNTY RURAL WATER  
DISTRICT #3**

ANNUAL FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**DAVID CLANIN CPA PLLC**

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**Mayes County Rural Water District No. 3  
Water District Officials  
June 30, 2021**

**Board of Directors**

Joe Hoffman	Chairperson
Dustin Wood	Vice-Chairman
Debra Brewer	Treasurer
Kathy Schnarr	Secretary
Jim Locke	Director
Doug Andrews	Director
John Brazeal	Director

**Operators**

Brandon Haynes  
Chad Blackman

**Manager**

David Harding

**Office Manager/Bookkeeper**

Mavonne LaRue

**Mayes County Rural Water District No. 3**  
**Table of Contents**

Required Supplementary Information:	
Management's Discussion & Analysis	1-2
Independent Auditor's Report	3-4
Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .	5
Basic Financial Statements	
Statement of Net Position	6
Statement of Revenues, Expenses and Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-15

**Mayes County Rural Water District No. 3  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at June 30, 2021 by \$2,165,020 representing an increase in net assets of \$53,342 from the prior fiscal year.
- Total operating revenues were \$564,505 this fiscal year while operating expenses were \$514,418 resulting in operating income of \$50,087.
- The District had \$2,577,308 (net of accumulated depreciation) invested in fixed assets as of June 30, 2021.

**USING THIS ANNUAL REPORT**

This annual report consists of two parts: Management's Discussion and Analysis and the Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

**BASIS OF ACCOUNTING**

The District presents its financial statements on the accrual basis of accounting. Accordingly, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

**THE FINANCIAL STATEMENTS**

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluation the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine profitability, credit worthiness and whether the District has successfully recovered all its costs through its user fees and other charges. The final required financial statement is the Statement of Cash Flows. The primary purpose of the statement is to provide information about the district's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations. Investing, and capital and noncapital financing activities and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in cash balance during the reporting period?"

**Mayes County Rural Water District No. 3  
Management's Discussion and Analysis  
For the Year Ended June 30, 2021**

**THE FINANCIAL STATEMENTS, CONTINUED**

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

As of June 30, 2021, the District had \$2,577,308 (net of accumulated depreciation) invested in capital assets, including the water storage and distribution system, improvements, machinery, and equipment.

**Debt**

The District has three notes payable outstanding as of June 30, 2021. As a result of the normal repayment of principal on outstanding debt, The District's total obligations decreased by \$87,510 during the fiscal year. The balance of the notes payable was \$976,495 at the end of the fiscal year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A product of an ongoing examination of how the District does business, our budget emphasizes outcomes or results for the community and allows for longer-term financial planning decisions.

In considering the District's budget for the upcoming fiscal year, the Board estimates that revenues and expenses in the coming year will approximate actual revenues and expenses for the past fiscal year. Therefore, net assets are expected to increase slightly as long-term debt is reduced by regularly scheduled principal payments.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at Mayes County Rural Water District No.3, P.O. Box 279, Disney, OK or call (918) 435-4361. Office hours are Monday through Friday 8 am to 4 pm.



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Mayes County Rural Water District No. 3  
Mayes County, Ok

We have audited the accompanying financial statements of the business-type activities of Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma as of June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

### MANAGEMENT'S RESPONSIBILITY 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 3 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted budgetary data that 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 Government 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. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2021, on our consideration of the Mayes County Rural Water District No. 3'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 Mayes County Rural Water District No. 3'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 Mayes County Rural Water District No. 3's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in black ink that reads "David Clanin CPA PLLC". The signature is written in a cursive, flowing style.

**DAVID CLANIN, CPA PLLC**

**SEPTEMBER 13, 2021**



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**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**

We have audited the accompanying financial statements of the business-type activities of Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma, as of and for the year ended June 30, 2021, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 13, 2021. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma's internal control over financial reporting (internal control) to determine the 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 Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

**COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether Mayes County Rural Water District No. 3, County of Mayes, State of Oklahoma's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

**DAVID CLANIN, CPA PLLC**  
September 13, 2021



**Mayes County Rural Water District No. 3**  
**Statement of Net Position**  
**June 30, 2021**

**Assets**

Current assets:

Cash and cash equivalents	\$	571,417
Accounts receivable		35,843
Inventory		16,327
Total current assets		623,587

Non-current assets:

Cash and cash equivalents - restricted		126,455
Capital assets		
Non-Depreciable: Land		26,242
Property and equipment, net		2,424,611
Total capital assets		2,450,853
Total non-current assets		2,577,308
Total assets	\$	3,200,895

**Liabilities and Net Position**

Current liabilities:

Accounts payable	\$	3,010
Accrued interest payable		5,338
Accrued payroll liabilities		496
Current portion of long-term debt		92,344
Total current liabilities		101,188

Noncurrent liabilities:

Customer deposits		50,535
Notes payable, net of current portion		884,152
Total liabilities		1,035,875

Net position:

Net investment in capital assets		1,474,357
Restricted		126,455
Unrestricted		564,208
Total Net Position	\$	2,165,020

The accompanying notes are an integral part of these financial statements.

**Mayes County Rural Water District No. 3**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2021**

Operating revenues	
Water revenues	\$ 533,479
Other revenues	31,026
	<u>564,505</u>
Operating expenses	
Water purchases	7,960
Depreciation	100,616
Salaries and wages	173,431
Chemicals	31,133
Maintenance and repairs	51,159
Operating supplies	11,972
Office expense	12,003
Utilities	38,785
Directors expense	4,320
Professional fees	3,880
Vehicle expenses	4,648
Miscellaneous	1,809
Insurance	18,308
Workshops and training	578
Payroll taxes	14,352
Lab testing and supplies	10,979
Employee retirement plan	24,265
Bad debt	721
Health insurance	3,499
Total operating expenses	<u>514,418</u>
Operating income (loss)	<u>50,087</u>
Non-operating revenues (expenses)	
Interest income	999
Interest expense	(28,378)
Loan administration fees	(3,516)
Tap fees	34,150
Total non-operating revenues (expenses)	<u>3,255</u>
Change in net position	53,342
Net position, beginning of year	2,111,678
Net position, end of year	<u>\$ 2,165,020</u>

The accompanying notes are an integral part of these financial statements.

**Mayes County Rural Water District No. 3**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2021**

**Cash flows from operating activities:**

Cash receipts from customers	\$ 573,804
Cash paid for goods and services	(205,874)
Cash paid for salaries, benefits and payroll taxes	(215,547)
Net cash provided by (used in) operating activities	152,383

**Cash flows from capital and related financing activities:**

Purchases of property and equipment	(15,232)
Cash paid for loan administration fees	(3,516)
Principal paid on capital debt	(87,510)
Interest paid on capital debt	(19,814)
Net cash provided by (used in) capital and related financing activities	(126,072)

**Cash flows from investing activities:**

Cash received for meter taps	34,150
Cash received (returned) for meter deposits	5,199
Interest received from investments	999
Net cash provided by investing activities	40,462

**Net cash inflow (outflow) from all activities**

66,773

Cash and cash equivalents at beginning of year	504,644
Cash and cash equivalents at end of year	\$ 571,417

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

Operating income (loss)	\$ 50,087
Depreciation	100,616
(Increase) decrease in:	
Accounts receivable	9,299
Inventory	(3,623)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(3,996)
Net cash provided by (used in) by operating activities	\$ 152,383

The accompanying notes are an integral part of these financial statements.

**Mayes County Rural Water District No. 3**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

The following notes to the financial statements are an integral part of Mayes County Rural Water District No. 3's financial statements.

**I. Description of the Entity**

Mayes County Rural Water District No. 3, (the "District") was organized by the Board of County Commissioners of Mayes County, Oklahoma. Its purpose is to process and provide for the use and benefit of its members a water processing and distribution system, including physical facilities for its operations and maintenance. The District is exempt from federal and state income taxes.

**II. Summary of Significant Accounting Policies**

The accounting policies of the District conform to generally accepted accounting principles applicable to governmental units. The District complies with generally accepted accounting principles and applies all relevant Government Accounting Standards Board (GASB) pronouncements. In addition, the District applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The District has elected not to follow FASB pronouncements issued since that date.

**A. Financial Reporting Entity**

The District complies with GASB Statement No. 61, "*The Financial Reporting Entity*." This Statement establishes standards for defining and reporting on the financial reporting entity. It defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District considered all potential component units in determining what organization should be included in the financial statements. Based on these criteria, there are no component units to include in the District's financial statements.

**B. Basis of Presentation**

The District's fund is an enterprise fund. Enterprise funds are proprietary funds used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

**Mayes County Rural Water District No. 3**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**C. Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The proprietary funds utilize an “*economic resources*” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperational* items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the District’s enterprise fund is charges to customers for sales and services. The District also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperational revenues and expenses.

**D. Assets, Liabilities and Net Assets**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

**2. Investments**

Investments consist of certificates of deposit maturing in the following fiscal year with interest paid quarterly or biannually at varying rates.

**3. Fair Value of Financial Instruments**

The District’s financial statements include cash and investments. The District’s estimates of the fair value of all financial instruments do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**4. Inventory of Supplies and Materials**

The District has an inventory of pipe and other miscellaneous repair parts on hand at any one time, but no physical inventory is taken and accordingly, the inventory is not reflected in the financial statements.

**Mayes County Rural Water District No. 3**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**5. Accounts Receivable**

Accounts receivable consists primarily of charges for water sales. Management has not established a provision for uncollectible accounts. Such amounts are written off in the month in which management determines they are uncollectible.

**6. Capital Assets**

The water storage and delivery system and equipment are recorded at cost. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. All reported capital assets are depreciated on the straight-line basis over the estimated useful lives ranging from five to fifty years.

Management determines on an item by item basis to capitalize or expense purchases.

**7. Restricted Cash**

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the promissory notes with Oklahoma Water Resource Board require that funds be held in a reserve accounts. Under the terms and provisions of the promissory notes, these funds are maintained in separate accounts and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the notes are outstanding.

**8. Equity Classifications**

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

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

**9. Use of Estimates**

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

**Mayes County Rural Water District No. 3**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**III. Detailed Notes**

**A. Cash and Investments**

*Authorized investments* – The District’s policy for eligible investments is governed by State statutes which, in general, allow the District to invest in obligations of the United States and insured or collateralized Certificate of Deposits.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s cash deposits, including interest-bearing certificates of deposit, are maintained in financial and all balances are covered by Federal Depository Insurance or by collateral held by the bank and pledged to the District. As of June 30, 2021, none of the District’s deposits were exposed to custodial credit risk.

**B. Accounts Receivable**

Accounts receivable is comprised of unpaid billings for services rendered as of the end of the fiscal year. Accounts are considered uncollectible and written off to bad debt after 90 days. After a member’s bill is determined to be uncollectible and written off the associated customer deposit is applied to the overdue bill and the associated membership is canceled.

**C. Restricted Cash**

The Oklahoma Water Resources Board has provided three notes to the District. The funds were used to finance expansions and major improvements to the water system. Bank of Oklahoma is the Trustee of all funds associated with the notes. Monthly payments are made to a debt service fund and semiannual or quarterly the monthly payments and investment earnings are used to make the principal and interest payments on the notes. Additionally, ten percent of the loan balance administered by the Trustee were set aside and used to fund a debt service reserve fund. The debt service reserve fund account was established to make up any potential future deficiency in debt service fund payments. All reserve funds are invested in government backed securities. As of June 30, 2021, Debt Service Fund balances totaled \$26,765 and Debt Service Reserve Fund balances totaled \$99,689.

Also included in restricted cash are the funds in checking and savings accounts for meter deposits held for customers in the approximate amount of \$54,459.

**Mayes County Rural Water District No. 3**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**D. Changes in Capital Assets**

Capital Assets activity for the year was as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2021</u>
Non-Depreciable				
Land	26,242	-	-	26,242
Land and buildings	153,922	-	-	153,922
Water system	4,029,763	9,680	-	4,039,443
Furniture and fixtures	9,363	-	-	9,363
Equipment	223,854	5,552	-	229,406
Vehicles	104,742	-	-	104,742
Total Depreciable Assets	<u>4,521,644</u>	<u>15,232</u>	-	<u>4,536,876</u>
Accumulated Depreciation	<u>(2,011,649)</u>	<u>(100,616)</u>	-	<u>(2,112,265)</u>
	<u>2,536,237</u>	<u>(85,384)</u>	-	<u>2,424,611</u>

**E. Long-Term Debt**

The District has three notes payable to the Oklahoma Water Resources Board. The notes require monthly payments to a debt service fund held by the Trustee, Bank of Oklahoma. The monthly payments are invested by the loan trustee and the trustee makes quarterly or semi-annual payments on the notes depending on the requirements of the note.

Below is a summary of the notes payable:

	<u>Original Amount</u>	<u>Origination Date</u>	<u>Monthly Payment</u>	<u>Maturity Date</u>	<u>Interest Rate</u>
Note #2	\$ 465,000.00	6/17/1998	\$ 2,404.18	8/15/2026	1.08%
Note #3	845,000.00	12/17/2003	3,019.65	9/15/2032	1.08%
Note #4	900,000.00	12/15/2009	3,408.10	9/15/2030	1.93%
	<u>Balance</u>				<u>Balance</u>
	<u>June 30, 2020</u>	<u>Advances</u>	<u>Payments</u>		<u>June 30, 2021</u>
Note #2	188,700	-	25,500		163,200
Note #3	519,100	-	29,800		489,300
Note #4	356,205	-	32,210		323,995
	<u>\$ 1,064,005</u>	<u>\$ -</u>	<u>\$ 87,510</u>		<u>\$ 976,495</u>



**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**E. Long-Term Debt, continued**

Summary of future principal and interest payments:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	92,344	11,493	103,837
2022	97,307	10,229	107,536
2023	102,577	8,895	111,472
2024	108,222	7,489	115,711
2025	114,178	6,004	120,182
Thereafter	461,868	6,004	467,872
	<u>\$ 976,496</u>	<u>\$ 50,114</u>	<u>\$ 1,026,610</u>

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

**IV. Other Information**

**A. 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 purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. There were no significant reductions in insurance coverage from the prior year. Settle claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

**C. Subsequent Events**

Management has evaluated subsequent events through the date of the auditor's report and have determined that no additional information needs to be added to the financial statements.