

**BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE
MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

DECEMBER 31, 2021 AND 2020

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Independent Auditors' Report

To the Board of Directors
Bryan County Rural Water, Sewer and Solid Waste Management District #6
Caddo, Oklahoma

Opinion

We have audited the accompanying financial statements of the Bryan County Rural Water, Sewer and Solid Waste Management District #6 (the District), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bryan County Rural Water, Sewer and Solid Waste Management District #6 as of December 31, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Bryan County Rural Water, Sewer and Solid Waste Management District #6 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 know information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our 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 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.

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 statement 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 our report dated April 20, 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 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
April 20, 2022

FINANCIAL STATEMENTS

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

STATEMENTS OF NET POSITION

AS OF DECEMBER 31,	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 217,547	\$ 186,514
Restricted investments	41,730	41,420
Accounts receivable	31,364	29,870
Inventory	10,000	10,000
Prepaid insurance	3,825	4,227
Total Current Assets	304,466	272,031
Noncurrent Assets		
Capital Assets		
Land	31,430	31,430
Buildings and improvements	71,914	71,914
Water distribution system and improvements	2,977,213	2,977,213
Machinery and equipment	134,120	113,923
Total Capital Assets	3,214,677	3,194,480
Less: accumulated depreciation	1,533,917	1,432,838
Net Capital Assets	1,680,760	1,761,642
Total Assets	\$ 1,985,226	\$ 2,033,673
Liabilities and Net Position		
Current Liabilities		
Accounts payable	\$ 1,281	\$ 1,681
Payroll taxes and other withholdings payable	3,738	1,747
Accrued interest	11,925	12,630
Current maturity of long-term debt	48,000	47,000
Total Current Liabilities	64,944	63,058
Long-Term Debt, Net of Unamortized Bond Discounts	738,660	786,031
Total Liabilities	803,604	849,089
Net Position		
Net investment in capital assets	894,100	928,611
Restricted	104,151	126,447
Unrestricted	183,371	129,526
Total Net Position	1,181,622	1,184,584
Total Liabilities and Net Position	\$ 1,985,226	\$ 2,033,673

See accompanying notes.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED DECEMBER 31,	2021	2020
Operating Revenue		
Metered water sales, net of bad debts	\$ 349,991	\$ 316,814
Reimbursement for supplies provided	2,642	3,635
Membership fees	13,500	21,250
Other	1,383	7,064
Total Operating Revenue	367,516	348,763
Operating Expenses		
Contract labor	3,920	7,565
Dues and memberships	125	1,788
Employee benefits	28,250	24,856
Fuel and oil	5,510	4,217
Insurance	14,968	13,607
Miscellaneous	4,468	5,560
Office expense	7,190	5,793
Payroll taxes	11,030	9,872
Permits and fees	1,936	2,153
Postage	2,870	2,485
Professional fees	6,850	60,330
Salaries and wages	100,700	109,052
Supplies	27,736	33,181
Telephone	6,541	6,149
Trustee fees	2,000	2,000
Utilities	11,680	10,228
Vehicle expense	2,084	6,795
Depreciation	108,579	98,558
Total Operating Expenses	346,437	404,189
Operating Income (Loss)	21,079	(55,426)
Nonoperating Revenue (Expenses)		
Interest and dividend income	148	600
Gain on sale of asset	650	-
Interest expense	(24,839)	(37,096)
Total Net Nonoperating Revenue (Expenses)	(24,041)	(36,496)
Change in Net Position	(2,962)	(91,922)
Net Position at Beginning of Year	1,184,584	1,276,506
End of the Year Net Position	\$ 1,181,622	\$ 1,184,584

See accompanying notes.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2021	2020
Cash Flows From Operating Activities		
Cash receipts from customers	\$ 366,022	\$ 345,721
Cash payments to suppliers for goods and services	(135,165)	(201,008)
Cash payments to employees for services	(100,700)	(109,052)
Net Cash Provided By Operating Activities	130,157	35,661
Cash Flows from Capital and Related Financing Activities		
Proceeds from sale of truck	650	-
Acquisition of capital assets	(27,697)	(67,060)
Proceeds from issuance of bonds	-	865,000
Principal paid on debt	(47,000)	(833,000)
Interest paid on debt	(24,915)	(34,842)
Net Cash Used In Capital and Related Financing Activities	(98,962)	(69,902)
Cash Flows From Investing Activities		
Net investment activity	(310)	63,511
Interest and dividend income	148	600
Net Cash Provided (Used) By Investing Activities	(162)	64,111
Net Increase In Cash and Cash Equivalents	31,033	29,870
Cash and Cash Equivalents at Beginning of Year	186,514	156,644
Cash and Cash Equivalents at End of Year	\$ 217,547	\$ 186,514
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Net income (loss) from operations	\$ 21,079	\$ (55,426)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	108,579	98,558
Net change in assets and liabilities:		
Accounts receivable	(1,494)	(3,042)
Prepaid insurance	402	(164)
Accounts payable	(400)	(2,310)
Payroll taxes and other withholdings payable	1,991	(1,955)
Net Cash Provided by Operating Activities	\$ 130,157	\$ 35,661

See accompanying notes.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Nature of Business

Bryan County Rural Water, Sewer and Solid Waste Management District Number 6, Bryan County Oklahoma (the District) was formed on January 28, 1994 for the purpose of supplying water and sewer services to the residents of rural Bryan County, Oklahoma.

1. Summary of Significant Accounting Policies

a. Basis of Presentation

The District's financial statements are prepared in conformity with principles generally accepted in the United States of America. The Governmental Accounting Standards District (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities.

The District accounts for its operations as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

b. Financial Reporting

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting and reflect transactions on behalf of the District. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

c. Income Taxes

The District is exempt from income taxes as a governmental agency.

d. 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 including restricted cash.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

e. Accounts Receivable

Uncollectible accounts receivable are charged directly against earnings when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles.

f. Investments

Investments are presented at fair value. Restricted investments, consist primarily of U.S. Government securities designated as a debt service reserve fund and a construction fund and an institutional money market fund designated to service semi-annual bond payments.

g. Inventories

Inventory consists of supplies and repair parts for the operation and maintenance of plant and equipment. The amount recorded in these financial statements is estimated at cost using the first-in, first-out method or market.

h. Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in the year which services are consumed.

i. Capital Outlays and Depreciation

Capital outlays of the District are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals of relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>Life</u>
Buildings and improvements	10-40 years
Water distribution system and improvements	20-40 years
Machinery and equipment	5-7 years

It is the District's policy to capitalize assets purchased for \$500 or more and to expense assets purchased for less than \$500.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

j. Unamortized Bond Premium and Discount

Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premiums or discounts. Bond issuance costs are reported as an expense of the current period.

k. Compensated Absences

Employees of the District do not accrue vacation or sick leave since it is the District's policy not to do so. Therefore, no provision has been made for such.

l. Net Position

Net position of the District are classified in three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component of net position consists of net position that does not meet the definition of "restricted" or "net invested in capital assets".

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

m. Advertising

It is the District's policy to expense all advertising costs as incurred.

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

1. Summary of Significant Accounting Policies (Continued)

n. Operating Revenues and Expenses

Operating revenues and expenses consist of those revenues that result from the ongoing principal operations of the Board. Operating revenues consist primarily of water sales and fees for miscellaneous services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing type of activities.

o. 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. Actual results could differ from those estimates.

2. Deposits and Investments

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District may not be able to recover deposits or collateral securities that are in the possession of an outside party. The District's policy as it relates to custodial credit risk is to comply with state law and secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100% of the uninsured deposits and accrued interest thereon. Acceptable collateral is defined in state statutes and includes U.S. Treasury securities and direct obligations of municipalities, counties, and school districts in the state of Oklahoma, surety bonds and letters of credit.

The District maintains its operating bank accounts in one local financial institution. All time and savings deposits held, including certificates of deposit, are insured for up to \$250,000. Separately, demand deposits are added together and insured for up to \$250,000. At December 31, 2021 and 2020, the District had no deposits that were exposed to custodial credit risk. The bank balances and carrying amount of the District's deposits held were as follows:

Description	At December 31, 2021		At December 31, 2020	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured	\$ 213,594	\$ 217,231	\$ 186,247	\$ 187,207
Total	\$ 213,594	\$ 217,231	\$ 186,247	\$ 187,207

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

2. Deposits and Investments (continued)

Investments

The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investments in: (1) full faith and credit, direct obligations of the U.S. Government, its agencies and instrumentalities, and the State of Oklahoma and certain mortgage insured federal debt; (2) certificates of deposit or savings accounts that are either insured or secured with acceptable collateral; (3) negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations; (4) county, municipality or school district tax supported debt obligations, bond or revenue anticipation notes, money judgements, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district; and government money market fund regulated by the SEC.

Investments consist of accounts established to administer the scheduled payments of principal and interest on the outstanding bonds as they become due. The investments are stated at fair market value, which approximates cost. The District's investments consist of the following:

As of December 31, 2021	Market Value	Maturity	Credit Rating
<u>Revenue Fund</u>			
MSILF Govt #8352	\$ 2,000	\$	AAAm/Aaa-mf
<u>Bond Fund Principal Account</u>			
MSILF Govt #8352	24,004	< 1 year	AAAm/Aaa-mf
<u>Bond Fund Interest Account</u>			
MSILF Govt #8352	11,937	< 1 year	AAAm/Aaa-mf
<u>Construction Fund</u>			
MSILF Govt #8352	3,789	< 1 year	AAAm/Aaa-mf
Total	\$ 41,730		

As of December 31, 2020	Market Value	Maturity	Credit Rating
<u>Revenue Fund</u>			
MSILF Govt #8352	\$ 2,000	\$	AAAm/Aaa-mf
<u>Bond Fund Principal Account</u>			
MSILF Govt #8352	23,001	< 1 year	AAAm/Aaa-mf
<u>Bond Fund Interest Account</u>			
MSILF Govt #8352	12,630	< 1 year	AAAm/Aaa-mf
<u>Construction Fund</u>			
MSILF Govt #8352	3,789	< 1 year	AAAm/Aaa-mf
Total	\$ 41,420		

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

2. Deposits and Investments (continued)

Interest Rate Risk

Interest rate risk is the risk the changes in interest of debt investments will adversely affect the fair value of an investment. The District's investments are not subject to interest rate risk as the investments are short-term in nature.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments are unrated, but institutional money market accounts generally invest in U.S. Treasury bills, federal agency notes, certificates of deposit and commercial paper which are all investments permitted by Oklahoma statutes.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held by the District or by an agent of the District are in the District's name.

Fair Value Measurements

The District's investments are categorized using fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The categories are as follows:

Level 1 - Quoted prices for identical investments in active markets.

Level 2 - Quoted prices for identical investments in markets that are not active.

Level 3 - Unobservable inputs

The following table represents the District's investments that are measured at fair value on a recurring basis at December 31, 2021:

	Level 1	Level 2	Level 3	Total
MSILF Govt #8352	\$ 41,730	\$ -	\$ -	\$ 41,730
Total	\$ 41,730	\$ -	\$ -	\$ 41,730

MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

3. Restricted Funds And Required Accounts

Certain resources of the District are classified as restricted assets on the statement of net position. These funds are maintained in separate accounts and their use is limited applicable bond covenants.

Restricted investments are comprised of the following:

As of December 31,	2021	2020
2020 Series revenue bonds revenue fund	\$ 2,000	\$ 2,000
2020 Series revenue bonds principal account	24,004	23,001
2020 Series revenue bonds interest account	11,937	12,630
2020 Series revenue bonds construction fund	3,789	3,789
Total	\$ 41,730	\$ 41,420

4. Bond Discounts

Bond discount costs of \$9,441 incurred in connection with the issuance of the 2020 Series Revenue Bonds are being amortized over 15 years. Amortization of the bond discounts totaled \$1,101 and \$472, respectively, included in interest and fees on long-term debt in the statement of activities, for the years ended December 31, 2021 and 2020. The unamortized portion is netted with total long-term debt.

5. Capital Assets

Activity of capital assets consists of the following:

	January 1, 2021	Additions	Deletions/ Transfers	December 31, 2021
Land	\$ 31,430	\$ -	\$ -	\$ 31,430
Buildings and improvements	71,914	-	-	71,914
Water distribution system and improvemen	2,977,213	-	-	2,977,213
Machinery and equipment	113,923	27,697	7,500	134,120
Total	\$ 3,194,480	\$ 27,697	\$ 7,500	\$ 3,214,677

	January 1, 2020	Additions	Deletions/ Transfers	December 31, 2020
Land	\$ 31,430	\$ -	\$ -	\$ 31,430
Buildings and improvements	71,914	-	-	71,914
Water distribution system	2,910,153	67,060	-	2,977,213
Machinery and equipment	113,923	-	-	113,923
Total	\$ 3,127,420	\$ 67,060	\$ -	\$ 3,194,480

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

6. Long-Term Debt

Long-term debt of the District consists of:

As of December 31,	2021	2020
Bryan County Rural Water, Sewer and Solid Waste Management District #6 Revenue Bonds - Series 2020. Issued in the aggregate amount of \$865,000 in January 2020 with interest of 3.00% due semi-annually. Principal will be paid semi-annually through January 2035. The bonds are secured by property, other assets, and revenues of the District.	\$ 795,000	\$ 842,000
Total	795,000	842,000
Less current maturities	48,000	47,000
Long-term debt	747,000	795,000
Less unamortized bond discounts	8,340	8,969
Long-Term Debt	\$ 738,660	\$ 786,031

Debt is scheduled to mature as follows:

December 31,	Principal	Interest	Total
2022	\$ 48,000	\$ 23,915	\$ 71,915
2023	50,000	21,490	71,490
2024	52,000	21,490	73,490
2025	53,000	20,035	73,035
2026	55,000	19,520	74,520
2027-2031	300,000	60,705	115,705
2032-2036	237,000	87,025	387,025
Total	\$ 795,000	\$ 254,180	\$ 867,180

Activity of the long-term debt consists of the following:

	January 1, 2021	Debt Additions	Debt Retirements	December 31, 2021	Due Within One Year
2020 Series Bonds	\$ 842,000	\$ -	\$ 47,000	\$ 795,000	\$ 48,000
Total	\$ 842,000	\$ -	\$ 47,000	\$ 795,000	\$ 48,000

	January 1, 2020	Debt Additions	Debt Retirements	December 31, 2020	Due Within One Year
2020 Series Bonds	\$ -	\$ 865,000	\$ 23,000	\$ 842,000	\$ 47,000
Total	\$ -	\$ 865,000	\$ 23,000	\$ 842,000	\$ 47,000

BRYAN COUNTY RURAL WATER, SEWER AND SOLID WASTE MANAGEMENT DISTRICT #6, BRYAN COUNTY, OKLAHOMA

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

7. Concentrations of Credit Risk

Financial instruments that potentially subject the District to credit risk consist primarily of accounts receivable. The receivables are from individuals located within the same geographic region.

8. Commitments and Contingencies

The Series 2020 Bryan County Rural Water, Sewer and Solid Waste Management District #6 Revenue Bonds require the District to maintain user rates sufficient to generate net earnings, as defined by the agreement to 125% of the debt service requirements. The revenue bonds contain specific requirements for annual debt service and various covenants which require the District to maintain various restricted investment accounts and to meet various other general requirements. The District is in compliance with all such financial covenants and restrictions at December 31, 2021.

9. Risk Management

The District is exposed to various levels 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 blanket coverage and worker's compensation for risk of loss.

There has been no significant reduction in the District's insurance coverage from the previous year. In addition there have been no settlements in excess of the District's coverage in any of the prior three fiscal years.

12. Subsequent Events

The Department has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2021 through April 20, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

ADDITIONAL REQUIRED REPORT



**Independent Auditors' 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
Bryan County Rural Water, Sewer and Solid Waste Management District #6
Caddo, Arkansas

We 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 Bryan County Rural Water, Sewer and Solid Waste Management District #6 (the District), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated April 20, 2022.

Report on 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 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.

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.

Our consideration of internal control over financial reporting 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we 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 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

This 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 the 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.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
April 20, 2022