

**Okmulgee County Rural Water District No. 4
Morris, Oklahoma**

FINANCIAL STATEMENTS
AND REPORTS OF INDEPENDENT AUDITOR

DECEMBER 31, 2024

Audited by

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

BROKEN ARROW, OK

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4
BOARD OF DIRECTORS
DECEMBER 31, 2024**

BOARD OF DIRECTORS

Chairman

Steve Finch

Vice-Chairman

Bill Dancer

Treasurer

Rick Sturman

Members

Bud Pilch
Dennis Nunley
Bill Golden

MANAGER

Bryan King

BOOKKEEPER

Jordan O'Dell

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4
DECEMBER 31, 2024**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Okmulgee County Rural Water District No. 4
Morris, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Okmulgee County Rural Water District No. 4, Morris, Oklahoma (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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 25 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 March 7, 2025, 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

March 7, 2025

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Our discussion and analysis of Okmulgee County Rural Water District No. 4's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2024. 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 \$146,458. Overall, the District's cash and cash equivalents increased by \$99,112 in the 2024 fiscal year.
- The District continued to make payments on their two loans – a USDA Rural Development Loan and a truck loan - see additional information on pages 8 and 22.
- The District opened a new money market account with Edward Jones during the 2024 fiscal year to earn more interest income.
- The District started the Bristlecone Road line relocation project during the fiscal year.

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 assets 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 2024, increasing from \$1,416,817 to \$1,556,682. 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:

	2024	2023	Variances
Current and other assets	\$ 516,123	416,641	99,482
Capital assets, net	1,562,324	1,545,808	16,516
Total Assets	<u>\$ 2,078,447</u>	<u>1,962,449</u>	<u>115,998</u>
Current liabilities	\$ 74,653	52,706	(21,947)
Long-term liabilities	447,112	492,926	45,814
Total Liabilities	<u>\$ 521,765</u>	<u>545,632</u>	<u>23,867</u>
Invest. In capital assets, net			
of related debt	\$ 1,069,410	1,019,922	49,488
Restricted	45,827	62,105	(16,278)
Unrestricted	441,445	334,790	106,655
Total Net Position	<u>\$ 1,556,682</u>	<u>1,416,817</u>	<u>139,865</u>

Net Position of the District increased by 9.87 percent (\$1,556,682 compared to \$1,416,817). 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 \$334,790 to \$441,445.

Table 2 – Changes in Net Position:

	<u>2024</u>	<u>2023</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 911,393	815,403	95,990
Interest	<u>9,319</u>	<u>698</u>	<u>8,621</u>
Total Revenues	<u>920,712</u>	<u>816,101</u>	<u>104,611</u>
Expenses:			
Salaries, taxes and benefits	227,725	232,358	4,633
Water purchases	316,153	267,286	(48,867)
Repairs, maintenance and supplies	10,392	67,038	56,646
Other expenses	120,670	96,451	(24,219)
Depreciation	82,295	83,536	1,241
Interest on debt	<u>23,612</u>	<u>24,702</u>	<u>1,090</u>
Total Expenses	<u>780,847</u>	<u>771,371</u>	<u>(9,476)</u>
Changes in Net Position	139,865	44,730	95,135
Net Position, Beginning	<u>1,416,817</u>	<u>1,372,087</u>	<u>44,730</u>
Net Position, Ending	<u>\$ 1,556,682</u>	<u>1,416,817</u>	<u>139,865</u>

The District's total revenues increased by 12.81 percent (\$104,611). The total cost of all services remained relatively consistent with an increase of 1.23 percent (\$9,476).

Capital Assets

At December 31, 2024, the District had \$1,562,324 invested in capital assets, net of depreciation, including land, the water system, vehicles and equipment. In 2024, engineering expenses for the line relocation project were capitalized.

Long-Term Debt

The District is indebted to the Office of Rural Development on a note obtained for previously extensive extensions and payment of other debts. The outstanding principal balance owed on the note decreased from \$486,109 to \$461,797 during the 2024 fiscal year. The \$846,000 note, at 4.50% interest, is scheduled to be paid off in 2038. The District also approved a truck loan agreement with Mabrey Bank in 2023 to finance the \$46,600 truck purchase. The outstanding balance on this loan was \$31,117 as of December 31, 2024.

Economic Factors and Next Year's Budget and Rates

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

The District's budget for fiscal year 2025 will remain much like previous years budgets. Your Board of Directors does anticipate small budget changes made primarily to better allow for office and field personnel operations, without the necessity of hiring additional part-time or permanent employees.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District Office at 20270 Hwy. 52, Morris, OK 74445 or call (918) 733-2441.



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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. 4
Morris, 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. 4, Morris, Oklahoma (the "District"), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 7, 2025.

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 District's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We consider the deficiency 24-1 described in the accompanying Schedule of Audit Results, Findings & Questioned Costs to be a material weakness.

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, noncompliance 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

March 7, 2025

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4
Morris, Oklahoma
Disposition of Prior Year's Significant Deficiencies and Material
Instances of Noncompliance
December 31, 2024

23-1 - Lack of Segregation of Duties

Condition: The exception that there were inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available which prevented a proper segregation of accounting functions which is necessary to assure adequate internal accounting controls continued in the current fiscal year and will continue to be an exception due to the size of the District.

Current Status: This finding continued in the 2024 fiscal year.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4
Morris, Oklahoma
Schedule of Audit Results, Findings & Questioned Costs
December 31, 2024

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit disclosed one significant deficiencies in the internal controls, item 24-1, which was considered to be a material weakness.
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:

24-1 – Lack of Segregation of Duties

Condition: The inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available prevent a proper segregation of accounting functions, which is necessary in order to assure adequate internal accounting controls.

Criteria: An organization should ensure that there is a proper segregation of duties regarding cash collections and the payment of expenses.

Cause: The District is not large enough to justify the hiring of additional personnel.

Effect: There is always the possibility that not all collections are actually receipted or deposited, and the possibility that funds expended are not used for actual District obligations.

Recommendation: The current procedures should not be changed. However, there should be additional personnel instilled into the collection, receipt, deposit, reconciliation and payment procedures when this becomes economically possible.

Response: Additional personnel will be hired when the actual funds are available.

Okmulgee County Rural Water District No. 4

Morris, Oklahoma

Statement of Net Position

December 31, 2024

	2024	-Memorandum- -Only- 2023
<u>ASSETS</u>		
Current assets:		
Cash accounts	\$ 152,979	\$ 220,989
Investments	242,220	58,820
Accounts receivable	65,497	72,271
Prepaid insurance	9,600	2,456
Total current assets	<u>470,296</u>	<u>354,536</u>
Restricted (temporarily) assets:		
Cash in bank - reserve acct	<u>45,827</u>	<u>62,105</u>
Capital Assets:		
Land	3,565	3,565
Water system	2,033,672	1,934,861
Buildings	522,720	522,720
Vehicles and equipment	329,140	329,140
Other capital assets	27,108	27,108
Total capital assets	<u>2,916,205</u>	<u>2,817,394</u>
Less: accumulated depreciation	<u>(1,353,881)</u>	<u>(1,271,586)</u>
Total capital assets (net)	<u>1,562,324</u>	<u>1,545,808</u>
TOTAL ASSETS	<u>\$ 2,078,447</u>	<u>\$ 1,962,449</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 28,851	\$ 19,746
Current portion long-term debt	45,802	32,960
Total current liabilities	<u>74,653</u>	<u>52,706</u>
Long-term Debt:		
Notes payable-Rural Development	425,206	461,803
Notes payable - Mabrey Bank	21,906	31,123
Total long-term debt	<u>447,112</u>	<u>492,926</u>
Total Liabilities	<u>521,765</u>	<u>545,632</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,069,410	1,019,922
Restricted for debt service	45,827	62,105
Unrestricted	441,445	334,790
Total Net Position	<u>1,556,682</u>	<u>1,416,817</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,078,447</u>	<u>\$ 1,962,449</u>

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

Okmulgee County Rural Water District No. 4
Morris, Oklahoma

Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31, 2024

	2024	-Memorandum- -Only- 2023
Operating Revenues:		
Water sales and other sales	\$ 879,686	\$ 763,217
Late fees	20,240	17,400
Reconnect fees	1,400	3,300
Transfer fees	1,900	1,300
Other sales and services	467	7,412
Total operating revenues	<u>903,693</u>	<u>792,629</u>
Operating Expenses:		
Water purchases	316,153	267,286
Salaries	127,563	156,962
Depreciation	82,295	83,536
Employee health insurance	24,168	16,180
Utilities	10,969	21,763
Professional services	6,263	23,005
Insurance	16,186	3,937
Repairs and maintenance	10,392	1,250
Office supplies and postage	12,234	21,926
Uniforms	1,250	1,850
Truck expense	930	14,106
VISA (fuel, phones, misc supplies)	24,680	0
Payroll taxes and back taxes	71,404	56,667
Retirement	4,590	2,549
Materials and supplies	34,011	65,788
Water testing	6,651	6,518
Miscellaneous	7,496	4,336
Total operating expenses	<u>757,235</u>	<u>747,659</u>
Operating Income (Loss)	146,458	44,970
Non-Operating Revenues (Expenses):		
Interest income	9,319	698
Benefit units	7,700	22,774
Interest paid on long-term debt	(23,612)	(24,702)
Total non-operating revenues (expenses)	<u>(6,593)</u>	<u>(1,230)</u>
Change in Net Position	139,865	43,740
Total Net Position, beginning of period	<u>1,416,817</u>	<u>1,373,077</u>
Total Net Position, end of period	<u><u>\$ 1,556,682</u></u>	<u><u>\$ 1,416,817</u></u>

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

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Statement of Cash Flows
December 31, 2024

	2024	-Memorandum- -Only- 2023
Cash Flows from Operating Activities:		
Receipts from customers	\$ 910,467	\$ 790,588
Payments to employees	(127,563)	(156,962)
Payments to vendors	(545,416)	(523,062)
Net Cash Provided by Operating Activities	<u>237,488</u>	<u>110,564</u>
Cash Flows from Investing Activities:		
Interest revenue	<u>9,319</u>	<u>698</u>
Cash Flows from Capital and Related Financing Activities:		
Loan proceeds	0	46,600
Sale (purchase) of capital assets	(98,811)	(152,253)
Contributions - benefit units	7,700	22,774
Interest expense on debt	(23,612)	(24,702)
Principal payments on debt	(32,972)	(30,062)
Total cash flows from capital and related financing activities	<u>(147,695)</u>	<u>(137,643)</u>
Net Increase (Decrease) in Cash	99,112	(26,381)
Cash and cash equivalents, beginning of period	<u>341,914</u>	<u>368,295</u>
Cash and cash equivalents, end of period	<u><u>\$ 441,026</u></u>	<u><u>\$ 341,914</u></u>
 Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income	\$ 146,458	\$ 44,970
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation Expense	82,295	83,536
(Increase) decrease in accounts receivable	6,774	(2,041)
(Increase) decrease in prepaid insurance	(7,144)	(2,328)
Increase (decrease) in accounts payable	9,105	(13,573)
Net Cash Provided by Operating Activities	<u><u>\$ 237,488</u></u>	<u><u>\$ 110,564</u></u>

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

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note A – Significant Accounting Policies

Organization

Okmulgee County Rural Water District No. 4 (the District) is an Oklahoma water district organized under Title 82 of Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, to provide water service to rural residents of Okmulgee County, Oklahoma. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 820 members.

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

Basis of Accounting

The accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America 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 has also complied with GASB Statement No. 34 financial reporting requirements.

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.

Custodial Credit Risk – At December 31, 2024, the District held deposits of approximately \$445,906 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.

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note A – Significant Accounting Policies – cont'd

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).

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note A – Significant Accounting Policies – cont'd

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

The District's cash and investment accounts at December 31st, are detailed as follows:

	December 31,	
	2024	2023
<u>Morris State Bank-</u>		
Oper & Maint account	\$ 63,789	45,996
Savings account	26,479	58,820
Benefit Unit account	44,498	64,340
Depreciation account	22,674	61,868
Long Range Planning account	22,018	47,545
Payroll account	0	1,000
<u>First Family CU-</u>		
Reserve accounts	45,827	62,105
Pump House Building accounts	0	240
<u>Edward Jones-</u>		
Money Market account	215,741	0
Total accounts	<u>\$ 441,026</u>	<u>341,914</u>

Restricted Asset – Investment Reserves

In compliance with Rural Economic and Community Development regulations, cash reserves have been established to collect up to one year's payment on the notes payable (\$45,684) at which time deposits in the reserve can be suspended. When necessary, these funds may be utilized with proper approval of the Rural Development. The reserve account funds have been deposited in an interest-bearing savings at First Family Credit Union, Henryetta, Oklahoma, which is insured by the federal government. At December 31, 2024, the temporarily restricted asset - cash reserve (Reserve account) was \$45,827.

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note A – Significant Accounting Policies – cont'd

Inventories

Inventories consist primarily of materials and supplies for repairs and improvements of existing water lines, meters and all other capital assets. The amount of inventory is not considered material, and is not included on the financial statements.

Accounts Receivable

Billings for accounts receivable at December 31, 2024, were \$65,497. Allowance for doubtful accounts was not computed on this balance because uncollectible accounts do not have a material effect on the balance sheet.

Memorandum Totals

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

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.

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note B – Capital Assets

Capital (fixed) assets are defined as any item with a cost in excess of \$1,000 and a useful life of two or more years. Capital assets are valued at cost, and depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Water System & Improvements	40-50 years
Equipment & tools	4 years
Vehicles	3 years
Office Equipment	5 years
Buildings	40 years
Furniture & fixtures	7 years

The capital asset information for the District is shown below:

	12/31/2023 Amount	Additions	Deletions	12/31/2024 Amount
Water System & Improv.	\$ 1,749,861	98,811	-	1,848,672
Radio Read Meters	185,000	-	-	185,000
Equipment & Tools	117,151	-	-	117,151
Vehicles	211,989	-	-	211,989
Office Equipment	19,081	-	-	19,081
Buildings & Grounds	526,285	-	-	526,285
Furniture & Fixtures	8,027	-	-	8,027
Total Capital Assets	2,817,394	98,811	-	2,916,205
Less: Accumulated Depreciation	(1,271,586)	(82,295)	-	(1,353,881)
Total	<u>\$ 1,545,808</u>	<u>16,516</u>	<u>-</u>	<u>1,562,324</u>

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note C – Long-Term Debt

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

	<u>Loans Payable</u>
Balance, Jan. 1, 2024	\$ 525,886
Retirements	<u>(32,972)</u>
Balance, Dec. 31, 2024	<u>\$ 492,914</u>

	<u>Amount Outstanding</u>
Note 91-03, 4.50% mortgage payable to USDA; Office of Rural Development, required monthly installments of \$3,807. The loan is secured by a pledge of real estate and equipment	\$ 461,797
Truck Note, payable to Mabry Bank, dated 2-17-23 totaling \$46,600, due in monthly principal and interest payments of \$908, final payment due 2-17-28	<u>31,117</u>
Total Long-Term Debt	<u>\$ 492,914</u>

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note C – Long-Term Debt – cont'd

The annual debt service requirements for retirement of loan principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Total
2025	\$ 33,634	21,946	55,580
2026	36,395	20,185	56,580
2027	38,246	18,334	56,580
2028	30,758	15,850	46,608
2029	30,427	14,561	44,988
2030-34	174,431	51,528	225,959
2035-38	149,023	11,712	160,735
Total	<u>\$ 492,914</u>	<u>154,116</u>	<u>647,030</u>

Note D – Insurance and Surety Bond Coverage

At December 31, 2024, the District had appropriate coverage against all major perils.

Note E – Accumulated Unpaid Vacation and Sick Pay

At December 31, 2024, no determination of the aggregate dollar value of vacation or sick pay had been made.

Okmulgee County Rural Water District No. 4
Morris, Oklahoma
Notes to Financial Statements
December 31, 2024

Note F – Employee Benefits

The Board approved a Simplified Employee Pension (SEP) plan for all full-time employees through Edward Jones Financial. In 2024, the District contributed \$4,590 to the SEP plan.

The District also offers employee health insurance for all full-time employees through Employees Group Insurance Division.

Note G – Subsequent Events

Management has evaluated subsequent events through March 7, 2025, 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. 4
Schedule of Water Rates and Customers
-Unaudited Information-
December 31, 2024

Water Rates:

Rates effective January 1, 2024-

0 gallons	=	\$38.50 minimum bill
1 – 1,000 gallons	=	\$9.13 per 1,000 gallons
1,000 – 5,000 gallons	=	\$10.22 per 1,000 gallons
5,000 – 10,000 gallons	=	\$10.87 per 1,000 gallons
10,000 – 50,000 gallons	=	\$12.66 per 1,000 gallons
50,000 – 100,000 gallons	=	\$14.45 per 1,000 gallons
100,000 – 150,000 gallons	=	\$17.61 per 1,000 gallons
150,000 – 200,000 gallons	=	\$21.37 per 1,000 gallons
over 200,000 gallons	=	\$28.30 per 1,000 gallons

Customers:

The District had 841 customers at the close of the fiscal year.

Current membership/tap fee (residential) is \$1,100 per meter sign up.