

**Logan County  
Rural Water  
District #1**

*Audit Report*  
For Year Ending July 31, 2022

**Scott Northrip, CPA**

P.O. Box 642  
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# **SCOTT NORTHRIP, CPA**

P.O. Box 642, Hobart, Oklahoma 73651

## **Independent Auditor's Report**

To The Board of Directors of  
Rural Water, Sewer, & Solid Waste Management Dist. #1  
Logan County, Oklahoma

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

#### **Opinion**

I have audited the accompanying financial statements of Rural Water, Sewer, & Solid Waste Management District #1, Logan County, Oklahoma (District), as of and for the years ended July 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Rural Water, Sewer, & Solid Waste Management District #1, Logan County, Oklahoma, as of July 31, 2022 and 2021, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

I conducted the 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 (Government Auditing Standards). 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 District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibility of Management for the Financial Statements**

Management is responsible for the preparation and fair representation of these financial statements in accordance accounting principle 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 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 12 months after the date of the financial statements and no conditions were found that raise substantial doubt.

## **Auditor's Responsibility 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 misstatements, 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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, I: a) exercised professional judgement and maintained professional skepticism throughout the audit, b) 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, c) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed, d) evaluate 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, e) 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, and f) 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 10, 2022, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 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.

**Scott Northrip, CPA**

Certified Public Accountant

November 10, 2022

# Rural Water, Sewer, & Solid Waste Management District #1, Logan County, Oklahoma

Statement of Net Position  
As of July 31, 2022 and 2021

<b>ASSETS:</b>	<b>2022</b>	<b>2021</b>
Current Assets:		
Cash & Cash Equivalents	\$ 819,558	\$ 1,012,449
Investments	5,236,259	6,235,124
Accounts Receivable (Note 2)	380,210	234,273
Other Receivable	-	-
Interest Receivable	10,499	16,637
Prepaid Insurance	46,610	36,270
Prepaid Interest	-	-
Inventory	116,918	125,159
<b>Total Current Assets</b>	<b>\$ 6,610,054</b>	<b>\$ 7,659,912</b>
Noncurrent Assets:		
Construction in Progress (Note 12)	\$ 138,856	\$ 314,178
Capital Assets: (Note 6)		
Land & Water Rights	501,790	501,790
Other Capital Assets, net of depreciation (Note 5)	19,096,105	15,493,916
<b>Total Noncurrent Assets</b>	<b>\$ 19,736,751</b>	<b>\$ 16,309,884</b>
<b>TOTAL ASSETS</b>	<b>\$ 26,346,805</b>	<b>\$ 23,969,796</b>
<b>LIABILITIES AND NET POSITION:</b>		
Current Liabilities:		
Accounts Payable	\$ 79,185	\$ 68,355
Interest Payable	149	575
Customer Deposits	193,577	191,463
Current Portion of Long-term Liabilities	188,358	182,995
<b>Total Current Liabilities</b>	<b>\$ 461,269</b>	<b>\$ 443,388</b>
Long-Term Liabilities: (Note 9)		
Notes Payable, net of current	\$ 2,628,734	\$ 2,818,074
Net Position:		
Restricted Fund Balance (Note 11)	\$ 16,488	\$ 18,810
Unrestricted Fund Balance	7,685,396	6,382,014
<b>Total Fund Balance</b>	<b>\$ 7,701,884</b>	<b>\$ 6,400,824</b>
Member Investments	4,907,961	4,649,961
Donated Assets (Note 5)	7,013,999	6,234,591
Grants	2,611,933	2,611,933
Impact Fees	1,021,025	811,025
<b>TOTAL NET POSITION</b>	<b>\$ 23,256,802</b>	<b>\$ 20,708,334</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 26,346,805</b>	<b>\$ 23,969,796</b>

See accompanying notes to the financial statements.

# Rural Water, Sewer, & Solid Waste Management District #1, Logan County, Oklahoma

Comparative Statement of Activities  
For the Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES:</b>		
Water Sales	\$ 3,223,932	\$ 2,830,265
Sewer Service Revenues	216,276	115,546
Late Fees	46,099	40,613
Connection & Convenience Charges	28,631	26,411
Royalties - Edmond	174,291	133,212
Miscellaneous Revenues	140	45,891
<b>Total Operating Revenues</b>	<u><b>\$ 3,689,369</b></u>	<u><b>\$ 3,191,938</b></u>
<b>OPERATING EXPENSES:</b>		
Salaries	\$ 473,642	\$ 482,591
Depreciation Expense	623,145	542,812
Interest Expense	85,675	91,540
Water Purchases	287,106	295,301
Utilities	147,828	110,858
Supplies & Chemicals	271,863	287,782
Repairs & Maintenance	165,643	187,455
Insurance	54,458	43,928
Legal & Professional Fees	49,736	32,124
Transportation Expense	38,290	26,921
Employee Benefits	124,597	95,117
Payroll Tax Expense	36,478	31,657
Communication Expense	10,193	6,066
Office Supplies & Postage	46,959	45,377
Bad Debt Expense	18,983	20,031
Director's Fees	7,750	6,900
Dues & Licenses	10,589	8,083
Equipment Rent	3,799	5,620
Credit Card and Bank Fees	279	2,115
Electronic Meter Expense	21,472	3,919
Miscellaneous Expense	8,196	3,439
<b>Total Operating Expenses</b>	<u><b>\$ 2,486,681</b></u>	<u><b>\$ 2,329,636</b></u>
<b>OPERATING INCOME (LOSS)</b>	<u><b>\$ 1,202,688</b></u>	<u><b>\$ 862,302</b></u>
<b>OTHER REVENUES (EXPENSES):</b>		
Investment Revenues	\$ 90,220	\$ 102,145
Tower Lease	8,152	-
Gain on Sale of Assets	-	-
<b>Total Other Revenues(Expenses)</b>	<u><b>\$ 98,372</b></u>	<u><b>\$ 102,145</b></u>
<b>NET INCOME</b>	<u><b>\$ 1,301,060</b></u>	<u><b>\$ 964,447</b></u>

See accompanying notes to the financial statements.

**Rural Water, Sewer, & Solid Waste Management  
District #1, Logan County, Oklahoma**

Comparative Statement of Changes in Net Position  
For the Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Balance, August 1</b>	\$ 20,708,334	\$ 19,146,137
Net Income (Loss)	1,301,060	964,447
Member Investments	258,000	378,100
Donated Assets	779,408	195,650
Impact Fees	210,000	24,000
Grants	-	-
Total Changes in Net Assets	<u>\$ 2,548,468</u>	<u>\$ 1,562,197</u>
<b>Balance, July 31</b>	<u><u>\$ 23,256,802</u></u>	<u><u>\$ 20,708,334</u></u>

See accompanying notes to the financial statements.

# Rural Water, Sewer & Solid Waste Management District #1, Logan County, Oklahoma

Comparative Statement of Cash Flows  
For the Years Ended July 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 3,543,432	\$ 3,259,963
Payments to suppliers	(1,132,299)	(1,177,691)
Payments to employees	(634,717)	(609,365)
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 1,776,416</b></u>	<u><b>\$ 1,472,907</b></u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of fixed assets	\$ (3,983,413)	\$ (543,751)
Payments for Construction in Progress	(66,600)	(250,447)
Donated Assets	779,408	195,650
Principal payments on notes payable	(183,976)	(190,975)
Interest paid on notes payable	(86,101)	(91,470)
Proceeds from long-term notes	-	-
Proceeds from grant	-	-
Proceeds from sale of assets	-	-
<b>Net Cash Used In Capital &amp; Related Financing Activities</b>	<u><b>\$ (3,540,682)</b></u>	<u><b>\$ (880,993)</b></u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment Receipts	\$ 96,358	\$ 105,947
Tower Lease	8,152	-
Proceeds from impact fees	210,000	24,000
Proceeds from memberships	258,000	378,100
<b>Net Cash Provided from Investing Activities</b>	<u><b>\$ 572,510</b></u>	<u><b>\$ 508,047</b></u>
<b>INCREASE (DECREASE) IN CASH AND INVESTMENTS</b>	<b>\$ (1,191,756)</b>	<b>\$ 1,099,961</b>
Cash and Investment Balance - Beginning	<u>7,247,573</u>	<u>6,147,612</u>
<b>CASH AND INVESTMENT BALANCE - ENDING</b>	<u><b>\$ 6,055,817</b></u>	<u><b>\$ 7,247,573</b></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	\$ 1,202,688	\$ 862,302
Adjustments to reconcile operating income to net cash provided (used) by Operating Activities:		
Interest Expense	85,675	91,540
Depreciation expense	623,145	542,812
Change in assets and liabilities:		
Accounts Receivable	(145,937)	68,025
Prepaid Insurance	(10,340)	(4,942)
Prepaid Interest	-	1,155
Inventory	8,241	(81,066)
Accounts Payable	10,830	8,142
Customer Deposits	<u>2,114</u>	<u>(15,061)</u>
<b>Net Cash Provided from Operating Activities</b>	<u><b>\$ 1,776,416</b></u>	<u><b>\$ 1,472,907</b></u>

See accompanying notes to the financial statements.

# **Rural Water, Sewer & Solid Waste Management District #1, Logan County, Oklahoma**

Notes to the Financial Statements  
For the Years Ended July 31, 2022 and 2021

## **Note 1 - Significant Accounting Policies**

### **Organization:**

Rural Water, Sewer, and Solid Waste Management District #1, Logan County, Oklahoma (District) is an Oklahoma trust formed under the Oklahoma Rural Water Act to provide water, sewer, and solid waste management in a designated area in and around Logan County, Oklahoma to individuals and businesses that purchase a benefit unit. The District served 4,238 and 4,134 meters at July 31, 2022 and 2021 respectively.

### **Basis of Accounting:**

The District is a proprietary fund type of entity and uses the accrual method of accounting which reports revenues when earned and expenses when incurred. The District is not legally required to adopt a budget or report on budget comparisons in this report.

### **Fixed Assets and Depreciation:**

The District records its fixed assets at their historical cost or donated value. Depreciation is calculated on each individual asset using the straight-line method of depreciation at the asset's estimated useful life. The District estimates the useful lives of the assets based on the type of asset. The lives range from 4 to 40 years.

### **Income Tax:**

The District is exempt from federal and state income taxes under IRS Code Section 115 (a) as an agency of the State of Oklahoma.

## **Note 2 - Accounts Receivable**

The accounts receivable represents the water usage and service revenues for July plus any unpaid balances from the previous months. The District uses the reserve method to account for bad debts. No provision was made since the allowance is more than the the accounts receivable balances over 90 days old. The accounts receivable balances at July 31, 2022 and 2021 amounted to \$385,312 and \$239,375, and the allowance for bad debts in the amount of \$5,102 and \$5,102, respectively.

## **Note 3 - Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## **Note 4 - Contingencies**

The District did not have any contingencies as of the date of the audit.

## **Note 5 - Donated Assets**

Donated assets are the estimated value of water lines installed by members from the existing lines of the system to the member's meter. The value of the lines donated to the District for the years ending July 31, 2022 and 2021 were \$779,408 and \$195,650, respectively.



# Rural Water, Sewer & Solid Waste Management District #1, Logan County, Oklahoma

Notes to the Financial Statements  
For the Years Ended July 31, 2022 and 2021

## **Note 6 - Changes in Fixed Assets**

	Balance 8/1/2021	Additions	Disposed	Balance 7/31/2022
Cost:				
Water System	\$ 22,544,011	\$ 2,101,287	\$ -	\$ 24,645,298
Equipment	241,678	122,537	-	364,215
Vehicles	193,921	-	-	193,921
Buildings	192,429	2,001,510	-	2,193,939
<b>Total Assets</b>	<b>\$ 23,172,039</b>	<b>\$ 4,225,334</b>	<b>\$ -</b>	<b>\$ 27,397,373</b>
Less: Accumulated Depreciation				
Water System	\$ 7,185,868	\$ 551,383	\$ -	\$ 7,737,251
Equipment	167,636	14,806	-	182,442
Vehicles	135,744	22,136	-	157,880
Buildings	188,875	34,820	-	223,695
Total Accumulated Depreciation	7,678,123	623,145	-	8,301,268
<b>Net Fixed Assets</b>	<b>\$ 15,493,916</b>	<b>\$ 3,602,189</b>	<b>\$ -</b>	<b>\$ 19,096,105</b>

## **Note 7 - Components of Cash and Investments**

	Date of Maturity	Interest Rate	7/31/2022 Balance	7/31/2021 Balance
Petty Cash	-	0.00%	\$ 440	\$ 508
Hi-Fi Account - Oklahoma State Bank	-	0.05%	819,018	949,190
Construction Checking - Oklahoma State Bank	-	0.00%	100	100
Savings - Bancfirst	-	0.01%	-	62,651
Certificate - ORWAAG	-	2.10%	1,000	1,000
CD's & MM- Edward Jones	Various	Avg 1.7%	4,816,873	5,816,014
CD - Oklahoma State Bank	9/17/2022	0.50%	113,000	113,000
CD - Oklahoma State Bank	9/18/2022	1.74%	55,374	55,098
CD - Farmers & Merchants Bank	3/23/2023	0.10%	125,006	125,006
CD - Farmers & Merchants Bank	3/23/2023	0.10%	125,006	125,006
<b>Total Cash and Investments</b>			<b>\$ 6,055,817</b>	<b>\$ 7,247,573</b>

## **Note 8 - Retirement**

The District provides a Simplified Employee Plan (SEP) retirement plan for its participating employees. The plan is administered by Edward Jones. The District contributions up to 5% of the employee wages until October, 2018 when the board approved a rate of 8%. The District contributed \$37,197 and \$29,475 during the years ending July 31, 2022 and 2021.

# Rural Water, Sewer & Solid Waste Management District #1, Logan County, Oklahoma

Notes to the Financial Statements  
For the Years Ended July 31, 2022 and 2021

## **Note 9 - Long Term Liabilities**

### **Berkadia Mortgage**

The District has one long-term note with Berkadia Mortgage. The note was from the original construction of the District plus improvements. The note is secured by the assets. The interest accrues at a fixed annual rate of 5% for a term of 40 years.

### **Oklahoma Water Resources Board**

The District has borrowed \$584,566 from Oklahoma Water Resources Board for system booster station and extension as of July 31, 2012. The maximum loan is \$637,500. The note matures on 9-15-31. The note has accrued interest at a fixed rate of 3.03%. Interest and administrative fees of \$7,606.92 during construction has been capitalized.

The District borrowed \$1,250,000 from Oklahoma Water Resources Board for the new water tower and for the installation of electronic read meters. The note has a term of 20 years and accrues interest at a fixed rate of 2.46%. The District makes monthly payments of \$5,618.16.

The District borrowed \$1,200,000 from Oklahoma Water Resources Board for constructing new water lines. The note has a term of 20 years and accrues interest at a fixed rate of 2.6%. The District began monthly payments on April 15, 2016 in the amount of \$6,396.41. Interest of \$6,212.58 was capitalized during year ending 7-31-15.

The District borrowed \$1,000,000 from Oklahoma Water Resources Board for constructing new water tank and booster pump station. The note has a term of 20 years and accrues at a fixed rate of 2.81%. The District capitalized interest of \$11,428.93 during the construction of the project. The District began making payments on March 15, 2020 until March 15, 2035 at a fixed rate of 2.6%. The District received a reduction of principal grant of \$25,000 at the completion of the project. The District received proceeds of \$83,415.56 during July 31, 2020.

### **Rural Development**

The District borrowed \$300,000 for the construction of a new water tower and water well. The District began making monthly payments of \$1,374 on May 1, 2003. The interest accrues at a fixed rate of 4.625% annually. The note is secured by the assets.

	Note Number	Balance 7/31/2022	Balance 7/31/2021	Annual Payment
Berkadia	4	-	2,322	13,440
Rural Development		195,458	203,674	16,488
OWRB - Series 2009		312,923	342,549	40,080
OWRB - Series 2011		620,298	671,103	67,418
OWRB - Series 2015		822,859	876,943	76,846
OWRB - Series 2018		865,554	904,478	65,525
TOTAL		2,817,092	3,001,069	279,797
Less: Current Portion		188,358	182,995	
NET LONG-TERM NOTES		<u>\$ 2,628,734</u>	<u>\$ 2,818,074</u>	

The District's OWRB loans Series 2009 and 2011 received a reduction of debt because the OWRB refinanced the bonds and is sharing the savings from the refinance with the District. The savings amounted to \$8,060 on series 2009 and \$15,194 on series 2011.

# Rural Water, Sewer & Solid Waste Management District #1, Logan County, Oklahoma

Notes to the Financial Statements  
For the Years Ended July 31, 2022 and 2021

## **Note 9 - Long Term Liabilities - continued**

Current Portion:	Berkadia	OWRB09	RD	OWRB11	OWRB 15	OWRB 18
Year Ending 7-31-23	-	30,543	9,026	52,081	55,519	41,189
Year Ending 7-31-24	-	31,465	9,453	53,349	56,937	42,307
Year Ending 7-31-25	-	32,462	9,901	54,367	58,502	43,585
Year Ending 7-31-25	-	33,467	10,369	55,920	60,055	44,836
Year Ending 7-31-26	-	34,504	10,860	57,508	61,649	46,123

## **Note 10 - Prior Period Adjustment**

The District didn't make any prior period adjustments during the years ending July 31, 2022 or 2021.

## **Note 11 - Restricted and Reserved Assets**

### **Restricted for Debt Service**

CD's for Berkadia Mortgage	\$ -
CD's for Rural Development loan	16,488
<b>Total Restricted Assets</b>	<b>\$ 16,488</b>

### **Reserved for Future Improvements**

CD's for System Improvements & Water rights	5,155,063
<b>Total Reserved Assets</b>	<b>5,155,063</b>

## **Note 12 - Construction in Progress**

The District has 3 projects in progress as of July 31, 2022 which were not completed as of the end of the year. The projects will be capitalized and begin depreciating upon completion of the projects. A new well project has a cost of \$18,360, an 8" water line extension on Henney Rd has a cost of \$116,731, and a line extension on Karl St. of \$3,765.

## **Note 13 - Evaluation of Subsequent Events**

The subsequent events of the District were reviewed through November 10, 2022, the date of the financial statements.

# **SCOTT NORTHRIP, CPA**

P.O. Box 642, Hobart, Oklahoma 73651

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of  
Rural Water, Sewer, and Solid Waste Management Dist. #1  
Logan County, Oklahoma

I 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 basic financial statements of Rural Water, Sewer, and Solid Waste Management District #1, Logan County, Oklahoma (District), as of and for the years ending July 31, 2022 and 2021, and have issued my report thereon dated November 10, 2022.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed test of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, 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*.

### **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the District's internal control over financial reporting (internal control) to determine the auditing 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 District's internal control.

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

## Report on Compliance and Internal Controls-Continued

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.

### Purpose of this Report

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

*Scott Northrip*

Certified Public Accountant

November 10, 2022