

**Muskogee County Rural Water District No. 6
Wainwright, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2022

Audited by

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

BROKEN ARROW, OK

Muskogee County Rural Water District No. 6
Wainwright, Oklahoma
Board of Directors
December 31, 2022

BOARD OF DIRECTORS

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Vice-Chairman

James Yarborough

Secretary/Treasurer

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Member

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Member

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OPERATOR

Danny Isbell

OFFICE MANAGER

Sheryl Vanderpool

Muskogee County Rural Water District No. 6
Wainwright, Oklahoma
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Muskogee County Rural Water District No. 6
Wainwright, 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 Muskogee County Rural Water District No. 6, Wainwright, Oklahoma (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022, and the respective changes in 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

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 additional information provided on page 22 is 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 15, 2023 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 15, 2023

RURAL WATER DISTRICT NO. 6, MUSKOGEE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022

Our discussion and analysis of the Rural Water District No. 6, Muskogee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the District's financial statements that begin on page 14.

FINANCIAL HIGHLIGHTS:

- The District's total operating revenues exceeded total operating expenses by \$69,456. Overall, the District's total net position increased by \$71,913 in the current fiscal year.
- The District earned \$2,457 in interest earnings during 2022.

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 higher in 2022, increasing from \$2,257,061 to \$2,328,974. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District’s business-type activities.

Table 1 – Net Position:

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Current and other assets	\$ 1,037,861	880,102	157,759
Capital assets, net	<u>1,321,642</u>	<u>1,396,014</u>	<u>(74,372)</u>
Total Assets	<u>\$ 2,359,503</u>	<u>2,276,116</u>	<u>83,387</u>
Total Liabilities	<u>\$ 30,529</u>	<u>19,055</u>	<u>11,474</u>
Invest. in capital assets, net			
of related debt	\$ 1,321,642	1,396,014	(74,372)
Unrestricted	<u>1,007,332</u>	<u>861,047</u>	<u>146,285</u>
Total Net Position	<u>\$ 2,328,974</u>	<u>2,257,061</u>	<u>71,913</u>

Net Position of the District increased by 3.1 percent (\$2,328,974 compared to \$2,257,061). 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 \$861,047 to \$1,007,332.

Table 2 – Changes in Net Position:

	<u>2022</u>	<u>2021</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 659,113	634,204	24,909
Interest	2,457	4,379	(1,922)
Total Revenues	<u>\$ 661,570</u>	<u>638,583</u>	<u>22,987</u>
Expenses:			
Salaries, taxes and benefits	\$ 132,416	138,477	(6,061)
Water purchases	215,828	227,321	(11,493)
Maintenance and repairs	57,261	21,430	35,831
Other expenses	109,780	84,147	25,633
Depreciation	74,372	66,876	7,496
Total Expenses	<u>\$ 589,657</u>	<u>538,251</u>	<u>51,406</u>
Changes in Net Position	71,913	100,332	(28,419)
Net Position, Beginning	<u>2,257,061</u>	<u>2,156,729</u>	<u>100,332</u>
Net Position, Ending	<u>\$ 2,328,974</u>	<u>2,257,061</u>	<u>71,913</u>

The District's total revenues increased by 3.5 percent (\$22,987). The total cost of all services increased by 8.7 percent (\$51,406).

Capital Assets

At December 31, 2022 the District had \$1,321,642 invested in capital assets, net of depreciation, including land, the water system, equipment and buildings.

Long-Term Debt

The District had no outstanding long-term debt in 2022.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending December 31, 2023, the District's projected budget is fairly consistent with the 2022 fiscal year.

For the fiscal year 2023, the District may have to consider increasing rates to users to meet the demands of the City of Muskogee if the cost of water purchases is substantially increased. If demand is increased on existing lines and equipment, or additional memberships are substantially increased, it may be necessary for the District to incur some long-term debt to meet these demands. As of the date of this report, none of these situations are probable for the 2023 year.

Contacting the District

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 Muskogee County Rural Water District No. 6 District Office at P.O. Box 135, Wainwright, OK 74468, or call (918) 474-3545.



BLED SOE, 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
Muskogee County Rural Water District No. 6
Wainwright, 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 Muskogee County Rural Water District No. 6, Wainwright, Oklahoma (the District), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2023.

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; therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no deficiencies in the internal controls that we considered to be material weaknesses or significant deficiencies.

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 entity'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 15, 2023

MUSKOGEE COUNTY RURAL DISTRICT NO. 6
Disposition of Prior Year Audit Findings
December 31, 2022

There were no prior year significant deficiencies or material instances of noncompliance.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Schedule of Findings and Responses
December 31, 2022

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 that were material to the financial statements.

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

None

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Net Position
December 31, 2022

	2022	-Memorandum- -Only- 2021
<u>ASSETS</u>		
Current assets:		
Cash	\$ 732,097	576,933
Investments	266,091	263,802
Accounts receivable	31,394	32,632
Prepaid expenses	8,279	6,735
Total current assets	1,037,861	880,102
Capital assets:		
Land	500	500
Water system and improvements	2,809,339	2,809,339
Buildings and improvements	151,596	151,596
Equipment and automobiles	130,785	130,785
Total capital assets	3,092,220	3,092,220
Less: accumulated depreciation	(1,770,578)	(1,696,206)
Total capital assets (net)	1,321,642	1,396,014
TOTAL ASSETS	\$ 2,359,503	2,276,116
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 26,038	19,010
Payroll taxes payable	4,491	45
Total current liabilities	30,529	19,055
 <u>NET POSITION</u>		
Net investment in capital assets	1,321,642	1,396,014
Unrestricted assets	1,007,332	861,047
Total Net Position	2,328,974	2,257,061
TOTAL LIABILITIES AND NET POSITION	\$ 2,359,503	2,276,116

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended December 31, 2022

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
Operating Revenues:		
Water sales and services	\$ 638,369	611,753
Memberships	18,900	21,600
NSF check charge	286	260
Repair fees	1,558	591
Total revenues from operations	<u>659,113</u>	<u>634,204</u>
Operating Expenses:		
Water purchases	215,828	227,321
Salaries, wages and retirement	118,747	115,637
Payroll taxes	13,669	6,429
Contract labor	15,629	22,840
Depreciation	74,372	66,876
Utilities and telephone	10,595	10,291
Automobile	5,835	4,792
Supplies and materials	10,878	13,215
Office and postage	13,309	10,063
Insurance	20,840	23,373
Repairs and maintenance	46,383	8,215
Testing fees	5,504	5,546
Professional fees	25,127	15,943
Miscellaneous	11,390	7,099
Dues and fees	1,551	611
Total expenses from operations	<u>589,657</u>	<u>538,251</u>
Operating Income (Loss)	69,456	95,953
Non-Operating Revenues (Expenses):		
Interest income	<u>2,457</u>	<u>4,379</u>
Change in Net Position	71,913	100,332
Total Net Position, beginning of period	<u>2,257,061</u>	<u>2,156,729</u>
Total Net Position, end of period	<u>\$ 2,328,974</u>	<u>2,257,061</u>

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Cash Flows
For Year Ended December 31, 2022

	2022	-Memorandum- -Only- 2021
Cash Flows from Operating Activities:		
Receipts from customers	\$ 659,113	636,018
Payments to employees	(134,376)	(138,464)
Payments to vendors	(369,741)	(335,895)
Net Cash Provided by Operating Activities	154,996	161,659
 Cash Flows from Financial Activities:		
Purchase of capital assets	0	(2,239)
 Cash Flows from Investing Activities:		
Interest revenue	2,457	4,379
Net Increase (Decrease) in Cash and Equivalents	157,453	163,799
Cash and cash equivalents, beginning of period	840,735	676,936
Cash and cash equivalents, end of period	\$ 998,188	840,735
 Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ 69,456	95,953
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation Expense	74,372	66,876
(Increase) decrease in accounts receivable	1,238	1,814
(Increase) decrease in prepaid expenses	(1,544)	462
Increase (decrease) in accounts payable	7,028	(801)
Increase (decrease) in payroll taxes payable	4,446	(2,645)
Net Cash Provided by Operating Activities	\$ 154,996	161,659

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies

Nature of Organization

The Muskogee County Rural Water District No. 6 (the District) was created under the provisions of Title 82 of Oklahoma Statutes, Section 1324.1 – 1324.35 and the Laws of the State of Oklahoma. The purpose of this District is to provide water services to users.

Basis of Accounting

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

The District follows GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement establishes financial reporting requirements for state and local governments throughout the United States.

Cash

The District’s accounts are with the American Bank of Oklahoma, Muskogee, Oklahoma, and are detailed as follows:

	December 31,	
	2022	2021
Cash on hand	\$ 250	250
Revenue Account	645,733	467,397
Operation and Maint. Account	34,929	34,722
Tower Account	56,992	78,375
Add: Deposits in transit	1,301	
Less: Outstanding checks	(7,108)	(3,811)
Total	\$ 732,097	576,933

Cash and Cash Equivalents

For the purposes of preparing the statement of cash flows, cash on hand, reconciled cash in savings and checking, and certificates of deposit that can be converted into cash (if necessary) are considered cash equivalents.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Investments

The District had the following outstanding investments:

	2022	2021
Armstrong Bank-		
Certificate of Deposit no. 546682, dated 5/28/22, matures 5/28/25	\$ 118,723	117,201
Certificate of Deposit no. 546690, dated 5/28/22, matures 5/28/23	34,537	34,416
American Bank-		
Certificate of Deposit no. 43942, dated 6/25/22, matures 6/25/24	112,831	112,185
Total Investments	\$ 266,091	263,802

Cash 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.

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.

Custodial Credit Risk - At December 31, 2022, the District held deposits of approximately \$1,003,745 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.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont'd

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).

Collateral Pledged

All District funds were adequately insured by \$250,000 of FDIC coverage, or other secured collateral as of December 31, 2022.

Accounts Receivable

Billings for accounts receivable at December 31, 2022 were \$31,394. Allowance for doubtful accounts was not computed on this balance because uncollectibles do not have a material effect on the balance sheet.

Memorandum Totals

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Capital Assets

Any items purchased or constructed in excess of \$1,000 and a useful life of over two years is considered a capital asset by the District, and will be depreciated over a specific time. Neither the District nor the previous auditors were able to provide us with the method of calculating depreciation used in prior years. Therefore, to remain consistent, the same provision for depreciation used in previous years continues to be used. The capital asset information for the District is shown below:

	12/31/2021			12/31/2022
	Amount	Additions	Deletions	Amount
Land	\$ 500	-	-	500
Water system	2,809,339	-	-	2,809,339
Buildings	151,596	-	-	151,596
Equipment and autos	130,785	-	-	130,785
Total Capital Assets	3,092,220	-	-	3,092,220
Less: Accumulated Depreciation	(1,696,206)	(74,372)	-	(1,770,578)
Total	\$ 1,396,014	(74,372)	-	1,321,642

Equity Classification

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

1. Net Investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) laws through constitutional provisions of enabling legislation.
3. Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 6
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Federal Income Tax

The District is exempt from Federal and State income taxes.

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2022, no determination of the aggregate dollar value of vacation or sick pay had been made.

Note B – Long-Term Debt

At December 31, 2022, the District did not maintain any outstanding long-term debt.

Note C – Insurance and Surety Bond Coverage

The District appears to have had adequate insurance to cover all major perils at December 31, 2022.

Note D – Subsequent Events

Management has evaluated subsequent events through February 15, 2023, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

MUSKOGEE COUNTY RURAL DISTRICT NO. 6
Schedule of Water Rates and Customers
-Unaudited Information-
December 31, 2022

Water Rates

0 – 1,000 gallons	=	\$18.00 minimum bill
1,000 – 20,000 gallons	=	\$5.00 per 1,000 gallons
20,000 – 30,000 gallons	=	\$6.00 per 1,000 gallons
Over 30,000 gallons	=	\$7.00 per 1,000 gallons

Water Loss

	<u>2022</u>	<u>2021</u>
Total gallons purchased (City of Muskogee)	95,322,876	90,407,020
Total gallons sold to District customers	(72,301,258)	(65,895,014)
Total water loss	<u>23,021,618</u>	<u>24,512,006</u>
Percentage of water loss	<u>24.15%</u>	<u>27.11%</u>

Customers

The District had 1,043 customers at the close of the fiscal year.

Current membership/tap fee is \$2,000 per meter sign up.