

**Okmulgee County Rural Water District No. 6
Mounds, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2024

Audited by

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

BROKEN ARROW, OK

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
Board of Directors
December 31, 2024

BOARD OF DIRECTORS

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Glenn Shoaf

Vice-Chairman

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Treasurer

Tim Thornton

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Members

Dave Miller

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Daryle Fox

MANAGER

Rick Boone

OFFICE SUPERVISOR

Jan Caughron

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, 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. 6, Mounds, 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 23 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 January 27, 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

January 27, 2025

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2024

Our discussion and analysis of the financial performance of Okmulgee County Rural Water District No. 6 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 \$543,342. Overall, the District's cash and cash equivalents increased by \$275,307 in the 2024 fiscal year.
- The District earned \$77,162 in interest in 2024 compared to \$47,554 in 2023.
- The District's membership numbers continued to increase, with over 3,800 members at year-end.
- The District began the Hectorville Road water line project during the year, in which the District will receive \$1,479,710 from OWRB, Muskogee (Creek) Nation and Indian Health Services to fund the project.
- The District received a Rural Infrastructure Grant (RIG) from the ORWA that partially funded the purchase of two generators during the fiscal year.
- The District continued to pay down their one outstanding loan with USDA Rural Development.

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 2024, increasing from \$7,002,560 to \$7,814,323. 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	\$ 5,395,271	4,866,459	528,812
Capital assets, net	5,292,865	5,064,847	228,018
Total Assets	<u>\$ 10,688,136</u>	<u>9,931,306</u>	<u>756,830</u>
Current liabilities	\$ 271,209	258,392	(12,817)
Long-term liabilities	2,602,604	2,670,354	67,750
Total Liabilities	<u>\$ 2,873,813</u>	<u>2,928,746</u>	<u>54,933</u>
Net Invest. In capital assets	\$ 2,622,245	2,328,722	293,523
Restricted	2,540,971	2,310,122	230,849
Unrestricted	2,651,107	2,363,716	287,391
Total Net Position	<u>\$ 7,814,323</u>	<u>7,002,560</u>	<u>811,763</u>

Net Position of the District increased by 11.59 percent (\$7,814,323 compared to \$7,002,560). 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 \$2,363,716 to \$2,651,107.

Table 2 – Changes in Net Position:

	<u>2024</u>	<u>2023</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 3,409,567	2,995,033	414,534
Refunds/Reimbursements	20,910	34,256	(13,346)
Benefit unit sales	283,725	233,100	50,625
Interest	77,162	47,554	29,608
Total Revenues	<u>3,791,364</u>	<u>3,309,943</u>	<u>481,421</u>
Expenses:			
Water purchases	1,179,874	1,232,761	52,887
Salaries, taxes and benefits	700,215	708,285	8,070
Maintenance and repairs	285,646	271,378	(14,268)
Other expenses	410,414	335,623	(74,791)
Depreciation	311,986	303,662	(8,324)
Interest on debt	91,466	92,345	879
Total Expenses	<u>2,979,601</u>	<u>2,944,054</u>	<u>(35,547)</u>
Changes in Net Position	811,763	365,889	445,874
Net Position, Beginning	<u>7,002,560</u>	<u>6,636,671</u>	<u>365,889</u>
Net Position, Ending	<u>\$ 7,814,323</u>	<u>7,002,560</u>	<u>811,763</u>

The District's total revenues increased by 14.54 percent (\$481,421). The total cost of all services (expenses) increased by 1.21 percent (\$35,547).

Capital Assets

At December 31, 2024, the District had \$5,292,865 invested in capital assets, net of depreciation, including buildings, the water system, vehicles and equipment. The District added \$540,004 of capital assets in 2024, which included Hectorville Road Project expenses, meter reading equipment, two vehicles and two generators.

Long-Term Debt

The District is indebted to the USDA for a \$3,445,220 Rural Development note obtained for extensive extensions and improvements. This note has an interest rate of 3.375% and scheduled monthly payments of \$13,092. The outstanding balance at year-end was \$2,670,620. See additional debt information on pages 21-22.

Economic Factors and Next Year's Budget and Rates

The District will continue forward with the Hectorville Road Water Line Upgrade project during 2025. The District will also continue to make further water system expansions and improvements as need and as funding is acquired.

The District may be forced to make further increases if additional increases are made by their water sources.

The District's budget for fiscal year 2025 will remain much like previous years budgets.

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 11003 Hectorville Rd, Mounds, OK 74047 or call (918)-827-6350.



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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. 6
Mounds, 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. 6, Mounds, 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 January 27, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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

January 27, 2025

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Disposition Of Prior Year's Significant Deficiencies and Material Instances Of
Noncompliance
December 31, 2024

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Schedule of Audit Results, Findings and 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 did not identify any material weaknesses and did not report any significant deficiencies considered to be immaterial 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. 6

Statement of Net Position

December 31, 2024

	2024	-Memorandum- -Only- 2023
<u>ASSETS:</u>		
Current Assets:		
Cash and cash equivalents	\$ 2,475,627	\$ 2,200,320
Investments	116,052	112,822
Accounts receivable	239,550	217,660
Prepaid assets	23,071	25,535
Total current assets	<u>2,854,300</u>	<u>2,556,337</u>
Restricted Assets:		
Construction accounts	1,145,197	1,026,438
Depreciation account	1,230,095	1,120,672
Rural Development reserve	165,679	163,012
Total restricted assets	<u>2,540,971</u>	<u>2,310,122</u>
Capital Assets:		
Land	3,294	3,294
Buildings	287,186	287,186
Plant and water systems	9,685,067	9,395,170
Other capital assets	1,181,751	931,644
Total capital assets	<u>11,157,298</u>	<u>10,617,294</u>
Less: accumulated depreciation	<u>(5,864,433)</u>	<u>(5,552,447)</u>
Total capital assets	<u>5,292,865</u>	<u>5,064,847</u>
Total Assets	<u>\$ 10,688,136</u>	<u>\$ 9,931,306</u>
<u>LIABILITIES:</u>		
Current Liabilities:		
Accounts payable	\$ 154,672	\$ 153,192
Accrued liabilities	48,521	39,429
Current portion of long-term debt	68,016	65,771
Total current liabilities	<u>271,209</u>	<u>258,392</u>
Long-Term Liabilities:		
Long-term debt	<u>2,602,604</u>	<u>2,670,354</u>
Total Liabilities	<u>2,873,813</u>	<u>2,928,746</u>
<u>NET POSITION:</u>		
Net investment in capital assets	2,622,245	2,328,722
Restricted	2,540,971	2,310,122
Unrestricted	<u>2,651,107</u>	<u>2,363,716</u>
Total Net Position	<u>7,814,323</u>	<u>7,002,560</u>
Total Liabilities and Net Position	<u>\$ 10,688,136</u>	<u>\$ 9,931,306</u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended December 31, 2024

	<u>2024</u>	<u>-Memorandum- -Only- 2023</u>
Operating Revenues:		
Water sales	\$ 3,055,270	\$ 2,790,900
Fees and fines	354,297	204,133
Refunds/reimbursements	20,910	34,256
Total revenue from operations	<u>3,430,477</u>	<u>3,029,289</u>
Operating Expenses:		
Water purchases	1,179,874	1,232,761
Salaries and benefits	565,414	507,363
Payroll taxes	44,748	41,231
Employee retirement	16,984	40,150
Group health insurance	73,069	119,541
Repairs and maintenance	285,646	271,378
Vehicle expense	23,421	19,207
Telephone	8,878	8,988
Insurance	52,053	52,781
Dues and fees	25,740	28,639
Office expense and postage	57,144	54,518
Depreciation	311,986	303,662
Professional fees	106,801	47,932
Utilities	47,830	41,100
Contract labor	43,567	37,148
Miscellaneous	44,980	45,310
Total expenses from operations	<u>2,888,135</u>	<u>2,851,709</u>
Operating Income (Loss)	542,342	177,580
Nonoperating Revenues (Expenses):		
Benefit unit sales	283,725	233,100
Interest income	77,162	47,554
Interest paid on long-term debt	(91,466)	(92,345)
Total Nonoperating Revenues (Expenses)	<u>269,421</u>	<u>188,309</u>
Change in Net Position	811,763	365,889
Total Net Position, beginning of period	<u>7,002,560</u>	<u>6,636,671</u>
Total Net Position, end of period	<u><u>\$ 7,814,323</u></u>	<u><u>\$ 7,002,560</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6Statement of Cash Flows
For the Year Ended December 31, 2024

	2024	-Memorandum- -Only- 2023
Cash Flows from Operating Activities:		
Receipts from customers	\$ 3,408,587	\$ 3,006,420
Payments to employees	(556,189)	(507,363)
Payments to vendors	(2,006,791)	(1,902,433)
Net Cash Provided by Operating Activities	<u>845,607</u>	<u>596,624</u>
Cash Flows from Capital and Related Financing Activities:		
Sale (purchase) of capital assets	(540,004)	(146,875)
Memberships purchased	283,725	233,100
Principal paid on long-term debt	(65,505)	(63,594)
Interest paid on long-term debt	(91,599)	(92,345)
Net Cash Provided by (used in) Capital and Related Financing Activities	<u>(413,383)</u>	<u>(69,714)</u>
Cash Flows from Investing Activities:		
Additions to restricted assets	(230,849)	(229,063)
Purchases of investments	(3,230)	(1,910)
Interest earned on investments	77,162	47,554
Net Cash Provided by (used in) Investing Activities	<u>(156,917)</u>	<u>(183,419)</u>
Net Increase (Decrease) in Cash	275,307	343,491
Cash and cash equivalents, beginning of period	<u>2,200,320</u>	<u>1,856,829</u>
Cash and cash equivalents, end of period	<u>\$ 2,475,627</u>	<u>\$ 2,200,320</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income	\$ 542,342	\$ 177,580
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	311,986	303,662
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(21,890)	(22,869)
(Increase) decrease in prepaid insurance	2,464	(157)
Increase (decrease) in accounts payable	1,480	139,573
Increase (decrease) in accruals	9,225	(1,165)
Net cash provided by operating activities	<u>\$ 845,607</u>	<u>\$ 596,624</u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2024

Note A – Significant Accounting Policies

Nature of Organization

The Okmulgee 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. The District is exempt from federal and state income taxes. The membership consists of approximately 3,895 members. The Board of Directors consists of seven members, listed on page 1. All Board members serve three-year terms.

Reporting Entity

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

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

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2024

Note A – Significant Accounting Policies – cont'd

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 \$5,137,897 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.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Mounds, Oklahoma
Notes to the Financial Statements
December 31, 2024

Note A – Significant Accounting Policies – cont’d

- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

The investments held at December 31, 2024, are as follows:

	Wtd. Avg Maturity	Credit Rating	Market	Cost
Money market/checking	N/A	AAAm	\$ 4,856,166	4,856,166
Certificates of deposit	1.0 Yrs	N/A	281,731	281,731
Total Deposits			<u>\$ 5,137,897</u>	<u>5,137,897</u>

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. The District has the following credit risk: 5% in certificates of deposit (\$281,731) and 95% in money market / checking funds (\$4,856,166).

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

Accounts Receivable

Billings for accounts receivable at December 31, 2024 were \$239,550. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

Memorandum Totals

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Mounds, Oklahoma
Notes to the Financial Statements
December 31, 2024

Note A – Significant Accounting Policies – cont'd

Risk Management

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

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.

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. Capital assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	3-10 years
Equipment & tools	5 years
Transportation equipment	5 years
Water & sewer system	50 years
Buildings	25 years

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2024

Note A – Significant Accounting Policies – cont'd

The capital asset information for the District is shown below:

	12/31/2023 Amount	Additions	Deletions	12/31/2024 Amount
Land	\$ 3,294	-	-	3,294
Buildings	287,186	-	-	287,186
Plant and water sys.	9,395,170	289,897	-	9,685,067
Vehicles and equip.	931,644	250,107	-	1,181,751
Total Capital Assets	10,617,294	540,004	-	11,157,298
Less: Accumulated Depreciation	(5,552,447)	(311,986)	-	(5,864,433)
Total	<u>\$ 5,064,847</u>	<u>228,018</u>	<u>-</u>	<u>5,292,865</u>

Note B – Long-Term Debt

Long-term debt consists of one USDA Rural Development note for water system expansion and improvements. This note is for a total of \$3,445,220 with an interest rate of 3.375%. The District is required to make monthly payments of \$13,092 on this note and began making payments in 2012. At December 31, 2024, the outstanding balance was \$2,670,620.

Balance, January 1, 2024	\$ 2,736,125
Less: Principal paid	<u>(65,505)</u>
Balance, December 31, 2024	<u>\$ 2,670,620</u>

In compliance with Rural Development note covenants, the certificate of deposit held at Triad Bank (\$165,679) is held by the District as a reserve investment. Twelve monthly payments on the note totals \$157,104, thus the reserve requirement has been met.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Mounds, Oklahoma
Notes to the Financial Statements
December 31, 2024

Note B – Long-Term Debt – cont’d

The scheduled maturities for future years, based on the current balance, are detailed as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 68,016	89,088	157,104
2026	70,348	86,756	157,104
2027	72,759	84,345	157,104
2028	75,253	81,851	157,104
2029	77,832	79,272	157,104
2030-34	431,057	354,463	785,520
2035-39	510,174	275,346	785,520
2040-44	603,814	181,706	785,520
2045-49	714,640	70,880	785,520
2050	46,727	307	47,034
	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 2,670,620</u>	<u>\$ 1,304,014</u>	<u>\$ 3,974,634</u>

Note C – Employee Retirement Plan

The District has adopted a simplified employee pension (SEP) plan, which is self-directed and noncontributory. The District contributes 4% of the employee gross pay of each qualifying employee. Employees are eligible for the plan after two years of full-time employment and have attained the age of twenty-one years. The contribution by the District is computed and paid once a year, normally in December. For the 2024 fiscal year, the District contributed \$16,984.

Note D – Subsequent Events

Management has evaluated subsequent events through January 27, 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 WATER DISTRICT NO. 6

Schedule of Water Rates and Customers

-Unaudited Information-

December 31, 2024

Water Rates

0 gallons	=	\$26.00 minimum bill
1 – 7,000 gallons	=	\$6.65 per 1,000 gallons
7,001 – 20,000 gallons	=	\$6.85 per 1,000 gallons
20,001 – 30,000 gallons	=	\$8.30 per 1,000 gallons
Over 30,000 gallons	=	\$9.30 per 1,000 gallons

Water Loss

	<u>2024</u>	<u>2023</u>
Total gallons purchased	300,010,140	280,056,710
Total gallons sold to District customers	(250,402,413)	(233,070,395)
Total water loss	<u>49,607,727</u>	<u>46,986,315</u>
Percentage of water loss	<u>16.54%</u>	<u>16.78%</u>

Source – Sales Loss Report by Pump

Customers

The District had 3,895 customers at the close of the fiscal year.

Current membership/tap fee is \$3,000 per meter sign up.