

AUDIT REPORT

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA

DECEMBER 31, 2023



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VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
DECEMBER 31, 2023

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VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
DECEMBER 31, 2023

BOARD OF DIRECTORS

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRATION</u>
LARRY NEWPORT	CHAIRMAN	FEB 2025
BILLY NEAL	VICE CHAIRMAN	FEB 2023
GAYLE JACKSON	SECRETARY	FEB 2024
STEVE DAWSON	MEMBER	FEB 2023
ROBERT STUBBS	MEMBER	FEB 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vivian Rural Water District #6,
McIntosh County, Oklahoma

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Vivian Rural Water District #6, McIntosh County, Oklahoma, as of and for the year ended December 31, 2023, and the related notes to the financial statements, as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Vivian Rural Water District #6, McIntosh County as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Vivian Rural Water District #6, McIntosh County and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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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 Vivian Rural Water District #6, McIntosh County'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

My 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 my opinion. 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 GAAS 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 GAAS, I

- 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 Vivian Rural Water District #6, McIntosh County'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Vivian Rural Water District #6, McIntosh County's ability to continue as a going concern for a reasonable period of time.

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I am 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 I identified during the audit.

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that 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 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. My opinion on the basic financial statements is not affected by this missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the other supplementary information sections listed in the accompanying table of contents but does not include the basic financial statements and my auditor's report thereon. My opinion on the basic financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated February 6, 2024, on my consideration of the Vivian Rural Water District #6, McIntosh County's internal control over financial reporting and my 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 my 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 Vivian Rural Water District #6,

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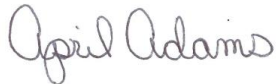
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McIntosh County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vivian Rural Water District #6, McIntosh County's internal control over financial reporting and compliance.



April Adams CPA PLLC
Ponca City, Oklahoma

February 6, 2024

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
 MCINTOSH COUNTY, OKLAHOMA
 STATEMENT OF NET POSITION
 DECEMBER 31, 2023

<u>ASSETS</u>	<u>2023</u>
<u>Current Assets:</u>	
Cash and Cash Equivalents	\$ 150,400
Investments	391,473
Accounts Receivable, Net of Allowance for Doubtful Accounts	19,210
Inventory - Pipe	99,488
Prepaid Insurance	6,190
Total Current Assets	<u>666,761</u>
<u>Capital Assets:</u>	
Land	11,563
Water system, equipment and vehicles net of depreciation (Note 3)	1,086,549
Total Capital Assets	<u>1,098,112</u>
TOTAL ASSETS	<u>1,764,873</u>
<u>LIABILITIES & NET POSITION</u>	
<u>Current Liabilities:</u>	
Accounts Payable	35,703
Payroll & Taxes Payable	8,057
Total Current Liabilities	<u>43,760</u>
Long-Term Liabilities	<u>-</u>
TOTAL LIABILITIES	<u>43,760</u>
<u>NET POSITION:</u>	
Net investment in capital assets	1,086,549
Restricted for debt service	-
Unrestricted	634,564
TOTAL NET POSITION	<u>\$ 1,721,114</u>

The accompanying notes are an integral part of the basic financial statements

**VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2023**

	2023
<u>OPERATING REVENUES:</u>	
Water Sales, Net of Adjustments	\$ 329,201
Benefit Units	16,500
Other User Charges	28,372
Transfer Fees	500
Miscellaneous Operating Income	425
TOTAL OPERATING REVENUES	374,999
<u>OPERATING EXPENSES:</u>	
Water Purchased	10,856
Salaries, Payroll Taxes & Retirement	80,481
Vehicle and Travel Expense	3,244
Accounting	63,525
Utilities	15,831
Operating Supplies	91,435
Repairs & Maintenance	18,261
Professional Fees	300
Insurance and Bonds	11,081
Administrative Expense	13,477
Rents/Leases	13,125
Miscellaneous Expenses	100
Bad Debts	(1,842)
Depreciation	53,361
TOTAL OPERATING EXPENSES	373,236
OPERATING INCOME (LOSS)	1,763
<u>NON-OPERATING INCOME:</u>	
Interest Income	6,100
Gain on Disposal of Capital Assets	-
TOTAL NON-OPERATING INCOME	6,100
CHANGE IN NET POSITION - NET INCOME (LOSS)	7,863
NET POSITION, Beginning of Year	1,713,251
NET POSITION, End of Year	\$ 1,721,114

The accompanying notes are an integral part of the basic financial statements

**VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023**

	<u>2023</u>
<u>Cash Flows from Operating Activities:</u>	
Receipts from Customers	\$ 292,090
Payments to Suppliers for Goods & Services	(250,438)
Payments to Employees & Laborers	(80,760)
Net Cash Provided (Used) by Operating Activities	<u>(39,108)</u>
<u>Cash Flows from Capital & Related Financing Activities:</u>	
Acquisition and construction of capital assets	(181,013)
Proceeds from Sale of Capital Assets	-
Principal paid on Debt	-
Interest paid on Debt	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(181,013)</u>
<u>Cash Flows from Investing Activities:</u>	
(Purchase) Liquidation of Investments	(6,100)
Interest Income	6,100
Net Cash Provided (Used) by Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(220,121)
Cash & Cash Equivalents, Beginning of Year	<u>370,521</u>
Cash & Cash Equivalents, End of Year	<u><u>\$ 150,400</u></u>
<u>Reconciliation of operating income (loss) to net cash provided</u>	
<u>operating activities:</u>	
Operating Income (Loss)	\$ 1,763
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation	53,361
(Increase)Decrease in Accounts Receivable	16,579
(Increase)Decrease in Inventory	(99,488)
(Increase)Decrease in Prepaid Insurance	(81)
Increase(Decrease) in Accounts Payable	(10,964)
Increase(Decrease) in Payroll Taxes Payable	(279)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (39,108)</u></u>

The accompanying notes are an integral part of the basic financial statements

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Vivian Rural Water District #6 (McIntosh County) was organized under the laws of the State of Oklahoma, in accordance with Title 82 of the Oklahoma Statutes. The District operates and maintains water treatment and distribution systems within McIntosh County, for the use and benefit of members of the District.

The more significant of the government's accounting policies are described below:

A. Reporting Entity

Vivian Rural Water District #6 (McIntosh County) 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 and amortization) of providing water services is financed through user charges.

B. Measurement Focus, Basis of Accounting and Basis of Presentation - Fund Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America. The accounting and financial reporting treatment is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation are included on the statement of net position. The operating statements present increase (e.g., revenues) and decreased (e.g., expenses) in net total assets. Depreciation expense is provided for capital assets based upon estimated useful lives.

C. Assets, Liabilities and Equity

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificate 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

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

direct debt securities of the United States unless such an investment is expressly prohibited by law.

For financial statement presentation and for purposes of statements of cash flows, the District's cash and cash equivalents are considered to be cash on hand, demand deposits and certificates of deposit with a maturity date of three months or less.

Custodial Credit Risk

At December 31, 2023, the District held deposits of approximately \$541,874 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 limitation 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

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
 MCINTOSH COUNTY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

- 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 investments held at December 31, 2023 are as follows:

Type	Weighted Average Maturity (Months)	Credit Rating	Market Value	Cost
Investments:				
Certificate of deposit	9.22	N/A	\$ 391,473	\$ 391,473
Total Investments			<u>\$ 391,473</u>	<u>\$ 391,473</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 credit risk: 100% in Certificates of Deposit (\$391,473).

Estimates

The preparation of financial statements in conformity with 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

Notes Receivable

For the year ended December 31, 2023, the District has a few note receivables from miscellaneous customers. These receivables are for miscellaneous charges including large bills due to water leaks and payments for membership fees. The District agreed to

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

transfer the balance due to a note receivable so that the customers would not incur late charges.

Capital Assets

Additions to the water treatment and delivery system and other equipment are recorded at cost or, if contributed property, at their estimated acquisition value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The District maintains a capitalization threshold of \$350.00 and an estimated useful life in excess of three (3) years.

Depreciation has been calculated on each class of depreciable property using the straight-line method.

	<u>Life</u>
Building	40 Years
Water System	10-40 Years
Equipment	3-5 Years
Office Equipment	5 Years
Storage Trailer	5 Years

Compensated Absences

Accumulated unpaid vacation and sick leave benefits have not been shown as a liability in the financial statements. The District's position is that any accrued benefits are not significant and would not materially affect the financial statements.

Net Position

In the basic financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

Resource Use Policy

It is in the District's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including net positions,

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

are available, the District considers restricted amounts to be spent first before any unrestricted amounts are used.

D. Revenues, Expenses and Other Changes in Net Position

Operating Revenues and Expenses

Operating revenues and expenses are principally from water sales and connection fees charged to new system subscribers. Customer water consumption is determined by monthly meter readings taken by the District personnel. The water sales from subscriber water consumption billed but unpaid at the District's yearend are recognized as revenue in the current year and reported in the statement of net position as accounts receivable. Operating expenses consist of those costs necessary to operate and maintain the water distribution system and for general administration of the District.

Non-Operating Revenue and Expenses

Non-operating revenues and expenses consist of investment earnings, interest expense incurred on the District's notes payable and gains and losses on sales or the abandonment of long-lived assets.

Bad Debts

The District uses the direct write-off method for recognizing bad debts. Under the direct write-off method, accounts receivable are charged to income during the period they are determined to be uncollectible. The use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

NOTE 2 - LONG-TERM DEBT

As of December 31, 2023, the District has no long-term debt.

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
 MCINTOSH COUNTY, OKLAHOMA
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Deductions	Balance at December 31, 2023
Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -
Total Long-Term Debt	\$ -	\$ -	\$ -	\$ -

NOTE 3 - CAPITAL ASSETS

Capital asset activity, for the fiscal year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Deductions	Balance 12/31/2023
Non-depreciable assets:				
Land	\$ 11,563	\$ -	\$ -	\$ 11,563
Construction in Progress	-	-	-	-
Total non-depreciable assets	11,563	-	-	11,563
Depreciable assets:				
Water System	1,837,464	71,471	-	1,908,935
Equipment	216,835	60,486	-	277,321
Building & Improvements	81,476	48,307	-	129,783
Office Equipment	1,488	748	-	2,237
Total depreciable assets	2,137,263	181,013	-	2,318,276
Less accumulated depreciation	(1,178,366)	(53,361)	-	(1,231,727)
Net depreciable assets	958,897	127,652	-	1,086,549
Total net capital assets	\$ 970,460	\$ 127,652	\$ -	\$ 1,098,112

The District's additions included waterlines, fence, pumps, building improvements and a laptop during the year. There were no deductions.

NOTE 4 - RETIREMENT PLAN

In December 2014, the District voted to provide a retirement plan for the full-time employee. The amount to be contributed will be equal to 3% of the gross salary and will be contributed to a Simple IRA with Waddell & Reed. The District currently does not have full-time employees and the total contribution for 2023 was \$0.

NOTE 5 - 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 continues to carry commercial insurance for these risks, including general and auto liability, property damage, and public officials liability.

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE 6 - GROUNDWATER RIGHTS

The District has three groundwater lease and dedication agreements with Ross and Wanda Neal. The first is for an 80-acre tract of land for a term of 99 years from the 7th day of April 1982. The second is for an 80-acre tract of land for a term of 83 years from the 7th day of November 1998. The third is for a 30-acre tract of land for a term of 82 years from the 7th day of November 2000. The price of these leases is \$500 per 40 acres per year due November 7th of each year. The District agreed to pay 20 cents for every 1,000 gallons of water pumped. The beginning date of the metering and purchase by the District at 20 cents per thousand gallons is March 6, 2001.

The District has a groundwater lease and dedication agreement with E.H. George and Deborah Kay George. The lease is for a 274-acre tract of land for a term of 100 years from the 2nd day of November 2010. The price of the lease is \$1,750 per year due November 2nd of each year. The District agreed to pay 20 cents for every 1,000 gallons of water pumps. The beginning date of the metering and purchase by the District at 20 cents per thousand gallons is to be determined between the parties.

NOTE 7 - WATER TOWER LEASE

On November 1, 2017, the District entered into a lease agreement with the Heirs of Leah Barnett, thru a United States Department of Interior Bureau of Indian Affairs Business Lease, for the following property, for the purpose of a water tower only:

Legal: Lot 4, Section 2, Township 9 North, Range 15 East, McIntosh County, State of Oklahoma. More particularly described as: Beginning at a point 50 feet South of the centerline of State Highway Number 9 and 500 feet East of the West line of said Lot 4; thence East 100 feet; thence South 100 feet; thence West 100 feet; thence North 100 feet to the point of beginning.

The lease is for the term of 5 years beginning November 1, 2017, with an option to renew said lease for an additional 5-year term, provided the District is not in default. This option shall be exercised by the District giving written notice of their intent to renew, sixty (60)

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
NOTES TO FINANCIAL STATEMENTS
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days prior to the expiration of the primary term. The annual rental is \$600.00 with the total of \$3,000.00 being paid in the first year.

An amendment to the Water Tower Lease effective for the term of 5 years beginning November 1, 2022 was executed by the Indian Court. The amendment includes the option to renew said lease for an additional 5-year term, provided the District is not in default. This option shall be exercised by the District giving written notice of their intent to renew, sixty (60) days prior to the expiration of the primary term. The annual rental will be increased to \$1,800.00. The amendment does not change any of the terms, conditions, or stipulations to the original lease or previous modification or assignments except as specifically set forth therein. All other terms and conditions of the lease shall remain in full force and effect.

NOTE 8 - SUBSEQUENT EVENTS

The District did not have any subsequent events through February 6, 2024, which is the date the financial statements were issued, for events requiring recording or disclosure in the financial statements for the year ending December 31, 2023.

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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*

To the Board of Directors
Vivian Rural Water District #6,
McIntosh County, Oklahoma

I have audited, in accordance with the 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 Vivian Rural Water District #6, McIntosh County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, and have issued my report thereon dated February 6, 2024. The District did not present the Management's Discussion and Analysis required by the Governmental Accounting Standards Board.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Vivian Rural Water District #6, McIntosh County'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Vivian Rural Water District #6, McIntosh County's internal control. Accordingly, I do not express an opinion on the effectiveness of Vivian Rural Water District #6, McIntosh County'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 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.

My 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 my audit, I did

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not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Vivian Rural Water District #6, McIntosh County's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



April Adams CPA PLLC
Ponca City, Oklahoma

February 6, 2024

VIVIAN RURAL WATER DISTRICT #6 (MCINTOSH CO.)
MCINTOSH COUNTY, OKLAHOMA
SCHEDULE OF WATER RATES AND CUSTOMERS
DECEMBER 31, 2023

Water Rates

1 st 1,000 gallons	=	\$20.00 Minimum Bill
Next 1,000 gallons	=	\$4.76 per 1,000 gallons
Next 1,000 gallons	=	\$4.81 per 1,000 gallons
Next 1,000 gallons	=	\$4.86 per 1,000 gallons
Next 1,000 gallons	=	\$4.91 per 1,000 gallons
Next 1,000 gallons	=	\$5.04 per 1,000 gallons
7,000 gallons & Over	=	\$5.15 per 1,000 gallons

Total Gallons Purchased 53,801,390

Total Gallons Sold 42,064,618

Percentage of Loss 21.81%

Customers

The Vivian Rural Water District #6 had 817 customers at the close of this fiscal year.

Current membership/tap fee \$1,000 per membership sign-up.

Membership Transfer fee \$25