

**Rogers County Rural Water District No. 5
Claremore, Oklahoma**

Financial Statements and Auditor's Reports

Fiscal Year Ended May 31, 2022

Audited by

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

BROKEN ARROW, OK

Rogers County Rural Water District No. 5
Claremore, Oklahoma
Board of Directors
May 31, 2022

BOARD OF DIRECTORS

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Martin B. Howard

Vice-Chairman

Robert D. Cox

Secretary/Treasurer

Jerry Reynolds

Assistant Secretary/Treasurer

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Members

Holden Marrs

MANAGER

Steve Dunavant

BOOKKEEPER

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Rogers County Rural Water District No. 5
Claremore, Oklahoma
May 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Rogers County Rural Water District No. 5
Claremore, Oklahoma

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Rogers County Rural Water District No. 5 (the District), Claremore, Oklahoma, as of and for the year ended May 31, 2022 and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of May 31, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 - 8 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 subject 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 June 23, 2022 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 to describe the scope of our testing of internal control over financial reporting or on compliance and the results of that testing and not to provide an opinion on 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

June 23, 2022

RURAL WATER DISTRICT NO. 5, ROGERS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

MAY 31, 2022

Our discussion and analysis of the Rural Water District No. 5, Rogers County's financial performance provides an overview of the District's financial activities for the fiscal year ended May 31, 2022. Please read it in conjunction with the District's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$1,259,057. Overall, the District's cash and cash equivalents increased by \$167,194 in the current fiscal year.
- The District earned a total of \$2,653 in interest in 2021-22 on bank accounts and certificates of deposit.
- Membership numbers increased in 2021-22, with total users reaching around 5,240 at year-end.
- The District continued paying on their three outstanding notes.
- A rate increase, effective 7-1-19, was approved to keep up with the rising costs of water, chemicals, materials and supplies.

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 assets 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 assets 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 2021-22, increasing from \$13,249,404 to \$14,823,466. 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>2021-22</u>	<u>2020-21</u>	<u>Variances</u>
Current and other assets	\$ 5,675,120	5,531,303	143,817
Capital assets, net	<u>11,089,721</u>	<u>10,105,101</u>	<u>984,620</u>
Total Assets	<u>\$ 16,764,841</u>	<u>15,636,404</u>	<u>1,128,437</u>
Current liabilities	\$ 520,411	495,245	(25,166)
Long-term liabilities	<u>1,420,964</u>	<u>1,891,755</u>	<u>470,791</u>
Total Liabilities	<u>\$ 1,941,375</u>	<u>2,387,000</u>	<u>445,625</u>
Invest. In capital assets, net of related debt	\$ 9,197,966	7,749,529	1,448,437
Restricted	42,610	42,366	244
Unrestricted	<u>5,582,890</u>	<u>5,457,509</u>	<u>125,381</u>
Total Net Position	<u>\$ 14,823,466</u>	<u>13,249,404</u>	<u>1,574,062</u>

Net Position of the District increased by 11.88 percent (\$14,823,466 compared to \$13,249,404). 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 \$5,457,509 to \$5,582,890.

Table 2 – Changes in Net Position:

	<u>2021-22</u>	<u>2020-21</u>	<u>Variances</u>
Revenues:			
Charges for services	\$ 2,673,708	2,724,166	(50,458)
Other revenue	87,234	124,415	(37,181)
Reimbursements	726,050	143,382	582,668
Memberships	69,880	205,200	(135,320)
Sale of equipment	-	10,900	(10,900)
Interest	2,653	5,182	(2,529)
Total Revenues	<u>\$ 3,559,525</u>	<u>3,213,245</u>	<u>346,280</u>
Expenses:			
Salaries, taxes and benefits	\$ 368,898	367,386	(1,512)
Maintenance and repairs	584,484	597,332	12,848
Other expenses	548,503	496,580	(51,923)
Depreciation	467,800	436,454	(31,346)
Interest on debt	15,778	55,250	39,472
Total Expenses	<u>\$ 1,985,463</u>	<u>1,953,002</u>	<u>(32,461)</u>
Changes in Net Position	1,574,062	1,260,243	313,819
Net Position, Beginning	<u>13,249,404</u>	<u>11,989,161</u>	<u>1,260,243</u>
Net Position, Ending	<u>\$ 14,823,466</u>	<u>13,249,404</u>	<u>1,574,062</u>

The District's total revenues increased by 10.78 percent (\$346,280). The total cost of all services increased by 1.66 percent (\$32,461).

Capital Assets

At May 31, 2022, the District had \$11,089,720 invested in capital assets, net of depreciation, including land, buildings, the water system, vehicles and equipment. The District made some water system improvements and replacements in 2021-22, which includes a three phase Highway 20 relocation project. The District also purchase three new trucks. The District's total capital assets increased by \$1,450,099 in 2021-22.

Long-Term Debt

The District is indebted to Oklahoma Water Resources Board on one note obtained for extensive water system extensions, a note from CoBank, and a note from RCB Bank, both obtained to refinance and pay off existing debt. The outstanding principal balance owed on the notes decreased from \$2,355,572 to \$1,891,755 during the 2021-22 fiscal year.

Economic Factors and Next Year's Budget and Rates

DEQ/EPA has new regulations for all Rural Water Districts. There will be continuing substantial costs associated with these test requirements, along with increasing chemical costs.

The District's operating budget for fiscal year 2022-23 will remain much like previous years budgets.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District Office at P.O. Box 1980, Claremore, OK 74018 or call (918) 266-4634.



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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. 5
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 accompanying financial statements of the Rogers County Rural Water District No. 5 (the District), Claremore, Oklahoma, as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2022.

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

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant

deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in the internal controls that we consider to be material weaknesses.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

June 23, 2022

ROGERS COUNTY RURAL WATER DISTRICT NO. 5
DISPOSITION OF PRIOR YEAR'S SIGNIFICANT DEFICIENCIES
MAY 31, 2022

There were no prior year significant deficiencies.

ROGERS COUNTY RURAL WATER DISTRICT NO. 5
SCHEDULE OF AUDIT RESULTS
MAY 31, 2022

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 were material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with Generally Accepted Government Auditing Standards:

None

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Statement of Net Position

May 31, 2022

	MAY 31,	
	2022	(memo only) 2021
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 4,141,047	3,975,379
Investments	1,268,118	1,266,836
Current portion of receivables	214,214	233,351
Prepaid assets	2,882	4,801
Total current assets	5,626,261	5,480,367
Noncurrent Assets:		
Restricted cash-		
Debt service - CoBank	6,552	6,552
Debt service - BancFirst	36,058	35,814
Capital Assets-		
Land	170,611	170,611
Plant and water systems, net	10,767,748	9,895,158
Office equipment, net	3,473	7,777
Automobiles and equipment, net	147,889	31,555
Total noncurrent assets	11,132,331	10,147,467
Other Assets:		
Loan costs, net of amortization	6,049	8,370
Utility deposits	200	200
Total other assets	6,249	8,570
Total Assets	\$ 16,764,841	15,636,404
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 46,869	28,061
Accrued liabilities	2,751	3,367
Current portion of long-term debt	470,791	463,817
Total current liabilities	520,411	495,245
Noncurrent Liabilities:		
Long-term debt	1,420,964	1,891,755
Total Liabilities	1,941,375	2,387,000
NET POSITION:		
Net investment in capital assets	9,197,966	7,749,529
Restricted for debt service	42,610	42,366
Unrestricted assets	5,582,890	5,457,509
Total Net Position	14,823,466	13,249,404
Total Liabilities and Net Position	\$ 16,764,841	15,636,404

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 5
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended May 31, 2022

	<u>2021-22</u>	<u>(memo only) 2020-21</u>
Revenue from Operations:		
Water sales	\$ 2,673,708	2,724,166
Taps and reconnects	27,220	62,150
Other income	60,014	62,265
Total revenue from operations	<u>2,760,942</u>	<u>2,848,581</u>
Expenses from Operations:		
Salaries and taxes	368,898	367,386
Plant supplies/ Chemicals	411,635	397,247
Utilities	152,834	130,670
Contract Labor	105,601	94,313
Repairs and maintenance	172,849	200,085
Water purchases	5,959	5,757
Office	3,278	2,476
Vehicle expense	21,926	11,202
Insurance	147,486	149,685
Professional fees	4,000	5,260
Equipment lease	13,798	14,671
Permits and licenses	8,995	8,315
Dues and subscriptions	3,656	6,072
Director fees	2,320	2,400
Bank and trustee fees	10,271	11,772
Refunds	4,018	1,101
Miscellaneous	64,361	52,886
Total expenses from operations	<u>1,501,885</u>	<u>1,461,298</u>
Operating Income (Loss)	1,259,057	1,387,283
Non-operating revenues (expenses):		
Interest earnings	2,653	5,182
Reimbursements for impact fees	0	31,500
Reimbursements from ODOT	726,050	111,882
Sale of equipment	0	10,900
Benefit units	69,880	205,200
Interest paid on long-term debt	(15,778)	(55,250)
Depreciation expense	(465,479)	(434,133)
Amortization expense	(2,321)	(2,321)
Total non-operating revenues (expenses)	<u>315,005</u>	<u>(127,040)</u>
Change in Net Position	1,574,062	1,260,243
Total Net Position, beginning of period	<u>13,249,404</u>	<u>11,989,161</u>
Total Net Position, end of period	<u><u>\$ 14,823,466</u></u>	<u><u>13,249,404</u></u>

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Statement of Cash Flows For the Year Ended May 31, 2022

	2021-22	(memo only) 2020-21
Cash Flows from Operating Activities:		
Receipts from customers	\$ 2,789,841	2,810,381
Payments to employees	(366,508)	(365,788)
Payments to vendors	(1,138,116)	(1,147,633)
Net Cash Provided by Operating Activities	1,285,217	1,296,960
Cash Flows from Capital and Related Financing Activities:		
Sale (purchase) of capital assets	(1,437,012)	(115,811)
Benefit units	69,880	205,200
Reimbursements for impact fees	0	31,500
Reimbursements from ODOT	726,050	111,882
Principal paid on long-term debt	(463,816)	(423,771)
Interest paid on long-term debt	(15,778)	(55,739)
Net Cash Provided by (used in) Capital and Related Financing Activities	(1,120,676)	(246,739)
Cash Flows from Investing Activities:		
Net restricted cash activity	243	(218)
Interest earned on investments	2,410	5,182
Net Cash Provided by (used in) Investing Activities	2,653	4,964
Net Increase (Decrease) in Cash	167,194	1,055,185
Cash and cash equivalents, beginning of period	5,284,581	4,229,396
Cash and cash equivalents, end of period	\$ 5,451,775	5,284,581
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (Loss)	\$ 1,259,057	1,387,283
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	28,899	(38,199)
(Increase) decrease in prepaid insurance	1,919	(1,548)
Increase (decrease) in accounts payable	(4,043)	(50,020)
Increase (decrease) in accruals	(615)	(556)
Net cash provided by operating activities	\$ 1,285,217	1,296,960

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

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note A – Significant Accounting Policies

Rogers County Rural Water District No. 5 (the “District”) was created under the provisions of Title 82, Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, for the purpose of providing water to the members of the District it serves. Membership in the water district consists of water users who have paid the required membership and connection fees. The District is exempt from federal and state income taxes.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and accrued liabilities are recognized when incurred. This basis of accounting is in accordance with generally accepted accounting principles.

Cash and equivalents

The District’s cash accounts at May 31, 2022, are detailed as follows:

Cash on hand	\$ 100
BancFirst, Claremore, Ok- Revenue account	2,025,965
Development account	1,850,089
Payroll account	268,146
Petty Cash account	1,361
Plus: Deposits in transit	2,375
Less: Outstanding checks	<u>(6,989)</u>
Total Cash	<u>\$ 4,141,047</u>
OWRB Debt Service: BancFirst- Trustee account	<u>\$ 36,058</u>
CoBank Debt Service: BancFirst- Reserve account	<u>\$ 6,552</u>

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments are detailed as follows:

BancFirst, Claremore, Ok-		
Certificate of deposit, matures 10/4/22	\$	274,695
Certificate of deposit, matures 11/10/22		220,797
RCB Bank, Claremore, OK-		
Certificate of deposit, matures 6/16/24		259,578
Certificate of deposit, matures 6/16/24		259,578
Certificate of deposit, matures 2/18/23		<u>253,470</u>
Total Investments	\$	<u>1,268,118</u>

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.

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 May 31, 2022, the District held deposits of approximately \$5,517,931 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.

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note A – Significant Accounting Policies – cont’d

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).

The amounts held at May 31, 2022 are as follows:

	Wtd. Avg Maturity	Credit Rating	Market	Cost
Money market/checking	N/A	AAAm	\$ 4,141,047	4,141,047
Trust accounts	N/A	AAAm	42,610	42,610
Certificates of deposit	4.0 Yrs	N/A	<u>1,268,118</u>	<u>1,268,118</u>
Total Deposits			<u><u>5,451,775</u></u>	<u><u>5,451,775</u></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: 23% in Certificates of Deposit (\$1,268,118), .8% in Trust Accounts (\$42,610) and 76% in Money Market funds (\$4,141,047).

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note A – Significant Accounting Policies – cont'd

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

Memorandum Totals

Prior year "memorandum only" financial statement information is shown for comparative purposes only.

Accounts Receivable

Billings for accounts receivable at May 31, 2022 were \$214,214. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

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.

Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents excluding restricted assets.

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note A – Significant Accounting Policies – cont'd

Capital Assets

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 years
Equipment & tools	5 years
Transportation equipment	5 years
Water & sewer system	40 years
Buildings	25 years
Computer equipment	3 years

The capital asset information for the District is shown below:

	<u>5/31/2021</u>			<u>5/31/2022</u>
	<u>Amount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u>
Plant and water sys.	\$ 18,388,249	1,309,799	-	19,698,048
Land	170,611	-	-	170,611
Vehicles and equip.	639,835	139,936	-	779,771
Furniture	<u>170,780</u>	<u>364</u>	<u>-</u>	<u>171,144</u>
Total Capital Assets	19,369,475	1,450,099	-	20,819,574
Less: Accumulated Depreciation	<u>(9,264,375)</u>	<u>(465,479)</u>	<u>-</u>	<u>(9,729,854)</u>
Total	<u>\$ 10,105,100</u>	<u>984,620</u>	<u>-</u>	<u>11,089,720</u>

Note B – Long-Term Debt

Long-Term Debt consists of three notes with the Oklahoma Water Resources Board (OWRB), Co-Bank and RCB Bank.

ROGERS COUNTY RURAL WATER DISTRICT NO. 5

Claremore, Oklahoma

Notes to the Financial Statements

May 31, 2022

Note B – Notes Payable – cont'd

The District has a promissory note in the amount of \$4,700,000 with the Oklahoma Water Resources Board (OWRB), dated 2007, for a period of 20 years. The current interest rate on this note is 3.69%. The water system and future water revenues are used as security for this note.

The District has a promissory note in the amount of \$205,000 with CoBank, ACB, dated March 29, 2016, for a period of 30 years. The current interest rate on this note is 5.00%. The proceeds were used to refinance the existing Rural Development loan, which was paid in full on March 31, 2016. This note with CoBank is federally guaranteed by the USDA for up to 90% of the loan amount. The water system and future water revenues are used as security for this note.

The District has a promissory note in the amount of \$925,000 with RCB Bank dated March 29, 2016, for a period of 7 years. The current interest rate on this note is 2.14%. The proceeds were used to refinance and pay off existing notes. The water system and future water revenues are used as security for this note.

The District has a debt service account of \$36,058 on deposit with BancFirst in a trustee account for use in retiring the RCB note. For the CoBank note, the District has a reserve account at BancFirst in Claremore, Oklahoma in the amount of \$6,552.

	May 31,	
	2022	2021
CoBank Promissory Note 2016, issued for \$205,000, dated 3-29-16, at 5.00% interest, due in monthly installments, until paid;	\$ 183,929	187,813
RCB Bank Promissory Note 2016, issued for \$925,000, dated 3-29-16, at 2.14% interest, due in semi-annual installments, until paid;	141,000	278,000
Oklahoma Water Resources Board note payable, issued for \$4,700,000, dated 9-27-07, at 3.69% interest, due in quarterly installments, until paid;	1,566,826	1,889,759
Less: Current maturities of long-term debt	<u>(470,791)</u>	<u>(463,817)</u>
Total Long-Term Debt	<u>\$ 1,420,964</u>	<u>1,891,755</u>

ROGERS COUNTY RURAL WATER DISTRICT NO. 5
Claremore, Oklahoma
Notes to the Financial Statements
May 31, 2022

Note B – Notes Payable – cont'd

The principal loan maturities for the next five year, and after, are as follows:

2022-23	\$ 470,791
2023-24	331,316
2024-25	332,995
2025-26	590,352
2026-27	5,000
2027-32	29,123
2032-37	37,536
2037+	<u>94,642</u>
Total	<u>\$ 1,891,755</u>

Note C – Subsequent Events

Subsequent Events

Management has evaluated subsequent events through June 23, 2022, 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 WATER DISTRICT NO. 5
Schedule of Water Rates and Customers
-Unaudited Information-
May 31, 2022

<u>Water Loss</u>	<u>2021-22</u>	<u>2020-21</u>
Total gallons purchased and produced	486,806,000	488,623,000
Total gallons sold to District customers	<u>(359,969,000)</u>	<u>(364,471,000)</u>
Total water loss	<u>126,837,000</u>	<u>124,152,000</u>
Percentage of water loss	<u>26.05%</u>	<u>25.41%</u>

Note – These figures do not include water that is being held in towers

Customers

The District had 5,240 customers at the close of the fiscal year.

Current membership/tap fee is \$1,200 and \$300 for a new install. Transfer fees for existing meters is \$20.

Water Rates (in effect for the 2021-22 fiscal year):

		<u>Meter Sizes and Rate Codes</u>							
		<u>Rate</u>	<u>5/8" - 2</u>	<u>10% Late</u>	<u>1" - 4</u>	<u>1.5" - 6</u>	<u>2" - 8</u>	<u>3" - 10</u>	<u>4" - 12</u>
Gallons Used (000's)	Minimum		\$ 18.00	\$ 19.80	\$ 34.00	\$ 62.00	\$ 80.00	\$ 160.00	\$ 320.00
	1	\$ 3.50	\$ 21.50	\$ 23.65	\$ 37.50	\$ 65.50	\$ 83.50	\$ 163.50	\$ 323.50
	2	\$ 3.50	\$ 25.00	\$ 27.50	\$ 41.00	\$ 69.00	\$ 87.00	\$ 167.00	\$ 327.00
	3	\$ 4.00	\$ 29.00	\$ 31.90	\$ 45.00	\$ 73.00	\$ 91.00	\$ 171.00	\$ 331.00
	4	\$ 4.00	\$ 33.00	\$ 36.30	\$ 49.00	\$ 77.00	\$ 95.00	\$ 175.00	\$ 335.00
	5	\$ 4.00	\$ 37.00	\$ 40.70	\$ 53.00	\$ 81.00	\$ 99.00	\$ 179.00	\$ 339.00
	6	\$ 4.50	\$ 41.50	\$ 45.65	\$ 57.50	\$ 85.50	\$ 103.50	\$ 183.50	\$ 343.50
	7	\$ 4.50	\$ 46.00	\$ 50.60	\$ 62.00	\$ 90.00	\$ 108.00	\$ 188.00	\$ 348.00
	8	\$ 4.50	\$ 50.50	\$ 55.55	\$ 66.50	\$ 94.50	\$ 112.50	\$ 192.50	\$ 352.50
	9	\$ 4.75	\$ 55.25	\$ 60.75	\$ 71.25	\$ 99.25	\$ 117.25	\$ 197.25	\$ 357.25
	10	\$ 4.75	\$ 60.00	\$ 66.00	\$ 76.00	\$ 104.00	\$ 122.00	\$ 202.00	\$ 362.00
	11	\$ 4.75	\$ 64.75	\$ 71.23	\$ 80.75	\$ 108.75	\$ 126.75	\$ 206.75	\$ 366.75
	12	\$ 4.75	\$ 69.50	\$ 76.45	\$ 85.50	\$ 113.50	\$ 131.50	\$ 211.50	\$ 371.50
	13	\$ 4.75	\$ 74.25	\$ 81.68	\$ 90.25	\$ 118.25	\$ 136.25	\$ 216.25	\$ 376.25
	14	\$ 4.75	\$ 79.00	\$ 86.90	\$ 95.00	\$ 123.00	\$ 141.00	\$ 221.00	\$ 381.00
	15	\$ 4.75	\$ 83.75	\$ 92.13	\$ 99.75	\$ 127.75	\$ 145.75	\$ 225.75	\$ 385.75
	16	\$ 4.75	\$ 88.50	\$ 97.35	\$ 104.50	\$ 132.50	\$ 150.50	\$ 230.50	\$ 390.50
	17	\$ 4.75	\$ 93.25	\$ 102.58	\$ 109.25	\$ 137.25	\$ 155.25	\$ 235.25	\$ 395.25
	18	\$ 4.75	\$ 98.00	\$ 107.80	\$ 114.00	\$ 142.00	\$ 160.00	\$ 240.00	\$ 400.00
	19	\$ 4.75	\$ 102.75	\$ 113.03	\$ 118.75	\$ 146.75	\$ 164.75	\$ 244.75	\$ 404.75
20	\$ 5.00	\$ 107.75	\$ 118.53	\$ 123.75	\$ 151.75	\$ 169.75	\$ 249.75	\$ 409.75	

All water used over 20,000 gallons will be charged at \$5.00 per thousand gallons

A 10% fee will be charged for late payments