

**Pushmataha County Rural Water District No. 1
Clayton, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2023

Audited by

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

BROKEN ARROW, OK

Pushmataha County Rural Water District No. 1
Clayton, Oklahoma
Board of Directors
December 31, 2023

BOARD OF DIRECTORS

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Phillip Prince

Vice Chairman

Paul Lewis

Secretary/Treasurer

Jeannie Little

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Shelly Ben

Carol Kyle

**MANAGER/
BOOKKEEPER**

Jerry Buchanan

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Folsom White

Weston Roberts

Pushmataha County Rural Water District No. 1
Clayton, Oklahoma
December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pushmataha County Rural Water District No. 1
Clayton, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Pushmataha County Rural Water District No. 1, Clayton, Oklahoma (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2023, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our

inquiries, the basic financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The prior year “memorandum only” comparative information and the supplementary information on page 22 are presented for the purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 5, 2024

Pushmataha County Rural Water District No. 1
Management's Discussion and Analysis
December 31, 2023

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

FINANCIAL HIGHLIGHTS

- The District's total operating expenses exceeded total operating revenues by \$80,766. Overall, due to the addition of capital assets, the District had an increase in net position of \$16,632.
- The District received \$93,752 in grant proceeds through the American Rescue Plan Act (ARPA). These proceeds were passed through Pushmataha County. Using these proceeds, the District started the Sardis Acres & Highway 2 water line improvement project.
- Cash and cash equivalents decreased by \$54,887 in the 2023 fiscal year.
- The District earned \$3,646 in interest in 2023.

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.

The Financial Statements – cont'd

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 increased during 2023 from \$1,834,558 to \$1,851,190. Our analysis below focuses on the Net Position (Table 1) and Changes in Net Position (Table 2) of the District's business-type activities.

Table 1 – Net Position:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Current and other assets	\$ 519,452	581,003	(61,551)
Capital assets, net	<u>1,347,943</u>	<u>1,268,423</u>	<u>79,520</u>
Total Assets	<u><u>\$ 1,867,395</u></u>	<u><u>1,849,426</u></u>	<u><u>17,969</u></u>
Current liabilities	\$ 16,205	14,868	(1,337)
Total Liabilities	<u><u>\$ 16,205</u></u>	<u><u>14,868</u></u>	<u><u>(1,337)</u></u>
Invest. In capital assets, net of related debt	\$ 1,347,943	1,268,423	79,520
Unrestricted	<u>503,247</u>	<u>566,135</u>	<u>(62,888)</u>
Total Net Position	<u><u>\$ 1,851,190</u></u>	<u><u>1,834,558</u></u>	<u><u>16,632</u></u>

Net Position of the District increased by 0.91 percent (\$1,851,190 compared to \$1,834,558). 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 – decreased from \$566,135 to \$503,247.

Table 2 – Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Revenues:			
Water revenue	\$ 353,574	356,827	(3,253)
ARPA grant proceeds	93,752	0	93,752
Other sources	10,426	6,542	3,884
Interest	<u>3,646</u>	<u>1,597</u>	<u>2,049</u>
Total Revenues	<u>\$ 461,398</u>	<u>364,966</u>	<u>96,432</u>
Expenses:			
Water purchases	\$ 151,898	146,686	(5,212)
Salaries, taxes and benefits	135,664	124,030	(11,634)
Repairs and maintenance	19,022	49,817	30,795
Other expenses	64,237	41,279	(22,958)
Depreciation	65,911	65,436	(475)
Insurance	<u>8,034</u>	<u>4,423</u>	<u>(3,611)</u>
Total Expenses	<u>\$ 444,766</u>	<u>431,671</u>	<u>(13,095)</u>
Changes in Net Position	16,632	(66,705)	83,337
Net Position, Beginning	<u>1,834,558</u>	<u>1,901,263</u>	<u>(66,705)</u>
Net Position, Ending	<u><u>\$ 1,851,190</u></u>	<u><u>1,834,558</u></u>	<u><u>16,632</u></u>

The District's total revenues increased by 26.42 percent (\$96,432), mostly due to the ARPA grant funds. The total cost of all services and expenses increased by 3.03 percent (\$13,095).

Capital Assets

At December 31, 2023, the District had \$1,347,943 invested in capital assets, net of depreciation, including land, the water system, vehicles and equipment.

Long-Term Debt

The District maintained no outstanding long-term debt during 2023.

Economic Factors and Next Year's Budget and Rates

The District attempts to absorb Sardis Lake Water Authority rate increases, but may be forced to increase customer rates if additional increases are made by the Authority.

The District will continue work on the Sardis Acres and Highway 2 water line improvement project until completion.

The District's budget for fiscal year 2024 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 P.O. Box 160, Clayton, OK 74536 or call (918)-569-4326.



BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

Eric M. Bledsoe, CPA
Jeffrey D. Hewett, CPA
Christopher P. Gullekson, CPA

P.O. BOX 1310 • 121 E. COLLEGE ST. • BROKEN ARROW, OK 74013 • (918) 449-9991 • (800) 522-3831 • FAX (918) 449-9779

**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
Pushmataha County Rural Water District No. 1
Clayton, 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 Pushmataha County Rural Water District No. 1, Clayton, Oklahoma (the District), as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we identified one deficiency in internal control that we consider to be a material weakness. This finding is identified as item 23-1 in the accompanying Schedule of Findings and Responses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 5, 2024

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

22-1 - Lack of Segregation of Duties

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.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
Schedule of Audit Results and Responses
December 31, 2023

Section 1 – Summary of Auditor’s Results:

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

23-1 – 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.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	<u>2023</u>	<u>-Memorandum- -Only- 2022</u>
<u>ASSETS:</u>		
Current assets:		
Cash	\$ 115,306	173,674
Investments	375,587	372,106
Accounts receivable	28,559	35,223
Total current assets	<u>519,452</u>	<u>581,003</u>
Capital assets:		
Land	2,000	2,000
Water distribution system	2,773,534	2,679,413
Vehicles	24,450	24,450
Office and equipment	100,335	49,025
Total capital assets	<u>2,900,319</u>	<u>2,754,888</u>
Less: accumulated depreciation	<u>(1,552,376)</u>	<u>(1,486,465)</u>
Total capital assets	<u>1,347,943</u>	<u>1,268,423</u>
TOTAL ASSETS	<u>\$ 1,867,395</u>	<u>1,849,426</u>
 <u>LIABILITIES:</u>		
Current liabilities:		
Accounts payable	\$ 13,095	11,758
Noncurrent liabilities:		
Refundable deposits	<u>3,110</u>	<u>3,110</u>
Total Liabilities	<u>16,205</u>	<u>14,868</u>
 <u>NET POSITION:</u>		
Net investment in capital assets	1,347,943	1,268,423
Unrestricted	<u>503,247</u>	<u>566,135</u>
Total Net Position	<u>1,851,190</u>	<u>1,834,558</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,867,395</u>	<u>1,849,426</u>

The accompanying notes are an integral part of the financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	-Memorandum- -Only- 2022
Operating Revenues:		
Water revenue	\$ 353,574	356,827
Other sales and services	10,426	6,542
Total operating revenues	<u>364,000</u>	<u>363,369</u>
Operating Expenses:		
Salaries and taxes	127,406	116,538
Health insurance	8,258	7,492
Utilities and telephone	3,665	3,186
Depreciation	65,911	65,436
Water purchases	151,898	146,686
Office	1,281	1,036
Insurance	8,034	4,423
Repairs and maintenance	19,022	26,570
Contract labor	17,909	18,530
Supplies and materials	8,138	4,717
Postage	3,289	2,763
Vehicles	18,690	16,188
Dues and fees	6,152	4,471
Professional fees	3,900	3,900
Miscellaneous	1,213	9,735
Total operating expenses	<u>444,766</u>	<u>431,671</u>
Operating Income (Loss)	(80,766)	(68,302)
Nonoperating Revenues (Expenses):		
ARPA grant proceeds	93,752	0
Interest income	3,646	1,597
Total Nonoperating Revenues (Expenses)	<u>97,398</u>	<u>1,597</u>
Change in Net Position	16,632	(66,705)
Total Net Position, beginning of period	<u>1,834,558</u>	<u>1,901,263</u>
Total Net Position, end of period	<u><u>\$ 1,851,190</u></u>	<u><u>1,834,558</u></u>

The accompanying notes are an integral part of the financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	-Memorandum- -Only- 2022
Cash Flows from Operating Activities:		
Receipts from customers	370,664	363,369
Payments to employees	(127,406)	(116,538)
Payments to vendors	(250,112)	(250,546)
Net Cash Provided by (used in) Operating Activities	(6,854)	(3,715)
Cash Flows from Capital and Related Financing Activities:		
Capital assets purchased	(145,431)	0
ARPA grant proceeds	93,752	0
Net Cash Provided by (used in) Capital and Related Financing Activities	(51,679)	0
Cash Flows from Investing Activities:		
Interest income	3,646	1,597
Net increase (decrease) in cash and cash equivalents	(54,887)	(2,118)
Cash and cash equivalents, beginning of period	545,780	547,898
Cash and cash equivalents, end of period	<u>\$ 490,893</u>	<u>545,780</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ (80,766)	(68,302)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	65,911	65,436
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	6,664	238
Increase (decrease) in accounts payable	1,337	(1,087)
Net cash provided by operating activities	<u>\$ (6,854)</u>	<u>(3,715)</u>

The accompanying notes are an integral part of the financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note A – Significant Accounting Policies

Business Activity

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

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 assets. 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.

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 Sardis Lake Water Authority.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note A – Significant Accounting Policies – cont'd

Cash

The District's cash accounts are with the Shamrock Bank N.A., Clayton, Oklahoma, and are detailed as follows:

	December 31,	
	2023	2022
Cash on Hand	\$ 200	200
Operating Account	103,530	155,627
Reserve Account	18,353	18,188
Total	122,083	174,015
Less: Outstanding checks	(6,778)	(341)
Balance	<u>\$ 237,388</u>	<u>173,674</u>

Investments

The District's investment accounts are with the Shamrock Bank N.A., Clayton, Oklahoma, and are detailed as follows:

	December 31,	
	2023	2022
Capital Account (savings)	\$ 14,980	14,846
Deposit Account (savings)	11,999	11,891
Depreciation Account (savings)	16,037	15,893
Certificate of Deposit no. 4041092	21,430	21,398
Certificate of Deposit no. 4041126	21,602	21,333
Certificate of Deposit no. 4900901	14,167	14,163
Certificate of Deposit no. 4040131	26,818	26,613
Certificate of Deposit no. 4040051	13,073	12,928
Certificate of Deposit no. 4040242	25,300	24,913
Certificate of Deposit no. 4040429	24,931	24,900
Certificate of Deposit no. 4040492	25,324	24,898
Certificate of Deposit no. 4040575	24,564	24,377
Certificate of Deposit no. 4040612	24,618	24,237
Certificate of Deposit no. 4040710	23,573	23,393
Certificate of Deposit no. 4040790	22,319	21,858
Certificate of Deposit no. 4040964	33,123	32,752
Certificate of Deposit no. 4041184	31,729	31,713
Total Investments	<u>\$ 375,587</u>	<u>372,106</u>

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note A – Significant Accounting Policies – cont’d

Custodial Credit Risk - At December 31, 2023, the District held deposits of approximately \$497,470 at financial institutions. The District’s cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk - The District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

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

Capital Assets

Capital assets obtained prior to December 31, 1984, are carried at estimated cost, which is equivalent to the loan proceeds and grants obtained to finance the purchase of property, plant, and equipment. A capital (fixed) asset is any item with a cost in excess of \$1000 and a useful life of five years or longer. Subsequent additions are recorded at cost. Depreciation of the waterworks system and improvements is provided using the straight-line method based on an

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note A – Significant Accounting Policies – cont’d

Capital Assets – cont’d

expected useful life ranging from five to forty years, depending on the asset. Depreciation expense for the year is presented as an operating expense and closed, along with other operating expenses, directly to retained earnings.

The capital asset information for the District is shown below:

	12/31/2022 Amount	Additions	Deletions	12/31/2023 Amount
Land	\$ 2,000	-	-	2,000
Office equipment	49,025	-	-	49,025
Plant and water sys.	2,679,413	145,431	-	2,824,844
Vehicles	24,450	-	-	24,450
Total Capital Assets	2,754,888	145,431	-	2,900,319
Less: Accumulated Depreciation	(1,486,465)	(65,911)	-	(1,552,376)
Total	<u>\$ 1,268,423</u>	<u>79,520</u>	<u>-</u>	<u>1,347,943</u>

Memorandum Totals

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

Note B – Accounts Receivable

Billings for accounts receivable at December 31, 2023 were \$28,559. Allowance for doubtful accounts at December 31, 2023 was computed at \$2,483, or 8.7%.

Note C – Long-Term Debt

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

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note D - Contributed Capital

Contributed capital was provided by grants from the Rural Economic and Community Development and other sources to assist in building and improving the water system totaling \$568,172. In 1999, water system equipment, valued at \$500,000, was donated to the District by the Choctaw Nation of Oklahoma. In 2000, a REAP grant was received from Oklahoma Water Resources Board in the amount of \$99,900. These funds were used to construct additional water system equipment. In 2000, a REAP grant was received from the Kiamichi Economic Development District of Oklahoma (KEDDO) in the amount of \$11,994 to assist in the purchase of a dump truck and backhoe trailer. In 2002, KEDDO contributed \$13,100 for the erection of a steel building for storage and maintenance of District equipment. In 2005, a REAP grant was received from the Oklahoma Water Resources board in the amount of \$99,999. These funds were used to construct additional water system equipment. In 2005, an emergency grant was received from the USDA Rural Development in the amount of \$130,800 to assist in building and improving the water system. In 2017, 2018 and 2020, the District received donations in the amount of \$489,310, \$196,118 and \$30,990, respectively, from the Choctaw Nation to assist in construction of a water tower and line improvements. During the 2023 fiscal year, the District received 93,752 in American Rescue Plan Act (ARPA) grant proceeds that was passed through Pushmataha County. These funds are being used for the Sardis Acres and Highway 2 water line improvement project.

Note E – Subsequent Events

Management has evaluated subsequent events through February 5, 2024 which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

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

Water Rates

0 – 1,000 gallons	=	\$33.00 (residential) minimum bill
0 – 1,000 gallons	=	\$41.00 (commercial) minimum bill
1,001 – 5,000 gallons	=	\$6.35 per 1,000 gallons
Over 5,000 gallons	=	\$6.60 per 1,000 gallons

Water Loss

	<u>2023</u>	<u>2022</u>
Total gallons purchased (Sardis Lake WA)	36,469,761	37,108,540
Total gallons sold to District customers	<u>(32,012,500)</u>	<u>(32,460,000)</u>
Total water loss	<u>4,457,261</u>	<u>4,648,540</u>
Percentage of water loss	<u>12.2%</u>	<u>12.5%</u>

Source – Monthly Financial Statements

Customers

The District had 656 customers at the close of the fiscal year.

Current membership/tap fee is \$1,200 per meter sign up.