

**RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA**

ANNUAL FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
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YEARS ENDED JUNE 30, 2021 AND 2020

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Kimberlye R. Mayer, CPA, P.C.

723 West Doolin

Blackwell, OK 74631

(580) 363-1453

Fax (580) 363-0068

Independent Auditor's Report

Board of Directors
Rural Water Management District No. 15,
Osage County, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Rural Water Management District No. 15, Osage County, Oklahoma, which comprise the statements of net position as of June 30, 2021 and 2020 and the related statements of revenues and expenses and changes in net position and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance 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 an 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 audit opinions.

Opinions

In our opinions, the financial statements referred to above, present fairly, in all material respects, the financial position of Rural Water Management District No. 15, Osage County, Oklahoma, as of June 30, 2021 and 2020; the changes in financial position; and cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

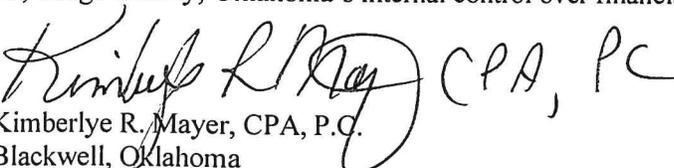
Other Matters

Required Supplementary Information

Rural Water Management District No. 15, Osage County, Oklahoma has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basis financial statements. Such missing 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 basis financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2022 on our consideration of Rural Water Management District No. 15, Osage County, Oklahoma's internal control over financial reporting and on our tests of its compliance with certain laws, regulations, contracts and grants and other matters. The purpose of that report is 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 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 Rural Water Management District No. 15, Osage County, Oklahoma's internal control over financial reporting and compliance.

 CPA, PC
Kimberlye R. Mayer, CPA, P.C.
Blackwell, Oklahoma
April 21, 2022

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
Rural Water Management District No. 15,
Osage County, 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 Rural Water Management District No. 15, Osage County, Oklahoma as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated April 21, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rural Water Management District No. 15, Osage County, Oklahoma'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 the Rural Water Management District No. 15, Osage County, Oklahoma 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Rural Water Management District No. 15, Osage County, Oklahoma'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 combination of deficiencies, in internal control, such that there is 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.

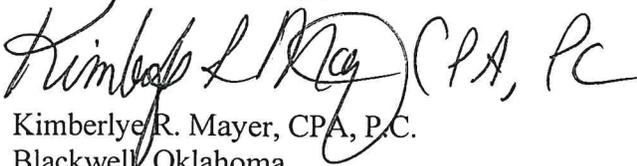
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not 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 Rural Water Management District No. 15, Osage County, Oklahoma '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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Kimberley R. Mayer, CPA, P.C." The signature is written in a cursive style and is positioned above the printed name.

Kimberly R. Mayer, CPA, P.C.
Blackwell, Oklahoma
April 21, 2022

FINANCIAL STATEMENTS

AND

NOTES

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current Assets:		
Cash and cash equivalents (Note 6)	\$ 708,847	\$ 501,071
Certificates of deposit	834,421	832,185
Accounts receivable	232,321	190,111
Other receivables	14,243	3,884
Prepaid expenses	35,192	32,305
Inventory	71,691	95,432
Notes receivable (current portion)(Note 5)	14,375	13,821
Total Current Assets	1,911,090	1,668,809
Restricted Assets:		
Loan trust accounts	11,570	117,151
Other Assets:		
Intangible assets (net of accumulated amortization) (Note 3)	855,783	855,783
Deposits	1,189	1,189
Total Other Assets	856,972	856,972
Non-current Assets:		
Capital assets (net of accumulated depreciation)(Note 2):		
Property and equipment	6,821,577	7,008,725
Construction in progress	675,708	205,798
Notes receivable, (noncurrent portion)(Note 5)	414,696	429,071
Total Noncurrent Assets	7,911,981	7,643,594
Total Assets	\$ 10,691,613	\$ 10,286,526

LIABILITIES AND NET POSITION

Current Liabilities:		
Accounts payable	\$ 49,971	\$ 61,256
Accrued wages and taxes	771	7,850
Accrued interest due	20,223	25,944
Notes payable (current portion) (Note 4)	393,304	309,329
Total Current Liabilities	464,269	404,379
Non-current Liabilities:		
Notes payable, long term (Note 4)	2,310,288	2,228,393
Total Non-current Liabilities	2,310,288	2,228,393
Total Liabilities	2,774,557	2,632,772
Net Position:		
Net investment in capital assets	4,773,470	4,676,801
Restricted for debt service	11,570	560,043
Unrestricted	3,132,016	2,416,910
Total Net Position	7,917,056	7,653,754
Total Liabilities and Net Position	\$ 10,691,613	\$ 10,286,526

The accompanying report and notes are an integral part of these financial statements.

RURAL WATER MANAGEMENT DISTRICT NO. 15
OSAGE COUNTY, OKLAHOMA
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating Revenue:		
Water service	\$ 2,299,054	\$ 2,057,883
Service fees	4,225	4,100
Late penalties	54,400	61,725
Other revenues	31,662	37,880
Total Operating Revenue	2,389,341	2,161,588
Operating Expense:		
Payroll	403,738	380,823
Payroll taxes	32,706	29,252
Employee benefits	143,366	133,453
Water costs	1,019,787	938,985
Advertising, promotion & memberships	3,284	4,791
Service charges	15,858	16,171
Fuel	23,906	22,825
Repairs and maintenance	105,454	54,206
Insurance	38,845	40,349
Licenses, fees & permits	11,504	12,925
Professional fees	22,047	21,087
Bad debts expense	2,050	6,846
Office and postage	49,488	39,424
Meetings, training & travel	1,045	1,553
Utilities & telephone	68,626	68,808
Other expenses	4,239	8,595
Depreciation	278,568	276,755
Total Operating Expense	2,224,511	2,056,848
Income (Loss) From Operations	164,830	104,740
Non-operating Revenue (Expense):		
Gain on sale of assets		
Interest income	31,163	34,618
Membership fees	129,875	160,700
Interest expense	(62,566)	(117,569)
Total Non-operating Revenue (Expense)	98,472	77,749
Change in Net Position	263,302	182,489
Net Position, beginning of year	7,653,754	7,471,265
Net Position, end of year	\$ 7,917,056	\$ 7,653,754

The accompanying report and notes are an integral part of these financial statements.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Cash received from customers	\$ 2,336,772	\$ 2,169,844
Cash payments to suppliers for goods and services	(1,545,436)	(1,343,892)
Cash payments to employees for services	(403,738)	(380,823)
Net cash provided (used) by operating activities	387,598	445,129
Cash flows from non-capital financing activities:		
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(565,969)	(165,772)
New borrowings	1,505,000	
Principal paid on notes and loans	(1,339,129)	(297,156)
Interest paid on notes and loans	(68,287)	(120,057)
Principal received on notes	13,821	13,287
Interest received on notes	10,359	3,373
New memberships	129,875	160,700
Net cash provided (used) by financing activities	(314,330)	(405,625)
Cash flows from investing activities:		
Investment income	31,163	
(Increase)Decrease in Certificates of Deposit	(2,236)	(31,245)
(Increase) decrease in reserve accounts	105,581	(1,608)
Net cash provided (used) by investing activities	134,508	(32,853)
Net increase (decrease) in cash and cash equivalents	207,776	6,651
Beginning cash and cash equivalents	501,071	494,420
Ending cash and cash equivalents	\$ 708,847	\$ 501,071
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (Loss) from operations	\$ 164,830	\$ 104,740
Adjustments to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation	278,568	276,755
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(52,569)	8,256
(Increase) decrease in inventory	23,741	45,934
(Increase) decrease in prepaids	(2,887)	1,840
Increase (decrease) in payables	(24,085)	7,604
Net cash provided (used) by operating activities	\$ 387,598	\$ 445,129

The accompanying report and notes are an integral part of these financial statements.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

The water system was originally created as a nonprofit entity. In 1989 the Rural Water Management District No. 15, Osage County, Oklahoma was created under the provisions of Title 82 of the Oklahoma Statutes, Section 1324.1 – 1324.35 and the laws of the State of Oklahoma. All of the assets, easements and property as well as the debt, liabilities and obligations of the nonprofit entity were transferred to Rural Water Management District No. 15, Osage County, Oklahoma. The purpose of the District is to furnish and supply to owners and occupants of property within the corporate limits water, sewer and related facilities and services. In 1998 the District's system increased when it purchased RWD #11, Osage County. On July 1, 2013, the District finalized the purchase of RWD #9, Osage County.

The District is a governed entity administered by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of five elected board members. Of the five, three are elected as officers of the District.

Basis of Accounting

The accounting policies of Rural Water Management District No. 15, Osage County, Oklahoma conform to the basic principles of governmental accounting and financial reporting set forth by the Governmental Accounting Standards Board.

The District is classified as an Enterprise Fund. The costs of providing the water services to the public are financed mainly through user charges. The financial statements of the District have been prepared using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Restricted Assets

Restricted assets are cash and cash equivalents, whose use is limited by legal requirements. Restricted cash with fiscal agent represents amounts required by debt covenant to be segregated for debt payments and accrued interest on the notes.

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets is reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Inventory

Inventory is stated at the lower of cost or market.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - PROPERTY AND EQUIPMENT:

Depreciable assets are recorded at cost when purchased or constructed. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable assets. Total depreciation for the year ended June 30, 2021 and 2020 was \$278,568 and \$276,755 respectively. The following is a summary by category of changes in property and equipment:

<u>Category</u>	<u>6/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/21</u>
Land	\$ 100,631	\$	\$	\$ 100,631
Vehicles	238,891			238,891
Buildings and improvements	836,611			836,611
Water system	9,071,413	37,860		9,109,273
Office equipment	79,257	16,420		95,677
Machinery and equipment	149,860	37,140		187,000
Accumulated depreciation	(3,467,938)	(278,568)		(3,746,506)
Net	<u>\$ 7,008,725</u>	<u>\$ (187,148)</u>	<u>\$ 0</u>	<u>\$ 6,821,577</u>

NOTE 3 - INTANGIBLE ASSETS:

The District acquired certain rights with the Corps of Engineers (Corps) as part of the assets assumed from the nonprofit entity. The rights include:

Storage Space Rights: The District has the right to utilize a fixed percentage of the usable storage space in Skiatook Lake, or approximately 2,000 acre-feet, to impound water for anticipated future demand or need and to withdraw this water from the lake. An associated note payable in the amount of \$563,867 was assumed by the District for these rights. During and upon repayment of this note, the District indefinitely retains the right to the storage space. In prior years, before a change in accounting pronouncements, amortization of \$183,257 was recognized.

Conduit Rights: The District has the right to use a conduit constructed by the Corps for the withdrawal of water from the Skiatook Lake. An associated note payable in the amount of \$703,960 was assumed by the District for these rights. During and upon repayment of the note the District indefinitely retains the right to use the conduit. In prior years, before a change in accounting pronouncements, amortization of \$228,787 was recognized.

Management has performed its annual evaluation of these intangible assets and has determined that no impairments are necessary as the fair market values exceed the carrying costs as of June 30, 2021.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENT
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 – NOTES PAYABLE:

Corps Storage Space Usage: This contract was assumed when the District acquired the obligation from the nonprofit entity. Under this contract the District is to reimburse the Corps for the construction costs of the water storage space in Skiatook Lake. No principal was due or interest accrued during the first ten years of the contract. After the first ten years of the contract, in 1995, annual interest payments at 4.012% were paid. Principal payments will commence upon usage of the storage space with the full contract being repaid on or before October 1, 2034.

Corps Conduit Usage: This contract was assumed when the District acquired the obligation from the nonprofit entity. Under this contract the District is to reimburse the Corps for the construction costs of the conduit at Skiatook Lake. No principal was due or interest accrued during the first ten years of the contract. After the first ten years of the contract annual interest payments at 4.012% would accrue until usage of the conduit. Principal and interest payments will commence upon usage of the storage space with the full contract being repaid on or before September 2040. The District has begun usage of the conduit and are making annual payments of \$31,570.

OWRB 2002: In November 2002, the District entered into a \$435,000 note payable agreement for construction projects. The interest rate is variable and periodically adjusted by the OWRB. Monthly payments are remitted to a local trustee who administers the semiannual payments to OWRB. The note matures in September 2032. The note is secured by the District's revenues. This note was paid off in July 2020.

2014 Note: In May 2007, the District entered into a revolving loan agreement to finance construction projects which were completed in the year ending June 30, 2009 at a cost of \$2,665,758. The note carries an interest rate of 3.78% and payments are made semi-annually over 20 years. The note is secured by the District's revenues. This note was refinanced in February of 2014 with an interest rate of 2.95%. Payments are semiannual over 10 years. This note was paid off in July 2020.

OWRB 2014a Drinking Water SRF: In October 2014, the District entered into a \$815,000 note payable agreement for construction projects. The interest rate is 2.17% and the administration fee is .5%. The maturity date of this note is June 2035. Monthly payments are remitted to a trustee bank who administers the semiannual payments to OWRB. During the year ended June 30, 2017, the final advancement of \$58,130 was received to complete the project. At June 30, 2021, the principle balance if this note was \$518,655.

Utility System Revenue Note: In July 2020, the District entered into a bank note for \$1,505,000 to refinance the OWRB 2002 note, the 2014 note, to finance improvements and to pay the issuance costs. The bank and OWRB share priority of their liens in the collateral which is the real and personal property of the District. The note carries a 2% interest rate and matures on October 1, 2024. Payments began on August 1, 2020.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENT
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 – NOTES PAYABLE (continued):

The following is a schedule of the notes payable at June 30, 2021 and 2020:

	<u>6/30/2020</u>	<u>Principle Payments</u>	<u>Principle Borrowings</u>	<u>6/30/2021</u>
Corps storage space	\$ 563,867	\$	\$	\$ 563,867
Corps conduit	442,892	13,822		429,070
OWRB 2002	217,200	217,200		
NOTE 2014	765,000	765,000		
OWRB 2014a	548,763	30,108		518,655
Revenue note 2020		<u>313,000</u>	<u>1,505,000</u>	<u>1,192,000</u>
	<u>\$2,834,878</u>	<u>\$1,339,130</u>	<u>\$ 1,505,000</u>	<u>\$2,703,592</u>

The following is a summary of the District's future annual debt requirements:

<u>Year Ending</u>	<u>Payments</u>	<u>Principle</u>	<u>Interest</u>
6/30/22	\$ 477,649	\$ 393,304	\$ 84,345
6/30/23	469,505	404,724	64,781
6/30/24	466,545	410,157	56,388
6/30/25	222,512	173,703	48,809
6/30/26	97,815	51,265	46,550
6/30/27-6/30/31	489,076	281,585	207,491
6/30/32-6/30/36	986,698	847,883	138,815
6/30/37-6/30/41	157,850	140,971	16,879
	<u>\$ 3,367,650</u>	<u>\$2,703,592</u>	<u>\$664,058</u>

NOTE 5 – NOTES RECEIVABLE:

In connection with the conduit contract, the District entered into contracts with the cities of Skiatook, Sand Springs and Sapulpa, which allowed these cities to use the conduit on Skiatook Lake. The District allocates its annual payment to the Corps between the three cities based on their respective usage. Notes receivable bearing an interest rate of 4.012% and a 50 year term has been recognized by the District. The balance of this note at June 30, 2021 is \$429,071.

NOTE 6 – CASH AND CASH EQUIVALENTS:

The District considers all checking and savings accounts (except restricted accounts) and deposits with a maturity of three months or less to be cash equivalents.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENT
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 – RETIREMENT PLANS:

The District maintains a retirement plan for its qualified employees. The District contributes 3% to the eligible employees gross wages to this plan. The amount contributed by the District during the year ended June 30, 2021 and 2020 was \$11,790 and \$11,015 respectively.

NOTE 8 - INVESTMENTS:

The State of Oklahoma allows government entities to invest in the following: direct obligations of the United States government, its agencies or instrumentalities, collateralized or insured certificates of deposit, insured savings accounts or savings certificates, or county, municipal or school district direct debt.

NOTE 9 - DEPOSITS, INVESTMENTS AND COLLATERAL:

At June 30, 2021, all of the District's deposits were covered by the Federal Depository Insurance Corporation or collateralized. The District's primary financial institution has established a deposit and investment account for funds in excess of the insured limits, where funds can be transferred to a securities account carried and administered by a third party investment company.

NOTE 10 – ESTIMATES:

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 11 – CONTINGENCIES:

As of June 30, 2021 and 2020 the District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.

RURAL WATER MANAGEMENT DISTRICT NO. 15,
OSAGE COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENT
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 12 – RISK MANAGEMENT:

The District is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District manages this risk through the purchase of commercial insurance policies. Claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. The District has had no claims that exceeded its insurance coverage.

NOTE 13 – FAIR VALUES OF FINANCIAL INSTRUMENTS:

The definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spread and credit risk).

Level 3: Significant unobservable inputs (including the District's own assumptions in determining the fair value of investments).

The District's financial instruments include cash and cash equivalents, certificates of deposit, inventory, 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 value of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

NOTE 14 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through April 21, 2022 the date which the financial statements were available to be issued.