

**AUDIT REPORT**  
**PITTSBURG COUNTY RWD NO. 9**  
**MCALESTER, OKLAHOMA**  
**FOR YEAR ENDED NOVEMBER 30, 2023**



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9  
MCALESTER, OKLAHOMA  
NOVEMBER 30, 2023**

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**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9  
MCALESTER, OKLAHOMA  
NOVEMBER 30, 2023**

BOARD OF DIRECTORS

Chairman	Millard Harp
Vice-Chairman	Harold Hearod
Secretary/Treasurer	Laurie Fieffer
Member	Vanessa Cummings
Member	Sunny Spinks

OPERATOR

Roy Engleman

MANAGER

Vivian Moody



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Pittsburg County RWD #9  
McAlester, OK 74501

**Opinions**

We have audited the accompanying financial statements of the business-type activities of Pittsburg County RWD #9 (the District), McAlester, Oklahoma, as of and for the year ended November 30, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Pittsburg County RWD #9 as of November 30, 2023, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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 opinions.

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

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 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, 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.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8-9 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the method of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants

March 5, 2024



**JENKINS & KEMPER**  
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

JACK JENKINS, CPA  
MICHAEL KEMPER, CPA

**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  
Pittsburg County RWD #9  
McAlester, Oklahoma 74501

We have audited, in accordance with the 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 Pittsburg County RWD #9 as of and for the year ended November 30, 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 March 5, 2024.

**Report on 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over.

*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 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.

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 over 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.

**Report on 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Jenkins & Kemper, CPAs P.C.*

Jenkins & Kemper  
Certified Public Accountants, P.C.

March 5, 2024

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**SCHEDULE OF AUDIT RESULTS**  
**NOVEMBER 30, 2023**

**Findings – Financial Statement Audit**

None



**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED NOVEMBER 30, 2023**

Our discussion and analysis of Pittsburg County Rural Water District No. 9's financial performance provides an overview of the financial activities for the fiscal year ended November 30, 2023. Please read it in conjunction with the District's financial statements.

**FINANCIAL HIGHLIGHTS**

- The total assets increased by \$19,405 as a result of this year's operations.
- The District's return on total ending assets was 4.7%.
- The total cost of the District's activities was \$340,953 compared to \$329,079 in the prior year.

**USING THE ANNUAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Position, and the Statement of Activities provide information about the District's financial position.

One of the most important questions asked about the District's finances is "Is the District as a whole better or worse off as a result of this year's activities?" The financial statements report information about the assets and liabilities using the accrual basis of accounting.

These financial statements report the District's assets and changes in them. You can think of the District's Equity as the difference between assets the members own, and liabilities, what the members owe, as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's equity are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors such as the condition of the District's capital assets to assess the overall health of the District.

The District's equity changed from a year ago, increasing from \$462,059 to \$488,028.

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED NOVEMBER 30, 2023**

**FINANCIAL RATIOS**

Working Capital is the amount by which current assets exceed current liabilities. The Current Ratio, which compares current assets to the current liabilities, is an indicator of the ability to pay current obligations. A ratio of less than one would indicate the District would have difficulty satisfying its' current obligations with current assets.

	<b>Current Year</b>	<b>Prior Year</b>
<b>Working Capital</b>	\$ 320,706	\$ 288,302
<b>Current Ratio</b>	26.56	16.08

Return on assets measures earnings in relation to all of the resources available for use.

<b>Return on Assets</b>	4.73%	7.24%
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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the year the District had \$167,322 invested in net capital assets.

**Debt**

At year end, the District had no outstanding debt.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our members, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Manager.

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED NOVEMBER 30, 2023**

ASSETS

Current assets:

Cash in bank	\$ 98,535
Certificates of deposit	206,126
Accounts receivable	26,846
Prepaid insurance	1,748
Total current assets	<u>333,255</u>

Noncurrent assets:

Capital assets:	
Water system and equipment	596,230
Accumulated depreciation	<u>(428,908)</u>
Total noncurrent assets	<u>167,322</u>

Total Assets	<u>500,577</u>
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LIABILITIES

Current liabilities:

Accounts payable	<u>12,549</u>
Total current liabilities	<u>12,549</u>

NET POSITION

Investment in capital assets	167,322
Unrestricted	<u>320,706</u>

Total net position	<u>\$ 488,028</u>
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The accompanying notes are an integral part of the financial statements

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED NOVEMBER 30, 2023**

**Operating Revenues:**

Water sales	\$ 364,631
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**Operating Expenses:**

Water purchased	168,712
Operating supplies & maintenance	37,093
Backhoe expense	17,725
Contract labor	62,973
Professional fees	32,050
Office expense	3,159
Utilities/communications	8,124
Meeting expense	300
Insurance	3,553
Miscellaneous	829
Depreciation	6,435
Total operating expenses	340,953

Operating Income (Loss)	23,678
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**Non-Operating Revenues (Expenses):**

Interest income	2,291
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Changes in net position	25,969
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Total net position, beginning of period	462,059
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Total net position, end of period	\$ 488,028
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The accompanying notes are an integral part of the financial statements

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2023**

**Cash Flows from Operating Activities:**

Cash received from customers	\$ 364,365
Cash paid to contractors	(62,973)
Cash paid to suppliers	(278,052)
Total cash flows from operating activities	<u>23,340</u>

**Cash Flows from Investing Activities:**

Receipt of interest	<u>2,291</u>
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**Cash Flows from Financing Activities:**

Total cash flows from financing activities	<u>-</u>
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Net increase (decrease) in cash and cash equivalents	25,631
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Cash and cash equivalents, beginning of period	<u>279,030</u>
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Cash and cash equivalents, end of period	<u><u>\$ 304,661</u></u>
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**Reconciliation of operating income (loss) to net cash provided by operating activities:**

Operating income (loss)	\$ 23,678
Add depreciation expense	6,435
(Increase)/decrease in current assets	
Accounts receivable, net	(266)
Prepaid expenses	57
Increase/(decrease) in current liabilities	
Accounts payable	(6,564)
Net cash flows from operating activities	<u><u>\$ 23,340</u></u>

The accompanying notes are an integral part of the financial statements

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2023**

**Note 1 – Organization**

Pittsburg County Rural Water District No. 9, McAlester, Oklahoma, is recognized as a public not for profit rural water district under Oklahoma Statutes, Title 82. The purpose of this organization is to provide water to residential and commercial customers who are members of the District.

**Note 2 – Summary of significant accounting policies**

**Reporting Entity**

Pittsburg County Rural Water District No. 9 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 of providing water services is financed through user charges. The District purchases water primarily from the City of McAlester.

**Basis of 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. Revenues are recorded when earned and liabilities are recognized when incurred. The District has also complied with GASB Statement No. 34 financial reporting requirements.

**Accounts Receivable**

All accounts greater than thirty days are considered past due. Receivables greater than ninety days are carried at the original billed amount. No provision is made for bad-debt expense as it is deemed to be of an immaterial amount. An aging of accounts receivable as of November 30, 2023 is as follows:

0-30 days: \$ 26,846

**Inventory**

Inventory is expensed when purchased and capitalized when used for improvements to the water system. Inventory on hand is not recorded as the amount is deemed to be immaterial to the financial statements.

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED NOVEMBER 30, 2023**

**Cash and Cash Equivalents**

Cash and cash equivalents, shown in the financial statements, are amounts that are not subject to fluctuations in principal value due to changing market conditions and have a maturity of less than three months.

**Custodial Credit Risk**

On November 30, 2023, the District held deposits of approximately \$304,661 at financial institutions. The District's cash deposits are entirely covered by Federal Depository Insurance.

**Note 3 – Risk Management**

Pittsburg County Rural Water District No. 9 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 continues to carry commercial insurance for these risks, including general, property damage, and public official's liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

**Note 4 – Capital Assets**

Property and equipment is recorded at cost when purchased. Depreciation expense is recorded using the straight-line method over the estimated useful life of the asset. Water line extensions and improvements are depreciated using a 40-year life. Water system improvements constructed by the District include capitalizing the direct cost of materials and labor. If an asset is permanently impaired in value, the asset cost is written down to market value. The District capitalizes assets with a useful life in excess of one year with a cost of \$250 or more. Line extension costs reimbursed by the customer will be capitalized and accordingly depreciated.

The following is a summary of changes in property, plant and equipment:

	Balance November 30, 2022	Additions	Deletions	Balance November 30, 2023
Water System & Equipment	596,230			596,230
Less accumulated depreciation	(422,473)	(6,435)		(428,908)
Net	<u>\$ 173,757</u>	<u>\$ (6,435)</u>	<u>\$ -</u>	<u>\$ 167,322</u>

**PITTSBURG COUNTY RURAL WATER DISTRICT NO. 9  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED NOVEMBER 30, 2023**

**Note 5 – Income Tax Status**

The District is not subject to state or federal income taxes as a non-profit organization.

**Note 6 – Subsequent Events**

The District did not have any material subsequent events through the date of the issuance of the audit report.