

**PECAN VALLEY RURAL WATER DISTRICT
LAWTON, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

BY



Pecan Valley Rural Water District
Lawton, Oklahoma
Year Ended September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pecan Valley Rural Water District
Comanche County
Lawton, Oklahoma

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Pecan Valley Rural Water District, Comanche County, Lawton, Oklahoma, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Pecan Valley Rural Water District's basic financial statements as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Pecan Valley Rural Water District as of September 30, 2022, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We did not obtain sufficient appropriate audit evidence about the amount recognized for the accounts receivable maintained by the District because no accounting controls were exercised in tracking them. Also, we did not obtain sufficient appropriate audit evidence about the amount recognized for the account payables maintained by the District because no accounting controls were exercised in tracking them. Lastly, we did not obtain sufficient appropriate audit evidence about the amount recognized for their capital assets because no accounting controls were exercised in tracking them. We were unable to obtain sufficient appropriate audit evidence about accounts receivable, accounts payable, or capital assets by other auditing procedures.

We conducted our 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. 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 Pecan Valley Rural Water 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 qualified 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 Pecan Valley Rural Water 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Pecan Valley Rural Water District, Comanche County, Lawton, Oklahoma'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, which raise substantial doubt about Pecan Valley Rural Water District, Comanche County, Lawton, Oklahoma’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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2023, on our consideration of the Pecan Valley Rural Water 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 Pecan Valley Rural Water 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 Pecan Valley Rural Water District’s internal control over financial reporting and compliance.

Furrh & Associates

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

December 5, 2023

Pecan Valley Rural Water District
Lawton, Oklahoma
Statement of Financial Position
For Year Ended September 30, 2022

ASSETS

Current Assets

Cash & Cash Equivalents	\$	88,469	
Accounts Receivable		77,665	
Prepaid Asset		3,934	
Inventory		25,515	
Total Current Assets			\$ 195,583

Capital Assets

Real Property		1,568,000	
Equipment		82,200	
Accumulated Depreciation		(31,735)	
Net Capital Assets			1,618,465
Total Assets			\$ 1,814,048

LIABILITIES AND NET ASSETS

Current Liabilities

Payroll Liabilities	\$	6,105	
Customer Deposits		621	
Total Liabilities			\$ 6,726

Net Assets

With Donor Restrictions		0	
Without Donor Restrictions		1,807,322	
Total Net Assets			1,807,322
Total Liabilities and Net Assets			\$ 1,814,048

Please see accompanying notes to financial statements.

Pecan Valley Rural Water District
Lawton, Oklahoma
Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenue and Support</u>			
Water Revenue	\$ 646,873	\$ 0	\$ 646,873
Membership Income	600	0	600
Interest Income	12	0	12
Total Revenue and Support	<u>647,485</u>	<u>0</u>	<u>647,485</u>
Net Assets Released from Restrictions:			
Satisfied by Purpose	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	647,485	0	647,485
<u>Operating Expense</u>			
Program Expenses	486,074	0	486,074
Management & General Expenses	34,936	0	34,936
Fundraising Expense	0	0	0
Total Operating Expense	<u>521,010</u>	<u>0</u>	<u>521,010</u>
Change in Net Assets	126,475	0	126,475
Net Assets, September 30, 2021	<u>1,680,847</u>	<u>0</u>	<u>1,680,847</u>
Net Assets, September 30, 2022	<u><u>\$ 1,807,322</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,807,322</u></u>

Please see accompanying notes to financial statements.

Pecan Valley Rural Water District
Lawton, Oklahoma
Statement of Cash Flows
Year Ended September 30, 2022

Cash Flow from Operating Activities

Cash Received from Customers	\$ 570,429	
Cash Paid for Water	(337,399)	
Cash Paid for Salaries and Related Costs	(112,217)	
Cash Paid to Suppliers	<u>(48,352)</u>	
Net Cash Provided by Operating Activities		\$ 72,461

Cash Flow from Investing Activities

Interest Income	<u>12</u>	
Net Cash Used by Investing Activities		<u>12</u>

Net Increase in Cash and Cash Equivalents 72,473

Cash and Cash Equivalents, September 30, 2021 15,996

Cash and Cash Equivalents, September 30, 2022 \$ 88,469

Please see accompanying notes to financial statements.

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pecan Valley Rural Water District's (the District) financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Reporting Entity

Pecan Valley Rural Water District is incorporated under the laws of Oklahoma as a nonprofit District. The mission of Pecan Valley Rural Water District is to provide water and services to residents in Comanche County, Oklahoma.

Method of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restriction. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions: Net assets that are not subject to donor or certain grantor restrictions and may be expended for any purpose in performing the primary objectives of the District. These net assets may be used at the discretion of Pecan Valley Rural Water District's management and the board of directors.
- Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Pecan Valley Rural Water District or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Annual Budget

The District prepares an operating budget each year for management purposes.

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to endowments that are perpetual in nature, other long-term purposes are excluded from this definition.

The following table provides a reconciliation of cash and cash equivalents reported within the statements of financial position to the sum of the corresponding amounts within the statement of cash flows:

City National Bank Checking	\$ 88,469
Total	<u>\$ 88,469</u>

Accounts Receivable

The accounts receivable represent receivables for utility services for the current month where the District has provided and billed the services which have not been paid yet. Accounts receivables are stated at the amount management expects to be collected from the outstanding balance. As of September 30, 2022, management has determined, based on historical context, that all amounts are considered collectible and therefore, a corresponding allowance for doubtful accounts is not necessary.

Property and Equipment

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 10 to 39 years, or in the case of leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expenses.

The District reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended September 30, 2022.

Pecan Valley Rural Water District

Lawton, Oklahoma

Notes to the Financial Statements

For Year Ended September 30, 2022

Donated Services and Contributions of Nonfinancial Assets

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the District. Volunteers provide a variety of tasks that relate to the District's mission that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Contributions of nonfinancial assets are recorded at fair value at the date of donation. Donated assets (if any) are capitalized at their estimated fair market value and depreciated over their useful lives. The District did not receive any goods or services meeting the criteria to be recorded in the current year.

Revenue and Revenue Recognition

Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

The District has adopted ASC 606, Revenue from Contracts with Customers. Management believes this standard improves the usefulness and understandability of the District's financial reporting.

Leases

Effective July 1, 2022, the District determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The District does not have any such leases for fiscal year ending September 30, 2022.

Financial Instruments and Credit Risk

The District manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the District to be creditworthy. At times, amounts on deposit may exceed insured limits. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category.

The District's cash, deposits, and investments are classified in the following categories:

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

- A. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- B. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- C. Uncollateralized.

	A	B	C	Total
Cash & Cash Equivalents	\$ 88,469	\$ 0	\$ 0	\$ 88,469

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Advertising Costs

Advertising costs, if any, are expenses as incurred. The District did not have any advertising costs for the year ended September 30, 2022.

Income Tax

Pecan Valley Rural Water District is organized as an Oklahoma nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as Districts described in Section 501(c)(3), qualify for the charitable contribution deduction under Section 170(b)(1)(A)(ii), and has been determined not to be a private foundation under Section 509(a)(1). The District is annually required to file a Return of District Exempt from Income Tax (Form 990) with the IRS. In addition, the District is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The District has determined it is not subject to unrelated business income tax and has not filed an Exempt District Business Income Tax Return (Form 990-T) with the IRS.

The District believes that it has appropriate support for any tax positions taken affecting its annual filing requirements and, as such, does not have any uncertain tax positions that are material to the financial statements. The District would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

Recent Accounting Guidance

Effective July 1, 2021, the District adopted Accounting Standards Update (ASU) No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The presentation and disclosure of contributed nonfinancial assets have been enhanced in accordance with the standard. The adoption of the standard did not change the recognition and measurement requirements for contributed nonfinancial assets.

Effective July 1, 2022, the District adopted Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) (Leases), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The District elected not to reassess at adoption (i) expired contracts to determine whether they are or contain a lease, or (ii) initial direct costs for existing leases. For the fiscal year ending September 30, 2022, the District did not have any material leases 12 months or longer that would be required to be recorded on the statement of financial position according to ASU No. 2016-02.

Subsequent Events

Subsequent events were evaluated through December 5, 2023, which is the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial Assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

City National Bank Checking	\$ 88,469
Accounts Receivable	<u>77,665</u>
Total	<u><u>\$ 166,134</u></u>

The District does not have a governing board-established liquidity management policy for the year ended September 30, 2022.

NOTE 3 – INVENTORIES

Pecan Valley Rural Water District records material and supply inventories as expenditures at the time the inventory is purchased and at year end such inventories are not considered material in amount. Inventory is valued at \$25,515 on the statement of financial position as of September 30, 2022.

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

NOTE 4 – INSURANCE AGAINST LOSS CONTINGENCIES

The District maintains general liability insurance for protection against possible loss contingencies. However, as of the end of the fiscal year, the District did not have Workers' Compensation Insurance.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable at September 30, 2022 consists of the following:

Accounts Receivable	\$ 77,665
Total	<u>\$ 77,665</u>

NOTE 6 – ACCRUED PAYROLL AND COMPENSATED ABSENCES

The District does not accrue a liability for vacation pay or other compensated absences for employees. The District did not record accrued payroll for the fiscal year ending September 30, 2022. All wages were paid before the end of the year.

NOTE 7 – NET ASSETS

As of September 30, 2022, the District's net asset consist of the following:

Net Assets	
Without donor restriction	
Undesignated	\$ 188,857
Invested in property and equipment, net of related debt	<u>1,618,465</u>
Total Net Assets without donor restriction	1,807,322
Total Net Assets with donor restriction	0
Total Net Assets	<u><u>\$ 1,807,322</u></u>

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the District's program and other activities have been summarized on a functional basis in the statement of activities. The following schedule presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenditures</u>
Water Purchased	\$ 305,362	\$ 0	\$ 0	\$ 305,362
Salaries & Payroll Taxes	95,501	10,611	0	106,112
Depreciation	31,735	0	0	31,735
Contract Services	27,988	0	0	27,988
Supplies	17,895	0	0	17,895
Utilities	4,430	0	0	4,430
Water Industry Expenses	3,163	0	0	3,163
Office Supplies	0	13,062	0	13,062
Legal & Professional Fees	0	7,459	0	7,459
Insurance	0	1,955	0	1,955
Travel	0	1,536	0	1,536
Bank Service Charges	0	313	0	313
	<u>\$ 486,074</u>	<u>\$ 34,936</u>	<u>\$ 0</u>	<u>\$ 521,010</u>

Management has decided to use the following percentages to allocate the natural expenses between the District's functions:

<u>Natural Expense Category</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Water Purchased, Depreciation, and Related Expenses	100%	0%	0%
Occupancy, Insurance, Supplies, Maintenance and Repairs	0%	100%	0%
Salaries, Payroll Taxes and other Benefits	90%	10%	0%
Fundraiser Expenses	0%	0%	100%
Professional Services	100%	0%	0%

The methods of measurement of the functional expenses have not changed from those used in the prior period.

NOTE 9 – PROPERTY AND EQUIPMENT

Current year changes to property and equipment are as follows:

Pecan Valley Rural Water District
Lawton, Oklahoma
Notes to the Financial Statements
For Year Ended September 30, 2022

	Balance 01/01/2022	Additions	Disposals	Balance 09/30/2022
<u>Capital Assets</u>				
Real Property	\$ 1,568,000	\$ 0	\$ 0	\$ 1,568,000
Equipment	82,200	0	0	82,200
Total	\$ 1,650,200	\$ 0	\$ 0	\$ 1,650,200
 <u>Accumulated Depreciation</u>				
Real Property	\$ 0	\$ 30,154	\$ 0	\$ 30,154
Equipment	0	1,581	0	1,581
Total	\$ 0	\$ 31,735	\$ 0	\$ 31,735
 Net Capital Assets	 \$ 1,650,200			 \$ 1,618,465



**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 Trustees
Pecan Valley Rural Water District
Lawton, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pecan Valley Rural Water District, as of and for the year ended September 30, 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 December 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pecan Valley Rural Water District’s internal control over financial reporting (internal control) to determine the 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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Pecan Valley Rural Water 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. During our audit, we identified two significant deficiencies, 2022-4 and 2022-5.

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 several deficiencies in internal control that we consider to be material weaknesses. 2022-1, 2022-2, and 2022-3.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pecan Valley Rural Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Furrh & Associates

FURRH & ASSOCIATES, PC

Lawton, Oklahoma

December 5, 2023

Pecan Valley Rural Water District
Lawton, Oklahoma
Schedule of Findings and Responses
Year Ended September 30, 2022

Reportable Conditions of Internal Control, Compliance and Other Matters

2022-1 Improper Tracking of Accounts Receivable

Condition – The District does not have an established policy or procedure for the tracking of accounts receivable.

Effect – Revenue owed to the District is not being properly tracked or reported.

Cause – Lack of oversight by management.

Criteria – Generally Accepted Accounting Principles.

Recommendation – We recommend that a policy or procedure be implemented for the proper tracking and recording of accounts receivable.

2022-2 Improper Tracking of Accounts Payable

Condition – The District does not have an established policy or procedure for the tracking of accounts payable.

Effect – Expenses owed by the District are not being properly tracked or reported.

Cause – Lack of oversight by management.

Criteria – Generally Accepted Accounting Principles.

Recommendation – We recommend that a policy or procedure be implemented for the proper tracking and recording of accounts payable.

2022-3 Improper Tracking of Capital Assets

Condition – The District does not have an established policy or procedure for the tracking of capital assets.

Effect – Capital Assets owned and purchased by the entity are not being properly tracked or recorded in the financial statements.

Cause – Lack of oversight by management.

Criteria – General Accepted Accounting Principles.

Pecan Valley Rural Water District
Lawton, Oklahoma
Schedule of Findings and Responses
Year Ended September 30, 2022

Recommendation – We recommend that a policy or procedure be implemented for the proper tracking and recording of capital assets.

2022-4 Lack of Payroll Documentation

Condition – The District is not properly retaining employee file documentation.

Effect – The District could be at risk of hiring illegal employees or employees without valid driver’s licenses.

Cause – Lack of organization of personnel documents.

Criteria – Federal Law requires that Form I-9 be maintained in personnel files.

Recommendation – We recommend that the District adopt a policy to ensure that all employee documentation is properly maintained.

2022-5 Lack of Workers Compensation Insurance

Condition – The District was not adequately covered with Workers Compensation Insurance.

Effect – Employees were not adequately covered by insurance.

Cause – Lack of oversight by management.

Criteria – Oklahoma Law requires most employers to provide Workers Compensation Insurance.

Recommendation – We recommend that Workers Compensation Insurance be purchased and maintained.