

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

Financial Statements and Auditor's Reports

Year Ended November 30, 2024

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, 2024

**BOARD OF DIRECTORS**

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Ken McMains

**Vice-Chairman**

Steve Newcomb

**Secretary/Treasurer**

Dusty Harper

**Members**

Mel Dainty

Mike Jones

**PLANT SUPERVISOR**

Jeremy Cox

**BOOKKEEPER**

Julie Hendrix

**Rogers County Rural Water District No. 4**  
**Oologah, Oklahoma**  
November 30, 2024

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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of November 30, 2024, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Supplementary Information***

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

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

The prior year "memorandum only" comparative information and the supplementary information on page 24 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, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 5, 2025

**RURAL WATER DISTRICT NO. 4, ROGERS COUNTY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**NOVEMBER 30, 2024**

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, 2024. Please read it in conjunction with the District's financial statements that begin on page 14.

**FINANCIAL HIGHLIGHTS:**

- The District's total operating revenues exceeded total operating expenses by \$407,886. Overall, the District's total net position increased by \$742,453 in the current fiscal year. The cash and cash equivalents decreased by \$429,861 in 2024.
- The District earned \$26,842 in interest earnings during 2024, which is \$6,786 more than the prior year. The District also earned approximately \$326,979 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 will be paid off in 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 2024, increasing from \$5,508,025 to \$6,261,596. 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:**

	<b>2024</b>	<b>2023</b>	<b>Variances</b>
Current and other assets	\$ 7,268,174	7,667,260	(399,086)
Capital assets, net	5,640,511	4,617,023	1,023,488
Total Assets	<u>\$ 12,908,685</u>	<u>12,284,283</u>	<u>624,402</u>
Current liabilities	\$ 137,089	171,253	34,164
Long-term liabilities	6,510,000	6,505,005	(4,995)
Total Liabilities	<u>\$ 6,647,089</u>	<u>6,676,258</u>	<u>29,169</u>
Invest. In capital assets, net			
of related debt	\$ (964,494)	(2,134,174)	1,169,680
Restricted	5,392,883	5,795,582	(402,699)
Unrestricted	1,833,207	1,846,617	(13,410)
Total Net Position	<u>\$ 6,261,596</u>	<u>5,508,025</u>	<u>753,571</u>

Net Position of the District increased by 13.68 percent (\$6,261,596 compared to \$5,508,025). 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 \$1,846,617 to \$1,833,207.



**Table 2 – Changes in Net Position:**

	<u>2024</u>	<u>2023</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 1,925,205	1,727,022	198,183
Other revenue	355,885	282,384	73,501
Memberships	112,880	149,806	(36,926)
Interest	353,821	146,099	207,722
Total Revenues	<u>2,747,791</u>	<u>2,305,311</u>	<u>442,480</u>
Expenses:			
Salaries, taxes and benefits	486,884	452,913	(33,971)
Maintenance and repairs	378,729	411,398	32,669
Other expenses	580,265	731,047	150,782
Depreciation & amortization	240,206	216,341	(23,865)
Interest on debt	308,136	112,000	(196,136)
Total Expenses	<u>1,994,220</u>	<u>1,923,699</u>	<u>(70,521)</u>
Changes in Net Position	753,571	381,612	371,959
Net Position, Beginning	<u>5,508,025</u>	<u>5,126,413</u>	<u>381,612</u>
Net Position, Ending	<u>\$ 6,261,596</u>	<u>5,508,025</u>	<u>753,571</u>

The District's total revenues increased by 19.19 percent (\$442,480). The total cost of all services increased by 3.67 percent (\$70,521).

### **Capital Assets**

At November 30, 2024 the District had \$5,640,511 invested in capital assets, net of depreciation, including land, the water system, pump station and vehicles. Additional capital assets of \$1,257,998 were added during the 2024 fiscal year, which included a new generator and system improvements (water plant expansion and the S. 4100 Rd. water line project).

### **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 decreased from \$6,751,197 to \$6,605,005 in 2024.

### **Economic Factors and Next Year's Budget and Rates**

For the upcoming fiscal year ending November 30, 2025, the District's projected budget is fairly consistent with the 2024 fiscal year.

For the fiscal year 2025, 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 water line extensions. 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.



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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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 5, 2025.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Bledsoe, Hewett & Gullekson*

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

February 5, 2025

**ROGERS COUNTY RURAL WATER DISTRICT NO. 4**  
**Disposition of Prior Year's Significant Deficiencies**  
**November 30, 2024**

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, 2024**

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit did not identify any material weaknesses and did not report any significant deficiencies 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, 2024**

	2024	-Memorandum- -Only- 2023
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 1,149,616	\$ 1,187,267
Investments	250,817	240,328
Accounts receivable	163,808	134,014
Inventory on hand	130,021	118,903
Prepaid expenses	18,698	23,139
Total current assets	<u>1,712,960</u>	<u>1,703,651</u>
Restricted Assets:		
OWRB Project trust funds-		
Project account	5,327,811	5,769,344
Debt service account	65,072	26,238
Total restricted assets	<u>5,392,883</u>	<u>5,795,582</u>
Capital Assets:		
Land	20,803	20,803
Water system and improvements	10,766,308	9,508,310
Buildings and improvements	206,397	206,397
Equipment and automobiles	639,634	639,634
Total capital assets	<u>11,633,142</u>	<u>10,375,144</u>
Less: accumulated depreciation	<u>(5,992,631)</u>	<u>(5,758,121)</u>
Total capital assets (net)	<u>5,640,511</u>	<u>4,617,023</u>
Other Assets:		
Loan costs, net of amortization	<u>162,331</u>	<u>168,027</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 12,908,685</u></b>	<b><u>\$ 12,284,283</u></b>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	\$ 27,900	\$ 10,695
Accrued interest	14,184	14,366
Current maturities of long-term debt	95,005	146,192
Total current liabilities	<u>137,089</u>	<u>171,253</u>
Long-Term Debt, less current maturities-		
Notes payable	<u>6,510,000</u>	<u>6,605,005</u>
Total Liabilities	<u>6,647,089</u>	<u>6,776,258</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	(964,494)	(2,134,174)
Restricted for debt service	5,392,883	5,795,582
Unrestricted assets	<u>1,833,207</u>	<u>1,846,617</u>
Total Net Position	<u>6,261,596</u>	<u>5,508,025</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 12,908,685</u></b>	<b><u>\$ 12,284,283</u></b>

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, 2024**

	2024	-Memorandum- -Only- 2023
<b>Operating Revenues:</b>		
Water sales	\$ 1,925,205	\$ 1,727,022
Memberships	112,880	149,806
Other charges for services	55,885	114,044
Total revenues from operations	<u>2,093,970</u>	<u>1,990,872</u>
<b>Operating Expenses:</b>		
Water samples	15,095	19,748
Salaries and wages	486,884	452,913
Chemicals	190,036	220,110
Contracted service	46,596	50,806
Depreciation	234,510	209,928
Amortization	5,696	6,413
Utilities	109,847	126,460
Postage	19,447	17,057
Supplies and materials	96,488	112,671
Office and telephone	26,349	26,245
Insurance	241,224	214,209
Retirement	28,767	27,694
Repairs & maintenance	92,205	78,617
Professional fees	29,377	183,814
Vehicle and travel	22,622	29,288
Dues and fees	22,215	22,327
Miscellaneous	18,726	13,399
Total expenses from operations	<u>1,686,084</u>	<u>1,811,699</u>
Operating Income (Loss)	407,886	179,173
<b>Non-Operating Revenues (Expenses):</b>		
Interest income	26,842	20,056
Gain from debt service fund	326,979	126,043
Donation	0	168,340
ARPA Grant	300,000	0
Interest expense on debt	(308,136)	(112,000)
Total non-operating revenues (expenses)	<u>345,685</u>	<u>202,439</u>
Change in Net Position	753,571	381,612
Total Net Position, beginning of period	<u>5,508,025</u>	<u>5,126,413</u>
<b>Total Net Position, end of period</b>	<u><u>\$ 6,261,596</u></u>	<u><u>\$ 5,508,025</u></u>

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, 2024**

	2024	-Memorandum- -Only- 2023
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 2,358,568	\$ 2,410,942
Payments to employees	(479,711)	(452,913)
Payments to vendors	(1,250,213)	(1,565,757)
Net Cash Provided by Operating Activities	<u>628,644</u>	<u>392,272</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital assets (purchased) sold	(1,257,998)	(938,350)
ARPA Grant	300,000	0
Principal paid on debt	(146,191)	(145,546)
Interest paid on debt	(308,137)	(117,382)
Net Cash Provided by (used in) Capital and Related Financing activities	<u>(1,412,326)</u>	<u>(1,201,278)</u>
<b>Cash Flows from Investing Activities:</b>		
Loan proceeds	0	6,580,000
Interest revenue	353,821	146,099
Net cash provided by (used in) investing activities	<u>353,821</u>	<u>6,726,099</u>
Net Increase (Decrease) in Cash and Equivalents	(429,861)	5,917,093
Cash and cash equivalents, beginning of period	<u>7,223,177</u>	<u>1,306,084</u>
Cash and cash equivalents, end of period	<u><u>\$ 6,793,316</u></u>	<u><u>\$ 7,223,177</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income (loss)	\$ 407,886	\$ 179,173
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization expenses	240,206	216,341
(Increase) decrease in accounts receivable	(29,794)	(4,381)
(Increase) decrease in prepaid expenses	4,441	(2,251)
(Increase) decrease in inventory	(11,118)	(6,000)
Increase (decrease) in accounts payable	17,205	(4,489)
Increase (decrease) in accruals	(182)	13,879
Net Cash Provided by Operating Activities	<u><u>\$ 628,644</u></u>	<u><u>\$ 392,272</u></u>

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, 2024**

### **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 3,294 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, 2024**

#### **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, 2024, the District held deposits of approximately \$1,986,279 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, 2024

#### Note A – Significant Accounting Policies – cont'd

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

	Wtd. Avg Maturity	Credit Rating	Market	Cost
Money market/checking	N/A	AAAm	\$ 1,735,462	1,735,462
Certificates of deposit	.5 Yrs	N/A	250,817	250,817
Total Deposits			<u>\$ 1,986,279</u>	<u>1,986,279</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: 13% in Certificates of Deposit (\$250,817) and 87% in Money Market/Checking funds (\$1,735,462).

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, 2024 were \$163,808. 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, 2024

#### Note A – Significant Accounting Policies – cont'd

##### Risk Management

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

##### 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:

	11/30/2023 Amount	Additions	Deletions	11/30/2024 Amount
Land	\$ 20,803	-	-	20,803
Water dist. system	9,508,310	1,257,998	-	10,766,308
Buildings	206,397	-	-	206,397
Equip. & Autos	639,634	-	-	639,634
Total Capital Assets	10,375,144	1,257,998	-	11,633,142
Less: Accumulated Depreciation	(5,758,121)	(234,510)	-	(5,992,631)
Total	\$ 4,617,023	1,023,488	-	5,640,511

**ROGERS COUNTY RURAL WATER DISTRICT NO. 4**

**Oologah, Oklahoma**

**Notes to the Financial Statements**

**November 30, 2024**

**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 \$65,072 for use in retiring the note. The District also has a project account with BancFirst in the amount of \$5,327,811 to hold the loan proceeds while the projects are completed.

	November 30,	
	2024	2023
Oklahoma Water Resources Board note payable, issued for \$2,105,000, at 3.55% interest, due in semi-annual installments, until paid;	\$ 25,005	171,197
Oklahoma Water Resources Board note payable, issued for \$6,580,000, at 5.20% interest, due in semi-annual installments, until paid;	6,580,000	6,580,000
Long-Term Debt Outstanding	6,605,005	6,751,197
Less: Current maturities of long-term debt	(95,005)	(146,192)
Total Long-Term Debt, Net	\$ 6,510,000	6,605,005

**ROGERS COUNTY RURAL WATER DISTRICT NO. 4**  
**Oologah, Oklahoma**  
Notes to the Financial Statements  
November 30, 2024

**Note B – Long-Term Debt – cont'd**

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

<u>Year</u>	<u>Total</u>	<u>ORWB-01</u>	<u>FAP-23</u>
2025	\$ 95,005	25,005	70,000
2026	115,000	-	115,000
2027	120,000	-	120,000
2028	125,000	-	125,000
2029	130,000	-	130,000
2030-34	770,000	-	770,000
2035+	5,250,000	-	5,250,000
Total	<u>\$ 6,605,005</u>	<u>0</u>	<u>\$ 6,580,000</u>

**Note C – Employee Retirement Plan**

The District has adopted a simplified employee pension (SEP) plan. The District contributes 8% of the employee gross pay of each qualifying employee. For the 2023-24 fiscal year, the District made payments to Merrill Lynch of \$28,767 for employee/employer contributions.

**Note D – 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 E – 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 2024 year, the District collected and paid forward \$281,844 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 2024 year, the District collected and paid forward \$12,548 in EMS collections.

**ROGERS COUNTY RURAL WATER DISTRICT NO. 4**  
**Oologah, Oklahoma**  
Notes to the Financial Statements  
November 30, 2024

**Note F – Subsequent Events**

Management has evaluated subsequent events through February 5, 2025, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.



**ROGERS COUNTY RURAL DISTRICT NO. 4**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**November 30, 2024**

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>2024</u>	<u>2023</u>
Total gallons pumped	309,918,000	304,396,364
Total gallons sold to customers	<u>(230,645,000)</u>	<u>(243,587,044)</u>
Total water loss	<u>79,273,000</u>	<u>60,803,320</u>
Percentage of water loss	<u>25.58%</u>	<u>19.98%</u>

Customers:

The District had 3,394 customers at the close of the fiscal year.

Current new service fee is \$2,500