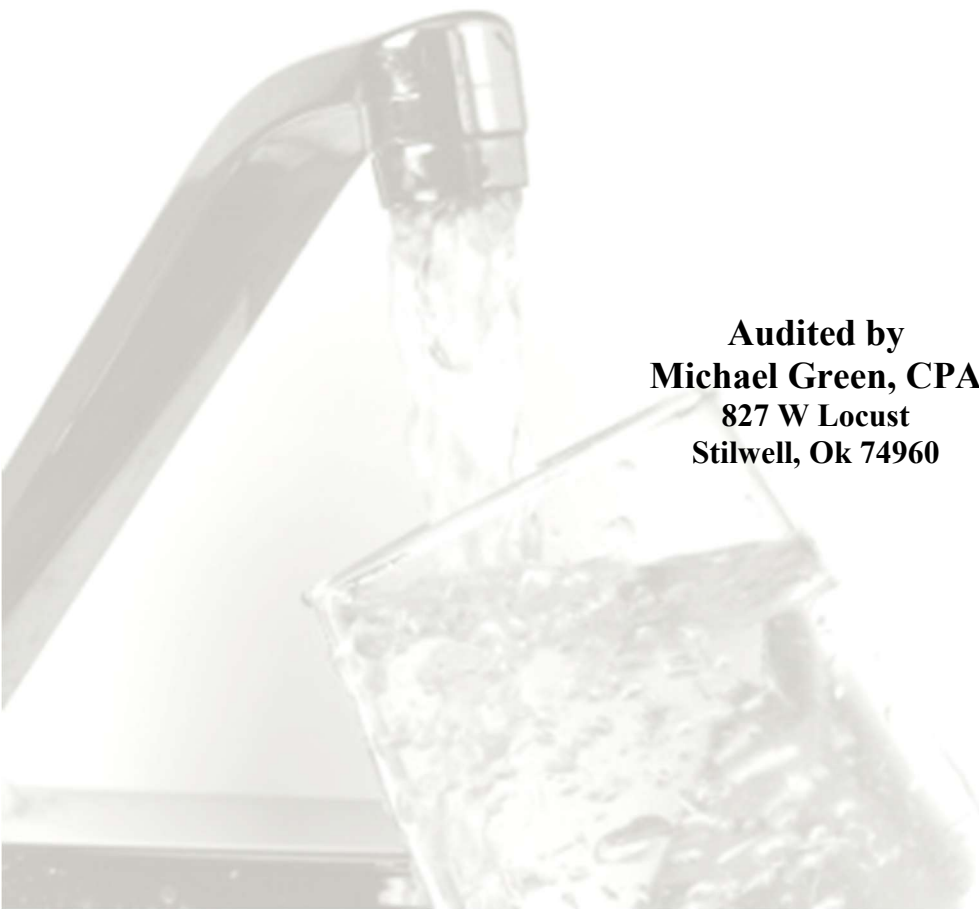


# **RURAL WATER DISTRICT NO. 6 GARFIELD COUNTY**

**GARBER, OKLAHOMA**

## **Annual Financial Statements & Independent Auditor's Report**

**JULY 31, 2024**



**Audited by  
Michael Green, CPA  
827 W Locust  
Stilwell, Ok 74960**

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GARFIELD COUNTY  
GARBER, OKLAHOMA  
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# **MICHAEL W. GREEN**

## **Certified Public Accountant**

827 WEST LOCUST STREET  
STILWELL, OK 74960  
918-696-6298

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Rural Water District No. 6  
Garfield County, Oklahoma

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

##### **Opinions**

I have audited the accompanying modified cash basis statement of assets, liabilities and net position of Rural Water District No. 6, Garfield County, Garber, Oklahoma (the District) as of and for the year ended July 31, 2024, and the statement of revenues, expenses and changes in net position, the statement of cash flows and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the modified cash basis financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of July 31, 2024, and the respective changes in financial position, and, where applicable, the statement of cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

##### **Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

##### **Emphasis of Matter—Basis of Accounting**

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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*, 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 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 my 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.

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.

## **Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Code 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with modified cash basis of accounting. In my opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards* and *Uniform Guidance***

In accordance with *Government Auditing Standards*, I have also issued my report dated April 24, 2025, 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 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 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 the District's internal control over financial reporting and compliance.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green". The signature is stylized with a large, looped "G" and a cursive "Green" following it.

Michael Green, CPA  
Stilwell, Oklahoma  
April 24, 2025

**RURAL WATER DISTRICT NO. 6  
GARFIELD COUNTY  
GARBER, OKLAHOMA  
STATEMENT OF ASSETS, LIABILITIES AND NET POSITION -  
MODIFIED CASH BASIS  
JULY 31, 2024**

**Assets**

Current Assets

Operating account	\$ 425,117
Cash and cash equivalents	<u>425,117</u>
Certificates of Deposit	262,146
Inventory	<u>21,663</u>
Total Current Assets	708,926

Property and Equipment

Land	59,696
Work in Progress	1,625,953
Waterline	1,290,792
Self Read Meters	185,109
Building and Improvements	77,064
Equipment	185,598
Vehicles	84,698
Salt Fork Crossing	20,000
Accumulated Depreciation	<u>(882,404)</u>
Total Property and Equipment	<u>2,646,506</u>

Total Assets	<u><u>\$ 3,355,432</u></u>
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**Liabilities**

Total Liabilities	\$ -
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**Net Position**

Net Investment in Capital Assets	2,646,506
Unrestricted	<u>708,926</u>
Total Net Position	<u><u>\$ 3,355,432</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**RURAL WATER DISTRICT NO. 6  
GARFIELD COUNTY  
GARBER, OKLAHOMA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION - MODIFIED CASH BASIS  
YEAR ENDED JULY 31, 2024**

Operating Revenues:	
Water Sales	\$ 429,541
Late penalties	18,041
Management Fees	44,593
Line Relocation and Extensions	81,241
Membership fees	14,391
Grant Income	1,524,870
Other Income	6,544
Total Revenues	<u>2,119,221</u>
Operating Expenses:	
Payroll	267,513
Water Cost	50,363
Contract Services	53,564
Chemicals	11,734
Vehicle Cost	13,520
Repairs, Maintenance and Supplies	81,296
Office Supplies and Postage	1,614
Insurance	21,579
Professional fees	90,970
Utilities and Telephone	26,890
Board Expenses	5,394
Depreciation	59,675
Misc expense	2,366
Total Operating Expenses	<u>686,478</u>
Operating Income (Loss)	1,432,743
Nonoperating Revenues (Expenses):	
Interest Income	3,163
Total Nonoperating Revenue (Expenses)	<u>3,163</u>
Change in Net Position	1,435,906
Net Position at Beginning of Year	1,919,526
Net Position at End of Year	<u><u>\$ 3,355,432</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.

**RURAL WATER DISTRICT NO. 6  
GARFIELD COUNTY  
GARBER, OKLAHOMA  
STATEMENT OF CASH FLOWS  
MODIFIED CASH BASIS  
YEAR ENDED JULY 31, 2024**

**Cash Flows From Operating Activities:**

Cash Received From Customers	\$ 2,119,222
Cash Payments to Suppliers For Goods and Services	(359,291)
Cash Payments to Employees	(267,513)
Net Cash Provided (Used) by Operating Activities	<u>1,492,418</u>

**Cash Flows From Non-Capital Financing Activities:**

**Cash Flows From Capital and Related Financing Activities:**

Principal Payments of Notes Payable	<u>-</u>
Net Cash Provided (Used) by Financing Activities	-

**Cash Flows From Investing Activities:**

(Increase) Decrease in Fixed Assets	(1,485,865)
(Increase) Decrease in CDs	(3,163)
Interest Income	3,163
Net Cash Provided (Used) by Investing Activities	<u>(1,485,865)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	6,553
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Beginning Cash and Cash Equivalents	<u>418,564</u>
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Ending Cash and Cash Equivalents	<u><u>\$ 425,117</u></u>
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**Reconciliation of Income (Loss) From Operations to  
Net Cash Provided (Used) by Operating Activities:**

Income (Loss) From Operations	\$ 1,432,743
Depreciation	59,675
Change in Assets and Liabilities	
(Increase) Decrease in accounts Receivable	-
(Increase) Decrease in Inventory	-
(Increase) Decrease in accounts Payables	-
Adjustments to Reconcile Income (Loss) From Operations to Net Cash Provided (Used) by Operating Activities:	
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,492,418</u></u>

**ADDITIONAL CASH FLOW INFORMATION**

Interest Income	
Operating account	\$ 3,163
<b>TOTAL</b>	<u><u>\$ 3,163</u></u>

The accompanying notes and auditor's reports are an integral part of these financial statements.



RURAL WATER DISTRICT NO. 6  
GARFIELD COUNTY  
GARBER, OKLAHOMA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JULY 31, 2024

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

1. A Nature of Organization

Rural Water District No. 6, Garfield County (the District), Garber, Oklahoma was incorporated on January 9, 2012. The District was created under the Rural Water, Sewer, Gas, and Solid Waste Management District Act, as amended, Title 82, Section 1324.1-1324.35 of the Oklahoma State Statutes. The purpose of the District is to acquire water and water rights; to build and acquire pipelines and other facilities; and to operate the same for the purpose of furnishing water to serve the needs of owner and occupants of land located within the District, and others as authorized by the by-laws.

The District is a governed entity by a Board of Directors that act as the authoritative and legislative body of the entity. The Board is comprised of elected board members.

1.B Basis of Accounting

The District is classified as an Enterprise Fund. The cost of providing water services to the public is financed mainly through user charges. The financial statements of the District have been prepared using the modified cash basis of accounting. This basis recognizes assets, liabilities, net assets/fund equity, revenues, and expenditures/expenses when they result from cash transactions with a provision for depreciation. This basis is a basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

1.C Cash and Cash Equivalents

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

1.D Cash and Deposits

Cash and deposits are maintained in financial institutions which provide coverage to depositors through the Federal Deposit Insurance Corporation. The State of Oklahoma allows government entities to invest in the following: direct obligations of the United State 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.

1.E Capital Assets

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Revenues, Expenses, and Changes in Net Position, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of estimated useful life of property by type of asset is as follows:

Vehicles	5
Furniture and Equipment	5
Buildings	20
Water System Improvements	10- 40

### 1.F Net Position

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 borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is displayed in three components:

- a. *Net Investment in capital assets* – 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 improvements of those assets.
- b. *Restricted net position* – consists of net assets with constraints placed on the use either by an external group such as creditors, grantors, contributors, or laws and regulation of other governments, or by law through constitutional provisions or enabling legislation.
- c. *Unrestricted net position* – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

### 1.G Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting which 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 (such as estimated useful lives in determining depreciation expense.) Accordingly, actual results could differ from those estimates.

## **NOTE 2 - CASH AND DEPOSITS**

*Custodial Credit Risk* – Custodial credit risk related to deposits exists when the District hold deposits that are uninsured and uncollateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District’s name or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that or uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name. The District’s policy for custodial credit risk is to secure its uninsured deposits with collateral. As of July 31, 2024, the District’s bank balances of \$434,922 were covered by FDIC insurance.

*Investment Credit Risk* - The District has no investment policy that limits investments choices other than the limitation of state law. As of July 31,2024, the District did not hold investments other than certificates of deposits which were insured by FDIC insurance.

## **NOTE 3 – 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 expensed. Depreciation is calculated on a straight-line basis over the estimated useful lives of the depreciable assets. Total depreciation for the year ended July 31,2024, was \$59,675.

The following is a summary of category of changes in property and equipment:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Non Depreciated Assets				
Land	\$ 59,696	\$ -	\$ -	\$ 59,696
Work In Progress	170,382	1,455,571	-	1,625,953
Total Non Depreciated Assets	230,078	1,455,571	-	1,685,649
Other Fixed Assets:				
Vehicles	54,404	30,294	-	84,698
Building & Improvements	77,064	-	-	77,064
Waterline System	1,290,792	-	-	1,290,792
Furniture & Equipment	185,598	-	-	185,598
Self Read Meters	185,109	-	-	185,109
Salt Fork River Crossing	20,000	-	-	20,000
Total Fixed Assets	2,273,123	2,941,436	-	1,843,261
Less Accumulated Depreciation:	(822,729)	(59,675)	-	(882,404)
Totals	\$ 1,680,472	\$ 4,337,332	\$ -	\$ 2,646,506

#### NOTE 4 – 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.

#### NOTE 5 – COMMITMENTS AND CONTINGENCIES:

As of July 31, 2024, the District does have pending litigation or potential non-disclosed liabilities that management believes could have a material effect on the financial statements.

#### NOTE 6 – BUDGETS:

The District is not legally required to adopt a budget.

#### NOTE 7 – FAIR VALUE OF FINANCIAL INSTRUMENTS:

The District's financial instruments include cash and cash equivalents, certificates of deposit, 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 8 – EVALUATION OF SUBSEQUENT EVENTS:

The District has evaluated subsequent events through April 24, 2025, the date which the financial statements were available to be issued.

# **MICHAEL W. GREEN**

**Certified Public Accountant**

827 WEST LOCUST STREET

STILWELL, OK 74960

918-696-6298

## **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  
Rural Water District No. 6  
Garfield 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 modified cash basis statement financial statements of Rural Water District No. 6, Garfield County, Garber, Oklahoma (the District) as of and for the year ended July 31, 2024, and the statement of revenues, expenses and changes in net position and the related notes to the financial statements, which collectively comprise the Districts basic financial statements and have issued my report thereon dated April 24, 2025. The report included an emphasis-of-matter paragraph related to the District's use of a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

### **Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I 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 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.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs (2024-001) that I consider to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 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.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", written in a cursive style.

Michael Green, CPA  
Stilwell, Oklahoma  
April 24, 2025

# **MICHAEL W. GREEN**

## **Certified Public Accountant**

827 WEST LOCUST STREET

STILWELL, OK 74960

918-696-6298

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Rural Water District No. 6  
Garfield County, Oklahoma

#### **Report on Compliance for Each Major Federal Program**

##### ***Opinion on Each Major Federal Program***

I have audited Rural Water District No. 6, Garfield County, Garber, Oklahoma (the District), compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town's major federal programs for the year ended July 31, 2024. The District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended July 31, 2024.

##### ***Basis for Opinion on the Major Federal Program***

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. My audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

##### ***Auditor's Responsibilities for the Audit of Compliance***

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

### **Report on Internal Control over Compliance**

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Regards,

A handwritten signature in black ink, appearing to read "Mike Green", with a stylized, cursive script.

Michael Green, CPA  
Stilwell, OK  
April 24, 2025



**Rural Water District No. 6, GARFIELD COUNTY**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended July 31, 2024**

<i>Award Information</i>	<i>AL/other #</i>	<i>Pass-Through Entity Name</i>	<i>Name of Grant - Grant ID No.</i>	<i>Federal Expenditures (\$)</i>	<i>Passed-through to Subrecipients (\$)</i>
<b><i>Drinking Water State Revolving Fund Cluster-Cluster</i></b>					
United States Environmental Protection Agency					
Drinking Water State Revolving Fund			Safe Drinking Water State		
Total Drinking Water State Revolving Fund	66.468	Oklahoma Water Resources Board	Revolving Fund--ORF--18-0013-DW	\$ 1,524,868	\$ -
<i>Total United States Environmental Protection Agency</i>				<u>1,524,868</u>	
<b><i>Total Drinking Water State Revolving Fund Cluster-Cluster</i></b>				<u>1,524,868</u>	
<b><i>Total Expenditures of Federal Awards</i></b>				<u>\$ 1,524,868</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule

**Note A: Basis of Presentation:** The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Garfield County Rural Water District #6 (the District) under programs of the federal government for the fiscal year ended July 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Garfield County Rural Water District #6, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note B: Basis of Accounting:** The SEFA is prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under the modified cash basis, expenditures are recognized when paid, except for material encumbrances and payables, which may be recorded as expenditures when incurred.

**Note C: Indirect Cost Rate:** The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note D: Loans Outstanding:** The District entered into a loan agreement during the fiscal year with the Oklahoma Water Resources Board under the Drinking Water State Revolving Fund program (ALN 66-468). During the fiscal year ended July 31, 2024, federal expenditures totaling \$1,524,868 were recognized due to loan forgiveness under the program. The original loan amount was \$2,240,000. At July 31, 2024, the remaining principal balance outstanding under the loan agreement was approximately \$715,132. In accordance with 2 CFR 200.502(b) and 2 CFR 200.510(b)(5), the amount forgiven is reported as federal expenditures in the current year, and the outstanding balance is disclosed in these notes.

**Note E: Subrecipients:** The District did not pass any federal funds through to subrecipients during the fiscal year ended July 31, 2024.

The accompanying notes and auditor's reports are an integral part of these financial statements.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Rural Water District No. 6

Garfield County

Garber, Oklahoma

Year Ended July 31, 2024

### Section I – Summary of Auditor’s Results

#### *Financial Statements*

Type of auditor’s report issued on whether the financial statements  
were in accordance with GAAP:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies)?                              X   yes                           no

Noncompliance material to financial statements noted?                           yes                      X   no

#### *Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?                           yes                      X   no
- Significant deficiency(ies)?                                   yes                      X   no

Type of auditor’s report issued on compliance for major federal programs:

*Unmodified*

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)?

       yes                      X   no

Identification of major federal programs:

<u>Program</u>	<u>ALN Number</u>
Safe Drinking Water State Revolving Fund	66.468

Dollar threshold used to distinguish between type A and type B programs:                    \$750,000

Auditee qualified as a low-risk auditee?                           yes                      X   no

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Rural Water District No. 6  
Garfield County  
Garber, Oklahoma  
Year Ended July 31, 2024

**Section II-Financial Statement Findings and Questioned Costs:**

**2024-001 Internal Controls over Financial Reporting**

*Criteria:* The segregation of duties and responsibilities between different individuals for custody of assets, record keeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the District's assets and ensure accurate financial reporting.

*Condition:* Presently a limited number of individuals have responsibility for all functions of financial statement reporting. These individuals have oversight responsibilities for billing and adjustments, posting of payments to subsidiary ledgers and reconciling the monthly bank statements. In addition, only limited oversight is provided over these individuals in the conduct of their daily functions.

*Cause and Effect:* The limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the income and other billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

*Recommendation:* Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

*Responsible Official's Response:* The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

**Section III-Federal Awards Findings and Questioned Costs:**

None reported

**Section IV-Prior Year Findings and Questioned Cost**

**2023-01 Internal Controls over Financial Reporting**

*Criteria:* The segregation of duties and responsibilities between different individuals for custody of assets, record keeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the District's assets and ensure accurate financial reporting.

*Condition:* Presently a limited number of individuals have responsibility for all functions of financial statement reporting. These individuals have oversight responsibilities for billing and adjustments, posting of payments to subsidiary ledgers and reconciling the monthly bank statements. In addition, only limited oversight is provided over these individuals in the conduct of their daily functions.

*Cause and Effect:* The limited size and staffing resources have made it difficult for management to provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner. Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the income and other

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Rural Water District No. 6

Garfield County

Garber, Oklahoma

Year Ended July 31, 2024

billing and collection activities, including misappropriation of assets, could occur and not be detected within a timely basis.

*Recommendation:* Management and the board should consider a formal evaluation of their risks associated with this lack of duties segregation over assets. In response to the identified risks, consideration should be given to identifying and implementing compensating duties to act as controls that could help mitigate the risks associated with lack of segregation of duties, such as management performing review procedures for the reconciliation of accounts.

*Responsible Official's Response:* The board has concluded that due to the limited number of personnel, an adequate segregation of duties is not achievable and that the cost of correcting the weakness would exceed the benefits that would be derived from it.

This finding has not been resolved.