

**Rogers County Rural Water District No. 4
Oologah, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended November 30, 2023

Audited by

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

BROKEN ARROW, OK

Rogers County Rural Water District No. 4
Oologah, Oklahoma
Board of Directors
November 30, 2023

BOARD OF DIRECTORS

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Vice-Chairman

Steve Newcomb

Secretary/Treasurer

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Mel Dainty

Mike Jones

PLANT SUPERVISOR

Jeremy Cox

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Rogers County Rural Water District No. 4
Oologah, Oklahoma
November 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rogers County Rural Water District No. 4
Oologah, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Rogers County Rural Water District No. 4 (the District), Oologah, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of November 30, 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 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 February 2, 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 2, 2024

RURAL WATER DISTRICT NO. 4, ROGERS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
NOVEMBER 30, 2023

Our discussion and analysis of the Rural Water District No. 4, Rogers County's financial performance provides an overview of the District's financial activities for the fiscal year ended November 30, 2023. Please read it in conjunction with the District's financial statements that begin on page 14.

FINANCIAL HIGHLIGHTS:

- The District's total operating revenues exceeded total operating expenses by \$179,173. Overall, the District's total net position increased by \$381,612 in the current fiscal year. The cash and cash equivalents increased by \$5,917,093 in 2023, primarily as a result of loan proceeds being held while District improvements are completed.
- The District earned \$20,056 in interest earnings during 2023, which is \$15,345 more than the prior year. The District also earned approximately \$126,043 in interest from the loan proceeds held in debt service accounts.
- The District last approved a water rate increase in 2023 to keep up with increasing expenditures.
- The District continued to pay on their existing debt. One of the District's loans was paid off in the 2021 fiscal year, and another loan is scheduled to be paid off by 2025. The District entered into a new loan agreement with OWRB for \$6,580,000 for District improvements that include water treatment plant expansion and S. 4100 Rd. water line improvements. This loan is scheduled to be paid off in 2054.

Using This Report

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

Basis of Accounting

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

The Financial Statements

One of the most important questions asked about the District’s finances is, “Is the District as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position, the Statement of Revenues, Expenses and changes in Net Position, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District’s net position and the changes in them. You can think of the District’s net position – the difference between assets and liabilities – as one way to measure the District’s financial health or financial position. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District’s water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Net Position, and Changes in Net Position

The District’s Net Position was higher in 2023, increasing from \$5,126,413 to \$5,508,025. 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	\$ 7,667,260	1,570,225	6,097,035
Capital assets, net	4,617,023	3,888,601	728,422
Total Assets	<u>\$ 12,284,283</u>	<u>5,458,826</u>	<u>6,825,457</u>
Current liabilities	\$ 171,253	161,217	(10,036)
Long-term liabilities	6,505,005	171,196	(6,333,809)
Total Liabilities	<u>\$ 6,676,258</u>	<u>332,413</u>	<u>(6,343,845)</u>
Invest. In capital assets, net			
of related debt	\$ (2,134,174)	3,571,859	(5,706,033)
Restricted	5,795,582	0	5,795,582
Unrestricted	1,846,617	1,554,554	292,063
Total Net Position	<u>\$ 5,508,025</u>	<u>5,126,413</u>	<u>381,612</u>

Net Position of the District increased by 7.44 percent (\$5,508,025 compared to \$5,126,413). 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 \$1,554,554 to \$1,846,617.

Table 2 – Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 1,727,022	1,648,297	78,725
Other revenue	282,384	57,855	224,529
Memberships	149,806	97,928	51,878
Interest	146,099	4,711	141,388
Total Revenues	<u>2,305,311</u>	<u>1,808,791</u>	<u>496,520</u>
Expenses:			
Salaries, taxes and benefits	452,913	438,780	(14,133)
Maintenance and repairs	78,617	114,687	36,070
Other expenses	1,063,828	855,575	(208,253)
Depreciation & amortization	216,341	202,699	(13,642)
Interest on debt	112,000	-	(112,000)
Total Expenses	<u>1,923,699</u>	<u>1,611,741</u>	<u>(311,958)</u>
Changes in Net Position	381,612	197,050	184,562
Net Position, Beginning	<u>5,126,413</u>	<u>4,929,363</u>	<u>197,050</u>
Net Position, Ending	<u>\$ 5,508,025</u>	<u>5,126,413</u>	<u>381,612</u>

The District’s total revenues increased by 27.45 percent (\$496,520). The total cost of all services increased by 19.36 percent (\$311,958).

Capital Assets

At November 30, 2023 the District had \$4,617,023 invested in capital assets, net of depreciation, including land, the water system, pump station and vehicles. Additional capital assets of \$937,350 were added during the 2023 fiscal year, which included a new truck and system improvements (water plant expansion and S. 4100 Rd. water line).

Long-Term Debt

The District had two notes with the Oklahoma Water Resources Board; a \$2,105,000 mortgage received in 2006 and a \$6,580,000 note received in 2023. The total outstanding loan balance increased from \$316,742 to \$6,751,197 in 2023.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending November 30, 2024, the District's projected budget is fairly consistent with the 2023 fiscal year.

For the fiscal year 2024, the District does not foresee any water rate increases. However, the District may have to increase rates to users in future years to meet the demands of the struggling economy. If demand is increased on existing lines and equipment, or additional memberships are substantially increased, it may be necessary for the District to incur some long-term debt to meet these demands.

The District will continue to complete its current construction projects for water treatment plant expansions, a new water storage tank and a water line extension. The District will pay for the project costs with long-term loan funding secured with OWRB.

Contacting the District

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 198, Oologah, OK 74053, or call (918) 443-2542.



BLEDSON, HEWETT & GULLEKSON
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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
Rogers County Rural Water District No. 4
Oologah, 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 Rogers County Rural Water District No. 4 (the District), Oologah, 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, and have issued our report thereon dated February 2, 2024.

Internal Control Over Financial Reporting

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

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

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

February 2, 2024

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Disposition of Prior Year's Significant Deficiencies
November 30, 2023

There were no prior year material weaknesses or significant deficiencies in the internal controls over financial reporting. There were no prior year instances of noncompliance.

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Schedule of Audit Results
November 30, 2023

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 not considered to be material weaknesses in the internal controls over financial reporting.
3. The audit disclosed no instances of noncompliance, which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Statement of Net Position
November 30, 2023

	2023	-Memorandum- -Only- 2022
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,187,267	\$ 1,071,637
Investments	240,328	234,447
Accounts receivable	134,014	129,633
Inventory on hand	118,903	112,903
Prepaid expenses	23,139	20,888
Total current assets	1,703,651	1,569,508
Restricted Assets:		
OWRB Project trust funds-		
Project account	5,769,344	0
Debt service account	26,238	0
Total restricted assets	5,795,582	0
Capital Assets:		
Land	20,803	20,803
Water system and improvements	9,508,310	8,616,949
Buildings and improvements	206,397	206,397
Equipment and automobiles	639,634	592,645
Total capital assets	10,375,144	9,436,794
Less: accumulated depreciation	(5,758,121)	(5,548,193)
Total capital assets (net)	4,617,023	3,888,601
Other Assets:		
Loan costs, net of amortization	168,027	717
TOTAL ASSETS	\$ 12,284,283	\$ 5,458,826
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 10,695	\$ 15,184
Accrued interest	14,366	487
Current maturities of long-term debt	146,192	145,546
Total current liabilities	171,253	161,217
Long-Term Debt, less current maturities-		
Notes payable	6,605,005	171,196
Total Liabilities	6,776,258	332,413
 <u>NET POSITION</u>		
Net investment in capital assets	(2,134,174)	3,571,859
Restricted for debt service	5,795,582	0
Unrestricted assets	1,846,617	1,554,554
Total Net Position	5,508,025	5,126,413
TOTAL LIABILITIES AND NET POSITION	\$ 12,284,283	\$ 5,458,826

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Statement of Revenue, Expenses and Changes in Net Position
For The Year Ended November 30, 2023

	2023	-Memorandum- -Only- 2022
Operating Revenues:		
Water sales	\$ 1,727,022	\$ 1,648,297
Memberships	149,806	97,928
Other charges for services	114,044	57,855
Total revenues from operations	1,990,872	1,804,080
Operating Expenses:		
Water samples	19,748	14,330
Salaries and wages	452,913	438,780
Chemicals	220,110	212,565
Contracted service	50,806	57,288
Depreciation	209,928	202,699
Amortization	6,413	706
Utilities	126,460	120,483
Postage	17,057	17,752
Supplies and materials	112,671	72,474
Office and telephone	26,245	28,532
Insurance	214,209	201,915
Retirement	27,694	14,947
Repairs & maintenance	78,617	114,687
Professional fees	183,814	61,972
Vehicle and travel	29,288	27,795
Dues and fees	22,327	18,794
Miscellaneous	13,399	6,022
Total expenses from operations	1,811,699	1,611,741
Operating Income (Loss)	179,173	192,339
Non-Operating Revenues (Expenses):		
Interest income	20,056	4,711
Gain from debt service fund	126,043	0
Donation	168,340	0
Interest expense on debt	(112,000)	0
Total non-operating revenues (expenses)	202,439	4,711
Change in Net Position	381,612	197,050
Total Net Position, beginning of period	5,126,413	4,929,363
Total Net Position, end of period	\$ 5,508,025	\$ 5,126,413

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Statement of Cash Flows
For Year Ended November 30, 2023

	2023	-Memorandum- -Only- 2022
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,410,942	\$ 2,065,562
Payments to employees	(452,913)	(438,780)
Payments to vendors	(1,565,757)	(1,248,073)
Net Cash Provided by Operating Activities	392,272	378,709
 Cash Flows from Capital and Related Financing Activities:		
Capital assets (purchased) sold	(938,350)	(18,015)
Principal paid on debt	(145,546)	(144,916)
Interest paid on debt	(117,382)	0
Net Cash Provided by (used in) Capital and Related Financing activities	(1,201,278)	(162,931)
 Cash Flows from Investing Activities:		
Loan proceeds	6,580,000	0
Interest revenue	146,099	4,711
Net cash provided by (used in) investing activities	6,726,099	4,711
 Net Increase (Decrease) in Cash and Equivalents	5,917,093	220,489
 Cash and cash equivalents, beginning of period	1,306,084	1,085,595
 Cash and cash equivalents, end of period	\$ 7,223,177	\$ 1,306,084
 Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ 179,173	\$ 192,339
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expenses	216,341	203,405
(Increase) decrease in accounts receivable	(4,381)	(15,925)
(Increase) decrease in prepaid expenses	(2,251)	(2,347)
(Increase) decrease in inventory	(6,000)	78
Increase (decrease) in accounts payable	(4,489)	1,339
Increase (decrease) in accruals	13,879	(180)
Net Cash Provided by Operating Activities	\$ 392,272	\$ 378,709

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Oologah, Oklahoma
Notes to the Financial Statements
November 30, 2023

Note A – Significant Accounting Policies

Nature of Organization

The Rogers County Rural Water District No. 4 (the District) was created under the provisions of Title 82 of Oklahoma Statutes, Sections 1324.1 – 1324.26 and the Laws of the State of Oklahoma. The purpose of this District is to provide water services to users. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 3,264 members. The Board of Directors consists of five 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.

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.

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.

ROGERS COUNTY RURAL WATER DISTRICT NO. 4

Oologah, Oklahoma

Notes to the Financial Statements

November 30, 2023

Note A – Significant Accounting Policies – cont'd

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 November 30, 2023, the District held deposits of approximately \$1,591,930 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).

ROGERS COUNTY RURAL WATER DISTRICT NO. 4

Oologah, Oklahoma

Notes to the Financial Statements

November 30, 2023

Note A – Significant Accounting Policies – cont’d

The cash and investments held at November 30, 2023 are as follows:

	<u>Wtd. Avg Maturity</u>	<u>Credit Rating</u>	<u>Market</u>	<u>Cost</u>
Money market/checking	N/A	AAAm	\$ 1,351,602	1,351,602
Certificates of deposit	.5 Yrs	N/A	240,328	240,328
Total Deposits			<u>\$ 1,591,930</u>	<u>1,591,930</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 of credit risk: 15% in Certificates of Deposit (\$240,328) and 85% in Money Market/Checking funds (\$1,351,602).

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.

Inventories

Inventories consist primarily of materials and supplies for repairs and improvements of existing water lines, meters and all other capital assets. Inventory is valued at cost, principally on a first-in, first-out basis, but not in excess of market.

Accounts Receivable

Billings for accounts receivable at November 30, 2023 were \$134,014. Allowance for doubtful accounts was not computed because the amount would not be material to the financial statements.

Memorandum Totals

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 4

Oologah, Oklahoma

Notes to the Financial Statements

November 30, 2023

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.

Capital Assets

Any items purchased or constructed in excess of \$1,000 and a useful life of over two years is considered a capital (fixed) 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	5-10 years
Equipment & tools	5-10 years
Transportation equipment	5 years
Water system	40 years
Buildings	30 years
Computer equipment	5 years

The capital asset information for the District is shown below:

	11/30/2022			11/30/2023
	Amount	Additions	Deletions	Amount
Land	\$ 20,803	-	-	20,803
Water dist. system	8,616,949	891,361	-	9,508,310
Buildings	206,397	-	-	206,397
Equip. & Autos	592,645	46,989	-	639,634
Total Capital Assets	9,436,794	938,350	-	10,375,144
Less: Accumulated Depreciation	(5,548,193)	(209,928)	-	(5,758,121)
Total	<u>\$ 3,888,601</u>	<u>728,422</u>	<u>-</u>	<u>4,617,023</u>

ROGERS COUNTY RURAL WATER DISTRICT NO. 4

Oologah, Oklahoma

Notes to the Financial Statements

November 30, 2023

Note B – Long-Term Debt

Long-Term Debt consists of two notes:

The District has a promissory note in the amount of \$2,105,000 with the Oklahoma Water Resources Board (OWRB) for continued improvements. The District makes semi-annual payments of principal, interest and administrative fees to the OWRB. The current interest rate on this note is 3.550%. The water system and future water revenues are used as security for this note.

The District has a promissory note in the amount of \$6,580,000 with the Oklahoma Water Resources Board (OWRB) for continued improvements (water treatment plant expansion and S. 4100 Road water line improvements). The District makes semi-annual payments of principal, interest and administrative fees to the OWRB. The current interest rate on this note is variable from 4.234% to 5.200%. The water system and future water revenues are used as security for this note. The District has a reserve account at BancFirst in Claremore, Oklahoma in the amount of \$26,238 for use in retiring the note. The District also has a project account with BancFirst in the amount of \$5,769,344 to hold the loan proceeds while the projects are completed.

	<u>November 30,</u>	
	<u>2023</u>	<u>2022</u>
Oklahoma Water Resources Board note payable, issued for \$2,105,000, at 3.55% interest, due in semi-annual installments, until paid;	\$ 171,197	316,742
Oklahoma Water Resources Board note payable, issued for \$6,580,000, at 5.20% interest, due in semi-annual installments, until paid;	<u>6,580,000</u>	<u>-</u>
Long-Term Debt Outstanding	6,751,197	316,742
Less: Current maturities of long-term debt	<u>(146,192)</u>	<u>(145,546)</u>
Total Long-Term Debt, Net	<u>\$ 6,605,005</u>	<u>(145,546)</u>

ROGERS COUNTY RURAL WATER DISTRICT NO. 4
Oologah, Oklahoma
Notes to the Financial Statements
November 30, 2023

Note B – Long-Term Debt – cont’d

The scheduled maturities for the next five years, and in total, thereafter, are detailed as follows:

Year	Total	ORWB-01	FAP-23
2024	\$ 146,192	146,192	-
2025	95,005	25,005	70,000
2026	115,000	-	115,000
2027	120,000	-	120,000
2028	125,000	-	125,000
2029-33	730,000	-	730,000
2033+	5,420,000	-	5,420,000
Total	<u>\$ 6,751,197</u>	<u>0</u>	<u>\$ 6,580,000</u>

Note C – Pending Litigation

District officials are not aware of any pending or threatened litigation, claims or assessments or un-asserted claims or assessments against the District.

Note D – Sewer and EMS Collections

The District collects payments from its users for sewer services and passes these payments forward to the Oologah Municipal Authority. In the 2023 year, the District collected and paid forward \$290,087 in sewer collections.

The District also collects payments from its users for fire EMS services and passes these payments forward to the Oologah-Talala EMS. For the 2023 year, the District collected and paid forward \$12,611 in EMS collections.

Note E – Subsequent Events

Management has evaluated subsequent events through February 2, 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.

ROGERS COUNTY RURAL DISTRICT NO. 4
Schedule of Water Rates and Customers
-Unaudited Information-
November 30, 2023

Water Rates:

0 – 1,000 gallons	=	\$21.00 minimum bill
1,100 – 3,000 gallons	=	\$3.08 per 1,000 gallons
3,100 – 10,000 gallons	=	\$4.93 per 1,000 gallons
10,100 – 25,000 gallons	=	\$6.16 per 1,000 gallons
Over 25,000 gallons	=	\$7.15 per 1,000 gallons

Water Loss:

	<u>2023</u>	<u>2022</u>
Total gallons pumped	304,396,364	324,846,000
Total gallons sold to customers	<u>(243,587,044)</u>	<u>(253,760,600)</u>
Total water loss	<u>60,809,320</u>	<u>71,085,400</u>
Percentage of water loss	<u>19.98%</u>	<u>21.88%</u>

Customers:

The District had 3,363 customers at the close of the fiscal year.

Current new service fee is \$2,500