

**Rogers County Rural Water District No. 7
Claremore, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended October 31, 2023

Audited by

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

BROKEN ARROW, OK

Rogers County Rural Water District No. 7
Claremore, Oklahoma
Board of Directors
October 31, 2023

BOARD OF DIRECTORS

Chairman

Bob Anderson

Vice-Chairman

Michael Stephens

Secretary/Treasurer

Kevin Frederick

Members

Tim Cutsinger
Guy McNitt
Janet Donnelly
Jimmy Martin
Scott Demoure
Kevin Ainsworth

DISTRICT MANAGER

Charlie Tipton

BOOKKEEPER

DeAnna Moody

Rogers County Rural Water District No. 7
Claremore, Oklahoma
October 31, 2023

TABLE OF CONTENTS

	<u>Page No.</u>
Board of Directors	1
Table of Contents	2
Independent Auditor’s Report	3
Management’s Discussion and Analysis	6
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 <i>Government Auditing Standards</i>	10
Disposition of Prior Year’s Significant Deficiencies and Material Instances of Noncompliance	12
Schedule of Audit Results, Findings and Questioned Costs	13
 <u>COMBINED FINANCIAL STATEMENTS:</u>	
Statement of Net Position – Modified Cash Basis	14
Statement of Revenues, Expenses and Changes in Net Position – Modified Cash Basis	15
Statement of Cash Flows – Modified Cash Basis	16
Notes to Financial Statements	17
 <u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Schedule of Water Rates and Customer Information	23



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rogers County Rural Water District No. 7
Claremore, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying modified cash basis financial statements of the business-type activities of the Rogers County Rural Water District No. 7 (the District), Claremore, Oklahoma, as of and for the year ended October 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.

As discussed in Note A, the District prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the District as of October 31, 2023, and the respective changes in modified cash basis financial position and its cash flows for the year then ended, in accordance with the modified cash basis of accounting described in Note A.

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 the modified cash basis of accounting described in note A, 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 December 22, 2023, 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

December 22, 2023

ROGERS COUNTY RURAL WATER DISTRICT NO. 7

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2023

Our discussion and analysis of Rogers County Rural Water District No. 7's financial performance provides an overview of the District's financial activities for the fiscal year ended October 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 revenues exceeded total operating expenses by \$276,443. Overall, the District's total net position increased by \$257,196 in the 2022-23 fiscal year. Cash and cash equivalents increased by \$250,177 during the fiscal year.
- The District continued to pay on their existing debt, which includes an ORWB note and Revenue Bonds, Series 2020.
- The District approved a water rate increase during the fiscal year to keep up with increasing expenditures.
- The District purchased property during the 2022-23 fiscal year for a total of \$146,472.

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 modified cash basis of accounting is followed for all accounts. Revenues are recorded when received and expenditures are recognized when paid. This basis of accounting is not 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. This being stated, you will need to consider other nonfinancial factors, 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 for the year ending October 31, 2023, increasing from \$2,806,488 to \$3,060,363. 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	\$ 2,359,980	2,122,386	237,594
Capital assets, net	3,605,746	3,665,782	(60,036)
Total Assets	<u>\$ 5,965,726</u>	<u>5,788,168</u>	<u>177,558</u>
Current liabilities	\$ 76,889	79,638	2,749
Long-term liabilities	2,825,153	2,902,042	76,889
Total Liabilities	<u>\$ 2,902,042</u>	<u>2,981,680</u>	<u>79,638</u>
Invest. In capital assets, net of related debt	\$ 703,704	687,825	15,879
Restricted	726,223	687,639	38,584
Unrestricted	1,633,757	1,431,024	202,733
Total Net Position	<u>\$ 3,063,684</u>	<u>2,806,488</u>	<u>257,196</u>

Net Position of the District increased by 9.16 percent (\$2,806,488 compared to \$3,063,684). 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 \$1,431,024 to \$1,633,757.

Table 2 – Changes in Net Position:

	<u>2023</u>	<u>2022</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 1,833,019	1,683,246	149,773
Memberships	28,600	28,588	12
Other income	9,804	7,635	2,169
Interest	55,599	4,753	50,846
Total Revenues	<u>1,927,022</u>	<u>1,724,222</u>	<u>202,800</u>
Expenses:			
Water purchases	792,892	629,144	(163,748)
Salaries, taxes and benefits	204,145	230,079	25,934
Maintenance and repairs	116,497	74,972	(41,525)
Other expenses	274,939	260,739	(14,200)
Depreciation	206,507	206,031	(476)
Interest on debt	74,846	79,000	4,154
Total Expenses	<u>1,669,826</u>	<u>1,479,965</u>	<u>(189,861)</u>
Changes in Net Position	257,196	244,257	12,939
Net Position, Beginning	<u>2,806,488</u>	<u>2,562,231</u>	<u>244,257</u>
Net Position, Ending	<u>\$ 3,063,684</u>	<u>2,806,488</u>	<u>257,196</u>

The District’s total revenues increased by 11.76 percent (\$202,800). The total cost of all services increased by 12.83 percent (\$189,861).

Capital Assets

At October 31, 2023, the District had \$3,605,747 invested in capital assets, net of depreciation, including land, the water system, office, buildings and equipment. Additional capital assets of \$146,472 were added during the 2022-23 fiscal year, which included real estate property.

Long-Term Debt

The District had one note with the Oklahoma Water Resources Board, a \$741,711 loan received in 2009. The total outstanding loan balance decreased from \$200,953 to \$170,038 during the 2022-23 fiscal year.

The District also has outstanding revenue bonds, Series 2020, with UMB bank totaling \$2,785,000 as of October 31, 2023. The total outstanding bonds payable amount decreased from \$2,830,000 to \$2,785,000 during the 2022-23 fiscal year.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending October 31, 2024, the District's projected budget is fairly consistent with the 2022-23 fiscal year.

For the fiscal year 2023-24, 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.

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 20352 S 4230 Rd, Claremore, OK, 74019, or call (918)-740-5423.



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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. 7
Claremore, 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. 7 (the District), Claremore, Oklahoma, as of and for the year ended October 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 December 22, 2023. Our report on the financial statements disclosed that, as described in Note A to the financial statements, the District prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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 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

December 22, 2023

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Disposition of Prior Year's Significant Deficiencies and
Material Instances of Noncompliance
October 31, 2023

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Schedule of Audit Results, Findings and Questioned Costs
October 31, 2023

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the modified cash basis 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. 7
Statement of Net Position - Modified Cash Basis
October 31, 2023

	2023	-Memorandum- -Only- 2022
<u>ASSETS</u>		
Current assets:		
Cash	\$ 1,544,123	\$ 1,333,285
Investments	78,790	78,035
Inventory	10,844	10,844
Prepaid expenses	0	12,583
Total current assets	1,633,757	1,434,747
Capital assets:		
Land	407,792	407,792
Water system and improvements	7,135,959	7,135,959
Office, Building & Equipment	606,671	460,200
Total capital assets	8,150,422	8,003,951
Less: accumulated depreciation	(4,544,676)	(4,338,169)
Total capital assets (net)	3,605,746	3,665,782
Restricted assets:		
2020 UMB bond accounts	719,981	684,719
2009 OWRB debt service account	6,242	2,920
Total restricted assets	726,223	687,639
TOTAL ASSETS	\$ 5,965,726	\$ 5,788,168
 <u>LIABILITIES</u>		
Current liabilities:		
Payroll taxes payable	\$ 0	\$ 3,723
Current maturities of long-term debt	76,889	75,915
Total current liabilities	76,889	79,638
Long-term debt, less current maturities-		
Notes payable	138,149	170,038
Bonds payable	2,740,000	2,785,000
Discount on bonds payable	(52,996)	(52,996)
Total long-term debt	2,825,153	2,902,042
Total Liabilities	2,902,042	2,981,680
 <u>NET POSITION</u>		
Net investment in capital assets	703,704	687,825
Restricted for debt service	726,223	687,639
Unrestricted assets	1,633,757	1,431,024
Total Net Position	3,063,684	2,806,488
TOTAL LIABILITIES AND NET POSITION	\$ 5,965,726	\$ 5,788,168

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Statement of Revenues, Expenses and Changes in Net Position
- Modified Cash Basis -
For The Year Ended October 31, 2023

	2023	-Memorandum- -Only- 2022
Operating Revenues:		
Water sales & fees	\$ 1,813,236	\$ 1,663,610
Memberships	28,600	28,588
Equipment & labor income	19,783	19,636
Other income	9,804	7,635
Total revenues from operations	1,871,423	1,719,469
Operating Expenses:		
Water purchases	792,892	629,144
Water samples	5,970	5,750
Salaries and wages	204,145	230,079
Depreciation	206,507	206,031
Utilities and telephone	61,835	56,202
Retirement expense	7,787	7,943
Supplies and materials	68,670	67,916
Office expense	43,602	39,250
Insurance	39,404	28,291
Repairs & maintenance	116,497	74,972
Bank fees	100	70
Contract labor	5,975	0
Professional fees	4,670	3,750
Engineering fees	14,755	15,265
Vehicle and travel	7,897	20,371
Dues and fees	2,000	1,091
Miscellaneous	12,274	14,840
Total expenses from operations	1,594,980	1,400,965
Operating Income (Loss)	276,443	318,504
Nonoperating Revenues (Expenses):		
Interest income	55,599	4,753
Interest expense on debt	(74,846)	(79,000)
Total nonoperating revenues (expenses)	(19,247)	(74,247)
Change in Net Position	257,196	244,257
Total Net Position, beginning of period	2,806,488	2,562,231
Total Net Position, end of period	\$ 3,063,684	\$ 2,806,488

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Statement of Cash Flows
- Modified Cash Basis -
For Year Ended October 31, 2023

	2023	-Memorandum- -Only- 2022
Cash Flows from Operating Activities:		
Receipts from customers	\$ 1,841,836	\$ 1,692,030
Receipts from other revenues	29,587	27,271
Payments to vendors	(1,379,613)	(1,193,643)
Net Cash Provided by Operating Activities	491,810	525,658
 Cash Flows from Capital and Related Financing Activities:		
Capital assets (purchased) sold	(146,472)	(40,193)
Principal paid on debt	(75,914)	(74,957)
Interest paid on debt	(74,846)	(79,000)
Net Cash Provided by (used in) Capital and Related Financing Activities	(297,232)	(194,150)
 Cash Flows from Investing Activities:		
Interest revenue	55,599	4,753
 Net Increase (Decrease) in Cash and Equivalents	250,177	336,261
 Cash and cash equivalents, beginning of period	2,098,959	1,762,698
 Cash and cash equivalents, end of period	\$ 2,349,136	\$ 2,098,959
 Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ 276,443	\$ 318,503
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	206,507	207,923
(Increase) decrease in prepaid expenses	12,583	(404)
(Increase) decrease in inventory	0	237
Increase (decrease) in accounts payable	(3,723)	(601)
Net Cash Provided by Operating Activities	\$ 491,810	\$ 525,658

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 2023

Note A – Significant Accounting Policies

Nature of Organization

The Rogers County Rural Water District No. 7 (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. Membership consists of approximately 1,685 members as of October 31, 2023. The Board of Directors consists of 9 members, listed on page 1.

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 modified cash basis of accounting. Revenues are recorded when received and expenditures are recognized when paid. This basis of accounting is not in accordance with generally accepted accounting principles.

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. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 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 October 31, 2023, the District held deposits of approximately \$2,340,107 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. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 2023

Note A – Significant Accounting Policies – cont’d

The cash and investments held at October 31, 2023 are as follows:

	October 31,	
	2023	2022
Cash on hand	\$ 450	1,346
RCB Bank, Claremore, OK		
O&M Account	33,711	20,600
Revenue Account	1,282,254	1,083,306
CD	78,790	78,035
BancFirst, Claremore, OK		
Savings Account	232,611	230,228
UMB Bond Accounts (<i>see page 22</i>)	726,223	687,638
Total	\$ 2,354,039	2,101,153

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.

Memorandum Totals

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

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.

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 2023

Note A – Significant Accounting Policies – cont'd

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:

	10/31/2022 Amount	Additions	Deletions	10/31/2023 Amount
Land	\$ 407,792	-	-	407,792
Office, Building & Equip.	460,200	146,472	-	606,672
Water System	7,135,959	-	-	7,135,959
Total Capital Assets	8,003,951	146,472	-	8,150,423
Less: Accumulated Depreciation	(4,338,169)	(206,507)	-	(4,544,676)
Total	\$ 3,665,782	(60,035)	-	3,605,747

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 2023

Note B – Long-Term Debt

Outstanding long-term debt consists of one note and one bond:

The District has a promissory note in the amount of \$741,711 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 3.13%. The water system and future water revenues are used as security for this note.

	October 31,	
	2023	2022
Oklahoma Water Resources Board note payable, issued for \$741,711, at 3.13% interest, due in semi-annual installments until paid;	\$ 170,038	200,953
Less: Current maturities of long-term debt	(31,889)	(30,915)
Total Notes Payable, Net	\$ 138,149	170,038

The District has also issued revenue bonds, Series 2020, totaling \$2,875,000. These bonds were used to refinance the District’s Series 2006 revenue bonds, in addition to funding a debt service reserve fund, paying costs of the bond issuance and financing capital improvements to the water system. All funds associated with the bond issue are held at UMB Bank.

	October 31,	
	2023	2022
Revenue Bonds, Series 2020, totaling \$2,875,000 due in varying principal and interest installments, final payment due 11/1/50	\$ 2,785,000	2,830,000
Less: Current maturities of long-term debt	(45,000)	(45,000)
Total Bonds Payable, Net	\$ 2,740,000	2,785,000

ROGERS COUNTY RURAL WATER DISTRICT NO. 7
Claremore, Oklahoma
Notes to the Financial Statements
October 31, 2023

Note B – Long-Term Debt – cont’d

The accounts held with UMB Bank regarding the bond issue and the OWRB debt service account are shown as follows:

	October 31,	
	2023	2022
2020 Bond Project Fund	\$ 547,931	526,880
2020 Debt Service Reserve Fund	80,732	77,630
2020 Debt Service Fund	10,161	0
2020 Debt Service Principal Reserve Fund	45,761	46,149
2020 Debt Service Interest Reserve Fund	35,396	34,059
2009 OWRB Debt Service Fund	6,242	2,920
Total Long-Term Debt, Net	\$ 726,223	687,638

The scheduled maturities for the next four years and in five year increments thereafter are detailed as follows:

Year	ORWB	2020 Bonds
2024	\$ 31,889	\$ 45,000
2025	32,924	45,000
2026	33,978	45,000
2027	35,064	50,000
2028-32	36,183	365,000
2033-37	0	485,000
2038-42	0	550,000
2043+	0	1,200,000
Total	\$ 170,038	\$ 2,785,000

Note C – Pending Litigation

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

Note D – Subsequent Events

Management has evaluated subsequent events through December 22, 2023 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. 7
Schedule of Water Rates and Customers
-Unaudited Information-
October 31, 2023

Water Rates:

\$20.00 monthly membership fee
\$7.08 per 1000 gallons used

Water Loss:

	<u>2022-23</u>
Total gallons purchased	359,842,000
Total gallons sold to customers	<u>(307,329,495)</u>
Total water loss	<u>52,512,505</u>
Percentage of water loss	<u>14.59%</u>

Source – water sold vs. purchased report

Customers:

The District had 1,685 customers at the close of the fiscal year.

Membership fees are \$1,300.