

**Water Improvement District No. 14
Tulsa County, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2022

Audited by

**BLEDSON, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP**

BROKEN ARROW, OK

Water Improvement District No. 14
Tulsa County, Oklahoma
Board of Directors
December 31, 2022

BOARD OF DIRECTORS

Chairman

Ron Doss

Treasurer

Charles Breshears

Member

John Grayson

**OFFICE MANAGER/
BOOKKEEPER**

Melissa Sattre

Water Improvement District No. 14
Tulsa County, Oklahoma
December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Water Improvement District No. 14
Tulsa County, Oklahoma

Report on the Audit of the Financial Statements

We have audited the accompanying combined fund type and account group financial statements-regulatory basis of the Water Improvement District No. 14, Tulsa County, Oklahoma (the District), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2022, and the respective changes in financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District 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 known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's report that includes our 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 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.

Supplementary Information

The District has not presented the Management's Discussion and Analysis that governmental 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 (GASB), who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The prior year “memorandum only” comparative information and the additional information provided on page 18 is presented for the purposes of additional analysis and are not a required part of the basic financial statements of the District. Such information has not been subjected to the auditing procedures applied in our audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2023 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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 17, 2023



BLED SOE, HEWETT & GULLEKSON
CERTIFIED PUBLIC ACCOUNTANTS, PLLLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Water Improvement District No. 14
Tulsa County, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Water Improvement District No. 14, Tulsa County, Oklahoma (the District), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 17, 2023.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

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 identified one deficiency in internal control that we consider to be a material weakness. This finding is identified as item 22-1 in the accompanying Schedule of Audit Results.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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

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.

Bledsoe, Hewett & Gullekson

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP

February 17, 2023

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Disposition of Prior Year Audit Findings
December 31, 2022**

21-01 – Petty Cash

The exception of a petty cash check being cashed each month for incidental office expenses continued in the current fiscal year, but a resolution has been discussed with the District.

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Schedule of Findings and Responses
December 31, 2022**

Section 1 – Summary of Auditor’s Results:

1. An unmodified opinion report was issued on the financial statements.
2. The audit identified one significant deficiency in the internal controls over financial reporting, item 22-1, which was considered a material weakness.
3. The audit disclosed no instances of noncompliance which are material to the financial statements.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

22-1 Internal Control – Segregation of Duties

Criteria – The segregation of duties and responsibilities between different individuals for custody of assets, recordkeeping 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 the same individual performs all accounting functions: receives utility service-related payments, is responsible for service billing and adjustment, makes bank deposits, writes checks, reconciles the monthly bank statements and prepares monthly financial reports.

Cause – The District’s 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.

Effect or Potential Effect – Without sufficient segregation of duties, the risk significantly increases that errors and fraud related to the accounting functions, including misappropriation of assets, could occur and not be detected within a timely basis.

Recommendation - While it may not be cost effective to hire additional administrative staff that would be necessary in order to adequately segregate the responsibilities, the District should consider a formal evaluation of their risks associated with this lack of segregation of duties. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with the lack of segregation of duties.

Management Response – Management agrees with this finding and will provide adequate staffing once annual collections increase enough to justify the extra expense.

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Statement of Net Position
December 31, 2022**

	2022	-Memorandum- -Only- 2021
<u>ASSETS</u>		
Current assets:		
Cash	\$ 79,403	178,649
Investments	98,306	101,357
Accounts receivable	36,874	18,352
Prepaid expenses	3,350	3,172
Total current assets	217,933	301,530
Capital assets:		
Water system and improvements	672,051	633,678
Buildings and improvements	83,163	78,674
Equipment and automobiles	27,725	27,725
Total capital assets	782,939	740,077
Less: accumulated depreciation	(474,584)	(454,501)
Total capital assets (net)	308,355	285,576
TOTAL ASSETS	\$ 526,288	587,106
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 29,636	23,479
Payroll taxes payable	4,218	4,950
Customer meter deposits	36,050	39,350
Total current liabilities	69,904	67,779
 <u>NET POSITION</u>		
Net investment in capital assets	308,355	285,576
Unrestricted assets	148,029	233,751
Total Net Position	456,384	519,327
TOTAL LIABILITIES AND NET POSITION	\$ 526,288	587,106

The accompanying notes to the financial statements are an integral part of this statement

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Statement of Revenues, Expenses and Changes in Net Position
For The Year Ended December 31, 2022**

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
Operating Revenues:		
Water sales and services	\$ 382,218	375,739
Penalties	9,234	0
Memberships	30,770	0
Other services	12,600	20,559
Total revenues from operations	<u>434,822</u>	<u>396,298</u>
Operating Expenses:		
Water purchases	271,907	196,936
Salaries and payroll taxes	140,632	142,658
Repairs and maintenance	25,908	58,980
Office and postage	10,429	10,557
Utilities and telephone	5,832	7,050
Contract labor	2,424	3,322
Professional fees	8,065	3,200
Insurance	6,410	6,078
Testing fees	1,257	0
Dues and fees	2,919	1,820
Miscellaneous	2,237	1,260
Depreciation	20,083	18,809
Total expenses from operations	<u>498,103</u>	<u>450,670</u>
Operating Income (Loss)	(63,281)	(54,372)
Non-Operating Revenues (Expenses):		
Interest income	338	371
Interest on debt	0	(166)
Total non-operating revenues (expenses)	<u>338</u>	<u>205</u>
Change in Net Position	(62,943)	(54,167)
Total Net Position, beginning of period	<u>519,327</u>	<u>573,494</u>
Total Net Position, end of period	<u>\$ 456,384</u>	<u>519,327</u>

The accompanying notes to the financial statements are an integral part of this statement

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Statement of Cash Flows
For Year Ended December 31, 2022**

	<u>2022</u>	<u>-Memorandum- -Only- 2021</u>
Cash Flows from Operating Activities:		
Receipts from customers	\$ 464,457	407,097
Payments to employees	(141,364)	(138,324)
Payments to vendors	(382,866)	(284,307)
Net Cash Provided by Operating Activities	<u>(59,773)</u>	<u>(15,534)</u>
Cash Flows from Capital and Other Financing Activities:		
Principal paid on debt	0	(6,300)
Interest paid on debt	0	(166)
Purchase of capital assets	(42,862)	0
Net Cash Provided by (used in) Capital and Other Financing Activities	<u>(42,862)</u>	<u>(6,466)</u>
Cash Flows from Investing Activities:		
Interest revenue	<u>338</u>	<u>371</u>
Net Increase (Decrease) in Cash and Equivalents	(102,297)	(21,629)
Cash and cash equivalents, beginning of period	<u>280,006</u>	<u>301,635</u>
Cash and cash equivalents, end of period	<u>\$ 177,709</u>	<u>280,006</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating Income (loss)	\$ (63,281)	(54,372)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation Expense	20,083	18,809
(Increase) decrease in accounts receivable	(18,522)	10,799
(Increase) decrease in prepaid expenses	(178)	105
Increase (decrease) in accounts payable	6,157	4,791
Increase (decrease) in payroll taxes payable	(732)	4,334
Increase (decrease) in meter deposits	(3,300)	0
Net Cash Provided by Operating Activities	<u>\$ (59,773)</u>	<u>(15,534)</u>

The accompanying notes to the financial statements are an integral part of this statement

TULSA COUNTY WATER IMPROVEMENT DISTRICT NO. 14
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies

Nature of Organization

The Tulsa County Water Improvement District No. 14 (the District) was created under the provisions of Title 82 of Oklahoma Statutes, Section 1324.1 – 1324.35 and the Laws of the State of Oklahoma. The purpose of this District is to provide water services to users. Water is purchased from the City of Sand Springs.

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and liabilities are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

The District follows GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement establishes financial reporting requirements for state and local governments throughout the United States.

Cash

The District’s accounts are with the Bank of Oklahoma, Tulsa, Oklahoma, and are detailed as follows:

	December 31,	
	2022	2021
Cash on hand (drawer/petty)	\$ 650	728
Operation and Maint. Account	79,478	137,444
Online Banking Account	197	130
Security Deposit Account	340	40,926
Less: Outstanding checks	(1,262)	(579)
Total	\$ 79,403	178,649

Cash and Cash Equivalents

For the purposes of preparing the statement of cash flows, cash on hand, reconciled cash in savings and checking, and certificates of deposit that can be converted into cash (if necessary) are considered cash equivalents.

TULSA COUNTY WATER IMPROVEMENT DISTRICT NO. 14
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Investments

The District had the following outstanding investments:

	2022	2021
IBC Bank-		
Certificate of Deposit no. 6532, dated 4/16/22, matures 4/16/23	\$ 16,608	16,611
Certificate of Deposit no. 0764, dated 6/15/22, matures 6/15/23	62,178	62,191
Certificate of Deposit no. 9524, dated 9/13/22, matures 9/13/23	14,520	14,527
Certificate of Deposit no. 1100, liquidated in 2022	-	7,264
Bank of Oklahoma-		
Certificate of Deposit no. 0530, dated 5/8/22, matures 7/8/23	5,000	5,000
Total Investments	\$ 98,306	105,593

Cash and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers’ acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At December 31, 2022, the District held deposits of approximately \$178,321 at financial institutions. The District’s cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District’s name.

Investment Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

TULSA COUNTY WATER IMPROVEMENT DISTRICT NO. 14
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Investment Credit Risk – The District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

Collateral Pledged

All District funds were adequately insured by \$250,000 of FDIC coverage, or other secured collateral as of December 31, 2022.

Accounts Receivable

Billings for accounts receivable at December 31, 2022 were \$36,874. Allowance for doubtful accounts was not computed on this balance because uncollectibles do not have a material effect on the balance sheet.

Memorandum Totals

The “Memorandum Only” captions above the total columns mean that amounts are presented for overview information purposes only.

TULSA COUNTY WATER IMPROVEMENT DISTRICT NO. 14
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Capital Assets

Any items purchased or constructed in excess of \$500 and a useful life of over two years is considered a capital asset by the District, and will be depreciated over a specific time. Neither the District nor the previous auditors were able to provide us with the method of calculating depreciation used in prior years. Therefore, to remain consistent, the same provision for depreciation used in previous years continues to be used. The capital asset information for the District is shown below:

	12/31/2021			12/31/2022
	<u>Amount</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u>
Water system & impv.	\$ 633,678	38,373	-	672,051
Buildings & contents	78,674	4,489	-	83,163
Equipment and autos	<u>27,725</u>	<u>-</u>	<u>-</u>	<u>27,725</u>
Total Capital Assets	740,077	42,862	-	782,939
Less: Accumulated Depreciation	<u>(454,501)</u>	<u>(20,083)</u>	<u>-</u>	<u>(474,584)</u>
Total	<u>\$ 285,576</u>	<u>22,779</u>	<u>-</u>	<u>308,355</u>

In 2022, the District made some waterline improvements and purchased meters and added a new roof to the office building.

Equity Classification

Equity is classified as net position and displayed in three components:

1. 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 and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted – Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) laws through constitutional provisions of enabling legislation.
3. Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

TULSA COUNTY WATER IMPROVEMENT DISTRICT NO. 14
Notes to Financial Statements
December 31, 2022

Note A – Significant Accounting Policies – cont’d

Federal Income Tax

The District is exempt from Federal and State income taxes.

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2022 no determination of the aggregate dollar value of vacation or sick pay had been made.

Note B – Long-Term Debt

At December 31, 2022, the District did not maintain any outstanding long-term debt.

Note C – Insurance and Surety Bond Coverage

The District appears to have had adequate insurance to cover all major perils at December 31, 2022.

Note D – Subsequent Events

Management has evaluated subsequent events through February 17, 2023, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

**WATER IMPROVEMENT DISTRICT NO. 14
TULSA COUNTY, OKLAHOMA
Schedule of Water Rates and Customers
-Unaudited Information-
December 31, 2022**

Water Rates

0 – 1,000 gallons	=	\$31.00 minimum bill
1,000 gallons and over	=	\$18.00 per 1,000 gallons

Customers

The District had 413 customers at the close of the fiscal year.

Current membership/benefit unit fee is \$2,500 per meter sign up.

City of Sand Springs

The District collected the following amounts in 2022 and forwarded these fees to the City of Sand Springs:

Fire Department	\$ 23,400
EMSA Care	23,400
Total Care (EMS)	4,458



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February 17, 2023

Board of Directors
Water Improvement District No. 14
Tulsa County, Oklahoma

Dear Board of Directors:

The following section contains the observations and recommendations relayed to management that are immaterial control deficiencies, which we feel need to be communicated to you so that appropriate action may be taken to correct these deficiencies. These items are not included in your audit report, as they are not considered material in nature. They are simply observations of some immaterial findings that could evolve into material findings if not addressed or corrected.

Petty Cash

We observed that currently each month a check is issued to Bank of Oklahoma and then cashed, and that cash is used to make small purchases around the office (petty cash). We recommend discontinuance of this practice. No check should ever be written to a bank or to cash. We understand the need for making quick and easy purchases but would recommend another method for this. We would recommend a separate 'petty cash' bank account be opened at the same bank as the operating account. The operating account could then transfer a set amount to the petty cash bank account each month, and a debit card could be obtained for this account for small purchases (i.e. under \$100). Proper supporting documentation (itemized invoices) should still be obtained for every charge on the debit card, and the bank statements should be available for review by the Board of Directors and the auditors.

IRS 941 Quarterly Forms

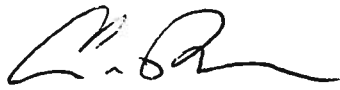
We observed that the quarterly tax forms for the third and fourth quarter of 2022 were not completed and filed with the IRS. We recommend that these forms be completed and filed as soon as possible, and that these quarterly tax forms be prepared in a timely manner going forward, in order to avoid any penalties and interest charges from the IRS.

Employee Bonuses

We observed that check number 8668 was issued to the Bank of Oklahoma for \$1,500. This check was written for 'year-end bonuses'. We recommend that any/all additional compensation paid to District employees be processed through the payroll process so that required taxes be withheld. Also, all amounts paid in addition to normal compensation should be approved by the Board of Directors as an agenda item in a board meeting.

We take this opportunity to thank you and your professional staff for the outstanding cooperation and invaluable assistance you gave us during our recent onsite audit work.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Bledsoe", with a long horizontal flourish extending to the right.

Eric M. Bledsoe

For

Bledsoe, Hewett & Gullekson
Certified Public Accountants, PLLLP