

**Water Distributors Company, Inc.  
Wister, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended January 31, 2024

Audited by

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

BROKEN ARROW, OK

**Water Distributors Company, Inc.**  
**Wister, Oklahoma**  
Board of Directors  
January 31, 2024

**BOARD OF DIRECTORS**

**Chairman**

Wilburn Waits

**Vice Chairman**

Larry Robinson

**Secretary**

James Morrison

**Members**

Gary Smith  
Joe Stacy  
Dustin Caughern

**MANAGER**

Roni Robinson

**BOOKKEEPERS**

Carol Robinson

The Office Bookkeeping & Tax, LLC

**Water Distributors Company, Inc.**  
**Wister, Oklahoma**  
January 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Water Distributors, Inc.  
Wister, Oklahoma

### *Report on the Audit of the Financial Statements*

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Water Distributors, Inc., Wister, Oklahoma (the District), as of and for the year ended January 31, 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 January 31, 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***

The District has not presented the Management's Discussion and Analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The prior year “memorandum only” comparative information and the supplemental information on page 16 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 March 15, 2024 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

***Bledsoe, Hewett & Gullekson***

Bledsoe, Hewett & Gullekson  
Certified Public Accountants, PLLLP

March 15, 2024



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

Eric M. Bledsoe, CPA  
Jeffrey D. Hewett, CPA  
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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  
Water Distributors, Inc.  
Wister, 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 Water Distributors, Inc., Wister, Oklahoma (the District), as of and for the year ended January 31, 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 March 15, 2024.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. We identified no deficiencies in the internal controls that we considered to be material weaknesses.

## **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

March 15, 2024



**WATER DISTRIBUTORS COMPANY, INC.**  
Disposition of Prior Year's Significant Deficiencies  
January 31, 2024

There were no prior year significant deficiencies.

**WATER DISTRIBUTORS COMPANY, INC.**  
Schedule of Audit Results  
January 31, 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

**WATER DISTRIBUTORS COMPANY, INC.**  
**Statement of Net Position**  
**January 31, 2024**

	<u>Jan. 31, 2024</u>	<u>-Memorandum- -Only- Jan. 31, 2023</u>
<b><u>ASSETS:</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 155,241	\$ 77,739
Investments	126,218	124,303
Accounts receivable	362,552	303,538
Inventory of supplies	70,251	67,499
Total current assets	714,262	573,079
Restricted Assets:		
Reserve account - renters deposits	21,397	20,982
Capital Assets:		
Building, plant and water system	3,229,726	3,224,876
Vehicles and equipment	455,600	455,600
Total capital assets	3,685,326	3,680,476
Less: accumulated depreciation	(2,906,012)	(2,848,980)
Total capital assets (net)	779,314	831,496
<b>Total Assets</b>	<b>\$ 1,514,973</b>	<b>\$ 1,425,557</b>
 <b><u>LIABILITIES:</u></b>		
Wages payable	\$ 13,392	\$ 11,403
Refundable deposits	21,330	20,982
Total Liabilities	34,722	32,385
 <b><u>NET POSITION:</u></b>		
Net investment in capital assets	779,314	831,496
Unrestricted assets	700,937	561,676
Total Net Position	1,480,251	1,393,172
<b>Total Liabilities and Net Position</b>	<b>\$ 1,514,973</b>	<b>\$ 1,425,557</b>

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

**WATER DISTRIBUTORS COMPANY, INC.**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For The Year Ended January 31, 2024**

	<u>2023-24</u>	<u>-Memorandum- -Only- 2022-23</u>
Operating Revenues:		
Water sales	\$ 1,265,581	\$ 1,114,031
Meter sets	25,020	6,175
Other fees	35	2,298
Total revenue from operations	<u>1,290,636</u>	<u>1,122,504</u>
Operating Expenses:		
Water purchases	591,722	574,064
Salaries and taxes	279,418	251,585
Health insurance	51,432	48,502
Professional fees	8,302	8,380
Utilities	43,518	38,820
Insurance	23,487	25,470
Repairs & maintenance	13,744	10,563
Operating supplies	48,649	33,524
Auto expense	21,691	20,032
Office materials & postage	20,793	16,369
Depreciation	57,032	56,512
Permits and fees	6,211	14,889
Contracted labor	33,141	33,004
Miscellaneous	6,907	7,028
Total expenses from operations	<u>1,206,047</u>	<u>1,138,742</u>
Operating Income (Loss)	84,589	(16,238)
Non-Operating Revenues (Expenses):		
Interest income	<u>2,490</u>	<u>652</u>
Change in Net Position	87,079	(15,586)
Total Net Position, beginning of period	<u>1,393,172</u>	<u>1,408,758</u>
Total Net Position, end of period	<u>\$ 1,480,251</u>	<u>\$ 1,393,172</u>

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

**WATER DISTRIBUTORS COMPANY, INC.**  
**Statement of Cash Flows**  
**For the Year Ended January 31, 2024**

	<b>2023-24</b>	<b>-Memorandum- -Only- 2022-23</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers	\$ 1,231,622	\$ 1,037,444
Payments to employees	(277,429)	(251,583)
Payments to vendors	(872,001)	(830,110)
Net Cash Provided by (used in) Operating Activities	82,192	(44,249)
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Sale (purchase) of capital assets	(4,850)	(27,645)
Insurance reimbursements	0	0
Net Cash Provided by (used in) Capital and Related Financing Activities	(4,850)	(27,645)
<b>Cash Flows from Investing Activities:</b>		
Interest earned on investments	2,490	652
Net Increase (Decrease) in Cash	79,832	(71,242)
Cash and cash equivalents, beginning of period	223,024	294,266
Cash and cash equivalents, end of period	\$ 302,856	\$ 223,024
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating Income	\$ 84,589	\$ (16,238)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation Expense	57,032	56,512
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	(59,014)	(85,060)
(Increase) decrease in supplies inventory	(2,752)	(714)
Increase (decrease) in refundable deposits	348	1,244
Increase (decrease) in wages payable	1,989	7
Net cash provided by operating activities	\$ 82,192	\$ (44,249)

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

WATER DISTRIBUTORS COMPANY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 31, 2024

**Note A – Summary of Significant Accounting Policies**

Organization

Water Distributors, Inc. (the District) is an Oklahoma water district organized under Title 82 of Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, to provide water service to rural residents of LeFlore County, Oklahoma. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes.

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of providing water services is financed through user charges. The District purchases water from the Poteau Valley Improvement Authority, the City of Heavener and the Town of Red Oak.

Basis of Accounting

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

Cash

The District’s accounts are with The Community State Bank in Wister, Oklahoma, and at January 31<sup>st</sup> are detailed as follows:

	January 31,	
	2024	2023
The Community State Bank, Wister, Ok-		
Depreciation fund - unrestricted	\$ 39,242	10,109
Construction fund - unrestricted	150	-
Renter's deposit fund - restricted	21,397	20,982
Revenue fund - unrestricted	115,849	67,630
Total	\$ 176,638	98,721

Investments

All investments are recorded at cost. Investments at January 31<sup>st</sup> are detailed as follows:

	January 31,	
	2024	2023
The Community State Bank, Wister, Oklahoma		
Certificates of deposit	\$ 126,218	124,303

WATER DISTRIBUTORS COMPANY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 31, 2024

**Note A – Summary of Significant Accounting Policies – cont’d**

The District’s investment policies are governed by state statutes. Permissible investments include direct obligations of the United States government and agencies; certificates of deposit of savings and loan associations, banks and trust companies; savings accounts or savings certificates of savings and loan associations, banks and trust companies; and warrants, bonds or judgments of the District.

Cash and investments – The District’s cash deposits and investments at January 31, 2024 are categorized to give an indication of the level of risk assumed by the Company at year-end. All the cash and investments on hand were collateralized by the \$250,000 of FDIC coverage. The District also had additional collateral pledged on hand at the bank.

Capital Assets

Capital assets are items purchased in excess of \$1,000, with a useful life over two years, and are valued at cost, and depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are detailed as follows:

Plant and equipment	10-50 years
Vehicles	5 years
Office equipment	5 years
Water lines	40 years

The capital asset information for the District is shown below:

	1/31/2023 Amount	Additions	Deletions	1/31/2024 Amount
Plant and water sys.	\$ 3,224,876	4,850	-	3,229,726
Vehicles and equip.	455,600	-	-	455,600
<b>Total Capital Assets</b>	<b>3,637,831</b>	<b>4,850</b>	<b>-</b>	<b>3,685,326</b>
Less: Accumulated Depreciation	(2,848,980)	(57,032)	-	(2,906,012)
<b>Total</b>	<b>\$ 845,363</b>	<b>(52,182)</b>	<b>-</b>	<b>779,314</b>

Inventory

Inventories are valued at the lower of cost or market, using the FIFO method (first in, first out).

WATER DISTRIBUTORS COMPANY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JANUARY 31, 2024

**Note A – Summary of Significant Accounting Policies – cont’d**

Federal Income Taxes

The District is exempt from federal and state income taxes.

Memorandum Totals

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

Pending Litigation

As of January 31, 2024 the District had no pending litigation.

Subsequent Events

Management has evaluated subsequent events through March 15, 2024, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**Note B – Long-Term Debt**

There was no new debt incurred in the 2023-24 fiscal year, and no outstanding debt from prior years.



**WATER DISTRIBUTORS INC**  
**Schedule of Water Rates and Customers**  
**-Unaudited Information-**  
**January 31, 2024**

Water Rates

0 – 1,000 gallons	=	\$35.00 minimum bill
Over 1,000 gallons	=	\$5.00 per 1,000 gallons

Customers

The District had 2,613 customers at the close of the fiscal year.

Current new membership fee is \$5,000 for a new meter setup, a 1” meter is \$6,000.