

**Okmulgee County Rural Water District No. 1  
Schulter, Oklahoma**

**Financial Statements  
and Reports of Independent Auditor**

**December 31, 2023**



**2023 System of the Year**

Audited by

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

Broken Arrow, OK

**Okmulgee County Rural Water District No. 1  
Schulter, Oklahoma  
Board of Directors  
December 31, 2023**

**BOARD OF DIRECTORS**

**Chairman**

Aaron Graffman

**Vice-Chairman**

Tim Henderson

**Secretary/Treasurer**

Harold Carter

**Members**

Bryan Hardgrave

**MANAGER**

Chris Guynes

**BOOKKEEPER**

Chastity Woodall

**Okmulgee County Rural Water District No. 1**  
**Schulter, Oklahoma**  
December 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Okmulgee County Rural Water District No. 1  
Schulter, 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 Okmulgee County Rural Water District No. 1, Schulter, Oklahoma (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023, and the respective changes in 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 supplementary information on page 22 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 27, 2024

# OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2023

Our discussion and analysis of the Rural Water District No. 1, Okmulgee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2023. Please read it in conjunction with the District's financial statements that begin on page 14.

### FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$106,087. Overall, the District's cash and cash equivalents increased by \$84,432 in 2023.
- The District membership stayed consistent in 2023 at around 750.
- The District's interest earnings increased to \$6,481 in 2023.
- A water rate increase for .15 per 1,000 gallons was approved in 2023 to keep up with increasing costs.
- The District paid off their existing debt with the Oklahoma Water Resources Board.

### 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 2023, increasing from \$1,922,749 to \$2,056,439. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District’s business-type activities.

**Table 1 – Net Position:**

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Current and other assets	\$ 792,423	716,248	76,175
Capital assets, net	<u>1,278,413</u>	<u>1,229,301</u>	<u>49,112</u>
<b>Total Assets</b>	<b><u>\$ 2,070,836</u></b>	<b><u>1,945,549</u></b>	<b><u>125,287</u></b>
Current liabilities	\$ 14,397	18,795	(4,398)
Long-term liabilities	-	4,005	(4,005)
<b>Total Liabilities</b>	<b><u>\$ 14,397</u></b>	<b><u>22,800</u></b>	<b><u>(8,403)</u></b>
Invest. In capital assets, net of related debt	\$ 1,278,413	1,225,296	53,117
Unrestricted	<u>778,026</u>	<u>697,453</u>	<u>80,573</u>
<b>Total Net Position</b>	<b><u>\$ 2,056,439</u></b>	<b><u>1,922,749</u></b>	<b><u>133,690</u></b>
<b>Total Liab. &amp; Net Position</b>	<b><u>\$ 2,070,836</u></b>	<b><u>1,945,549</u></b>	<b><u>125,287</u></b>

Net Position of the District increased by 6.9 percent (\$2,056,439 compared to \$1,922,749). 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 \$697,453 to \$778,026.



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

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
<b>Revenues:</b>			
Charges for services	\$ 678,717	651,373	27,344
Memberships	18,000	18,000	-
Other	3,122	-	3,122
Interest	6,481	2,131	4,350
Total Revenues	<u>\$ 706,320</u>	<u>671,504</u>	<u>34,816</u>
<b>Expenses:</b>			
Salaries, taxes and benefits	\$ 198,285	188,339	(9,946)
Water purchases	164,029	173,707	9,678
Maint., supplies and testing	47,040	25,463	(21,577)
Other expenses	86,109	117,169	31,060
Depreciation	77,167	68,250	(8,917)
Interest on debt	-	4,497	4,497
Total Expenses	<u>\$ 572,630</u>	<u>577,425</u>	<u>4,795</u>
Changes in Net Position	133,690	94,079	39,611
Net Position, Beginning	<u>1,922,749</u>	<u>1,828,670</u>	<u>94,079</u>
Net Position, Ending	<u>\$ 2,056,439</u>	<u>1,922,749</u>	<u>133,690</u>

The District's total revenues increased by 5.2 percent (\$34,816). The total cost of all services decreased by .7 percent (\$4,497), mainly due to no debt payments in 2023.

### **Capital Assets**

At December 31, 2023, the District had \$1,278,413 invested in capital assets, net of depreciation, including land, the water system, vehicles and equipment. In 2023, the District purchased a mulcher attachment for the excavator, three generators and started construction on a new shop building.

The District was awarded a Rural Infrastructure Grant from the DEQ/ORWA in 2023. The District used their own funds to purchase the three generators and will be reimbursed for these expenses by this grant.

### **Long-Term Debt**

The District currently has no long-term debt.

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

The District has absorbed many of the City of Okmulgee's rate increases but may be forced to increase customer rates further if additional increases are made by the City.

The District's budget for fiscal year 2024 will remain much like previous years budgets. The Board of Directors does anticipate small budget changes made primarily to better allow for office and field personnel operations, without the necessity of hiring additional part-time or permanent employees.

### **Contacting the District's Management**

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives.

If you have questions about this report or need additional financial information contact the District Office at P.O. Box 205, Schuler, OK 74460 or call (918) 652-9546.



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

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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  
Okmulgee County Rural Water District No. 1  
Schulter, 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 Okmulgee County Rural Water District No. 1, Schulter, Oklahoma (the District), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 27, 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 a material weakness. 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 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 27, 2024

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

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

**OKMULGEE COUNTY RURAL DISTRICT NO. 1**  
**Schedule of Audit Results, Findings and Questioned Costs**  
**December 31, 2023**

**Section 1** – Summary of Auditor’s Results:

1. An unmodified opinion 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

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
**Statement of Net Position**  
**December 31, 2023**

<b><u>ASSETS</u></b>	<b><u>2023</u></b>	<b><u>-Memorandum- -Only- 2022</u></b>
<b>Current Assets:</b>		
Cash	\$ 125,771	95,332
Investments	616,552	562,559
Accounts receivable	50,100	58,357
Total current assets	792,423	716,248
<b>Capital Assets:</b>		
Land	7,300	7,300
Building, plant and water systems	2,716,522	2,665,953
Other capital assets	466,850	391,141
Total capital assets	3,190,672	3,064,394
Less: accumulated depreciation	(1,912,259)	(1,835,093)
Total capital assets (net)	1,278,413	1,229,301
<b>TOTAL ASSETS</b>	<b>\$ 2,070,836</b>	<b>1,945,549</b>
 <b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 14,397	18,795
<b>Long-term Debt:</b>		
OWRB Note, plus premium on bonds sold	0	4,005
<b>Total Liabilities</b>	14,397	22,800
 <b><u>NET POSITION</u></b>		
Net investment in capital assets	1,278,413	1,225,296
Unrestricted assets	778,026	697,453
<b>Total Net Position</b>	2,056,439	1,922,749
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,070,836</b>	<b>1,945,549</b>

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

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Shulter, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For The Year Ended December 31, 2023**

	<u>2023</u>	<u>-Memorandum- -Only- 2022</u>
Operating Revenues:		
Water sales	\$ 652,085	612,166
Fees and fines	21,530	31,160
Miscellaneous	5,102	8,047
Total revenue from operations	<u>678,717</u>	<u>651,373</u>
Operating Expenses:		
Water purchases	164,029	173,707
Salaries	182,136	174,853
Payroll taxes	16,149	13,486
Materials and supplies	23,683	20,088
Repairs and maintenance	15,557	704
Insurance	23,921	21,957
Professional fees	12,023	4,200
Office expense and postage	18,936	10,528
Telephone and communication	2,105	2,245
Dues and fees	1,724	887
Vehicles expense	10,159	1,585
Water testing	7,800	5,375
Utilities	15,953	19,698
Depreciation	77,167	68,250
Miscellaneous	1,288	365
Total expenses from operations	<u>572,630</u>	<u>517,928</u>
Operating Income (Loss)	106,087	133,445
Non-Operating Revenues (Expenses):		
Interest income	6,481	2,131
Memberships	18,000	18,000
Insurance payments	19,354	0
Interest paid on long-term debt	0	(4,497)
Accumulated payment on long-term debt	0	(55,000)
Total non-operating revenues (expenses)	<u>43,835</u>	<u>(39,366)</u>
Change in Net Position	149,922	94,079
Prior period adjustment	(16,232)	0
Total Net Position, beginning of period	<u>1,922,749</u>	<u>1,828,670</u>
Total Net Position, end of period	<u>\$ 2,056,439</u>	<u>1,922,749</u>

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



**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2023**

	<b>2023</b>	<b>-Memorandum- -Only- 2022</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 693,883	651,373
Payments to employees	(182,136)	(174,853)
Payments to vendors	(324,634)	(286,219)
	<u>187,113</u>	<u>190,301</u>
<b>Cash Flows from Investing Activities:</b>		
Interest revenue	6,481	2,131
	<u>6,481</u>	<u>2,131</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Memberships	18,000	18,000
Sale (purchase) of capital assets	(126,278)	(47,870)
Insurance proceeds	19,354	0
Interest expense on debt	(4,006)	(4,497)
Principal payments on debt	0	(140,000)
	<u>(92,930)</u>	<u>(174,367)</u>
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(92,930)</u>	<u>(174,367)</u>
<b>Net Increase (Decrease) in Cash</b>	100,664	18,065
<b>Prior period adjustment</b>	(16,232)	0
<b>Cash and cash equivalents, beginning of period</b>	<u>657,891</u>	<u>639,826</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 742,323</u>	<u>657,891</u>

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

Operating Income	\$ 106,087	133,445
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	77,167	68,250
(Increase) decrease in accounts receivable	8,257	(11,204)
Increase (decrease) in accounts payable	(4,398)	834
Increase (decrease) in accrued liabilities	0	(1,024)
	<u>187,113</u>	<u>190,301</u>
<b>Net cash provided by operating activities</b>	<u>\$ 187,113</u>	<u>190,301</u>

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

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
Notes to the Financial Statements  
December 31, 2023

**Note A – Significant Accounting Policies**

Business Activity

Okmulgee County Rural Water District No. 1 (the District) was formed under the provisions of Title 82, O.S. 1981, Sections 1324.1-1324.26 inclusive. The District operates as a nontaxable government agency to service residents of the Okmulgee County Rural Water District No. 1. The District’s primary income is from the sale of water to its members in an area around Schulter, Oklahoma. The District purchases water from the City of Okmulgee.

Basis of Accounting

The financial statements are prepared on an accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America (GAAP), and which recognizes revenues when earned and expenses as incurred. Interest earnings on certificates of deposit are recorded when such interest is actually received by the District. Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

Cash

The District’s cash accounts at December 31, 2023 are detailed as follows:

	December 31,	
	2023	2022
Cash on hand	\$ 600	600
Mabrey Bank, Okmulgee, OK- Operation & maint. account	144,993	94,728
Add: Deposits in transit	620	516
Less: Outstanding checks	(20,442)	(512)
Total	\$ 125,771	38,595

The District’s cash deposits at December 31, 2023 were covered by the \$250,000 FDIC coverage and other collateral pledged.

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
Notes to the Financial Statements  
December 31, 2023

**Note A – Significant Accounting Policies – cont’d**

Investments

The District had the following investments at December 31, 2023:

	2023	2022
First Family FCU:		
Depreciation account	\$ 214,449	225,949
Long Range Planning account	224,876	163,953
Cert. of deposit dated 7/27/23 matures 7/27/24 at 3.557%	103,741	101,596
Mabrey Bank:		
Cert. of deposit dated 12/31/23, matures 1/2/25 at 5.15%	73,486	0
American Exchange Bank:		
Cert. of deposit dated 12/14/22, matures 12/14/23 at .35%	0	71,061
Totals	<b>\$ 616,552</b>	<b>562,559</b>

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.

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.

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
Notes to the Financial Statements  
December 31, 2023

**Note A – Significant Accounting Policies – cont’d**

Custodial Credit Risk - At December 31, 2023, the District held deposits of approximately \$657,287 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).

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.

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**  
**Schulter, Oklahoma**  
Notes to the Financial Statements  
December 31, 2023

**Note A – Significant Accounting Policies – cont’d**

Accounts Receivable

Billings for accounts receivable at December 31, 2023, were \$52,100. An allowance for doubtful accounts amount was estimated at \$2,000 for the fiscal year.

Capital Assets

It is the District’s policy to capitalize assets purchased for \$1,000 or more, and with a useful life over two years. Capital (fixed) 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	10-15 years
Transportation equipment	5 years
Water & sewer system	40 years
Buildings	20 years
Computer equipment	5-7 years

The capital asset information for the District is shown below:

	12/31/2022 Amount	Additions	Deletions	12/31/2023 Amount
Land	\$ 7,300	0	0	7,300
Building, plant and water systems	2,665,953	50,569	0	2,716,522
Other capital assets	391,141	75,709	0	466,850
Total Capital Assets	3,064,394	126,278	0	3,190,672
Less: Accumulated Depreciation	(1,835,092)	(77,167)	0	(1,912,259)
Total	\$ 1,229,302	49,111	0	1,278,413

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1**

**Schulter, Oklahoma**

Notes to the Financial Statements

December 31, 2023

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

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2023, no determination of the aggregate dollar value of vacation or sick pay had been made.

Memorandum Totals

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

**Note B – Insurance**

It appears the District had current insurance coverage for all major perils.

**Note C – Notes Payable**

The District had no outstanding long-term debt at December 31, 2023.

**Note D – Contributed Capital**

The District received a Rural Infrastructure Grant (RIG) from the DEQ/ORWA in 2023. This grant is a maximum of \$100,000 with an 80/20 match requirement. The District purchased three generators with these awarded funds in the amount of \$58,428. As of December 31, 2023, no grant proceeds had been received.

**Note E – Subsequent Events**

Management has evaluated subsequent events through February 27, 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.

**OKMULGEE COUNTY RURAL DISTRICT NO. 1**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**December 31, 2023**

**Water Rates**

0 gallons	=	\$40.00 minimum bill
0 to 5,000	=	\$8.65 per 1,000 gallons
5,001 to 10,000	=	\$11.15 per 1,000 gallons
10,001 to 15,000	=	\$13.65 per 1,000 gallons
15,001 and over	=	\$15.15 per 1,000 gallons

**Water Loss**

	<u>2023</u>
Total gallons purchased (a)	40,375,700
Total gallons sold to District customers (b)	<u>(32,037,385)</u>
Total water loss	<u>8,338,315</u>
Percentage of water loss	<u>20.7%</u>

Sources: (a) – Water bills from City of Okmulgee  
(b) – Billing registers

**Customers**

The District had 742 active customers at the close of the fiscal year.

Current District membership fee is \$1,500.