# BUTLER COUNTY RURAL WATER DISTRICT NO. 6

## FINANCIAL STATEMENTS

## With Independent Auditor's Report

## December 31, 2025 and 2024

REGIER CARR & MONROE, LLP, CPAs

# BUTLER COUNTY RURAL WATER DISTRICT NO. 6

## FINANCIAL STATEMENTS

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## December 31, 2025 and 2024

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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Butler County Rural Water District No. 6
El Dorado, Kansas

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

***Opinion***

We have audited the accompanying financial statements of the business-type activities of Butler County Rural Water District No. 6, as of and for the year ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise Butler County Rural Water District No. 6's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities for Butler County Rural Water District No. 6 as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), 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 Butler County Rural Water District No. 6 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Butler County Rural Water District No. 6's ability to continue as a going concern for one year after the date that the financial statements are issued.


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***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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAS, 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 Butler County Rural Water District No. 6'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 Butler County Rural Water District No. 6's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements are not affected by this missing information.

***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Insurance Coverage and Schedule of Statistical Information is presented for purposes of additional analysis and is not a required part of the 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 financial statements.

Such information has not been subjected to the auditing procedures applied in the audit of the 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 July 10, 2026, on our consideration of Butler County Rural Water District No. 6's internal control over financial reporting and 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Butler County Rural Water District No. 6's internal control over financial reporting and compliance.

Wichita, Kansas
July 13, 2026

# Butler County Rural Water District No. 6
## Statements of Net Position
## December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Current assets | | |
| Cash and cash equivalents | $ 1,500,113 | $ 1,635,893 |
| Accounts receivable - customers | 74,892 | 85,275 |
| Notes receivable | - | 2,636 |
| Prepaid expenses | 14,978 | 14,254 |
| Inventory - materials | 47,108 | 36,356 |
| Total current assets | 1,637,091 | 1,774,414 |
| Operating lease right-of-use assets | | |
| Cost | 45,961 | - |
| Less accumulated amortization | 7,660 | - |
| Operating lease right-of-use assets net of amortization | 38,301 | - |
| Property and equipment, at cost | | |
| Water system equipment and improvements | 8,817,936 | 8,813,952 |
| Less accumulated depreciation | 6,027,459 | 5,886,356 |
| Property and equipment net of depreciation | 2,790,477 | 2,927,596 |
| Loan reserve deposit held by KDHE | 148,247 | 148,247 |
| Total assets | $ 4,614,116 | $ 4,850,257 |
| **LIABILITIES AND FUND EQUITY** | | |
| Current liabilities | | |
| Accounts payable - operating | $ 81,325 | $ 105,799 |
| Unearned revenue | 31,600 | 28,100 |
| Operating lease liabilities, current | 6,753 | - |
| Loan payable, current | 67,460 | 65,961 |
| Total current liabilities | 187,138 | 199,860 |
| Long-term liabilities | | |
| Operating lease liabilities, net of current portion | 33,165 | - |
| Loan payable, net of current portion | 976,728 | 1,043,241 |
| Total long-term liabilities | 1,009,893 | 1,043,241 |
| Total liabilities | 1,197,031 | 1,243,101 |
| Net position | | |
| Reserved for debt covenants | 148,247 | 148,247 |
| Without restrictions | 3,268,838 | 3,458,909 |
| Total net position | 3,417,085 | 3,607,156 |
| Total liabilities and net position | $ 4,614,116 | $ 4,850,257 |

*The accompanying notes are an integral part of the financial statements.*

# Butler County Rural Water District No. 6
## Statements of Activities and Changes in Net Position
## For the Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Operating revenue | | |
| Sale of water | $ 957,847 | $ 1,033,308 |
| New meters | 39,400 | 43,819 |
| Connections & misc. | 25,342 | 22,348 |
| Total operating revenue | 1,022,589 | 1,099,475 |
| Operating expenses | | |
| Water purchases | 406,187 | 355,427 |
| Systems repairs | 127,125 | 184,494 |
| Depreciation | 145,553 | 131,441 |
| Maintenance contract | 267,475 | 255,120 |
| Connections | 26,650 | 19,080 |
| Engineering | 11,067 | 8,329 |
| Utilities | 36,761 | 35,423 |
| Mileage reimbursements & misc. | 13,831 | 16,872 |
| Insurance | 23,895 | 23,712 |
| Payroll | 67,200 | 67,293 |
| Rent | 2,450 | 7,250 |
| Supplies | 24,955 | 79,885 |
| Water protection fee | 3,142 | 3,482 |
| Water testing | 3,045 | 2,124 |
| Legal | 2,225 | 750 |
| Independent audit | 6,200 | 6,000 |
| Office supplies and postage | 14,100 | 11,549 |
| Telephone | 3,330 | 3,372 |
| Total operating expenses | 1,185,191 | 1,211,603 |
| Income (loss) from operations | (162,602) | (112,128) |
| Other income (expense) | | |
| Interest earned | 3,136 | 3,608 |
| Interest expense | (31,555) | (23,228) |
| Gain on sale of property | 950 | - |
| Total other expense | (27,469) | (19,620) |
| Change in net position | (190,071) | (131,748) |
| Net position, at beginning of year | 3,607,156 | 3,738,904 |
| Net position, at end of year | $ 3,417,085 | $ 3,607,156 |

*The accompanying notes are an integral part of the financial statements.*

# Butler County Rural Water District No. 6
## Statements of Cash Flows
## For the Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net position | $ (190,071) | $ (131,748) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Gain on sale of assets | (950) | - |
| Depreciation and amortization expense | 145,553 | 131,441 |
| Amortization right of use asset | 7,660 | - |
| Changes in: | | |
| Accounts receivable - customers | 10,383 | (9,441) |
| Prepaid expenses | (724) | (1,310) |
| Inventory - materials | (10,752) | (26,460) |
| Accounts payable - operating | (24,474) | 54,886 |
| Unearned revenue | 3,500 | (13,400) |
| Right of use liability | (6,043) | - |
| Net cash provided (used) by operating activities | (65,918) | 3,968 |
| Cash flows from investing activities | | |
| Principal received on notes receivable | 2,636 | 4,816 |
| Purchase of property assets | (7,484) | (43,639) |
| Net cash used by investing activities | (4,848) | (38,823) |
| Cash flows from financing activities | | |
| Repayment of loan payable | (65,014) | (63,548) |
| Net cash used by financing activities | (65,014) | (63,548) |
| Net decrease in cash and cash equivalents | (135,780) | (98,403) |
| Cash and cash equivalents at beginning of year | 1,635,893 | 1,734,296 |
| Cash and cash equivalents at end of year | $ 1,500,113 | $ 1,635,893 |
| Supplemental information: | | |
| Cash paid for interest | $ 31,555 | $ 23,228 |

*The accompanying notes are an integral part of the financial statements.*

# Butler County Rural Water District No. 6
## Notes to Financial Statements
## December 31, 2025 and 2024

**Note 1. Summary of Significant Accounting Policies**

***Nature of Operations***
The Rural Water District (District) was established as a tax-exempt organization to acquire water and water rights and to build and acquire pipelines for the purpose of furnishing water to owners and occupants of land located within the district. The total customers as of December 31, 2025 and 2024 were 1,033 and 1,020, respectively.

***Basis of Reporting***
The District has established a system of accounting to reflect compliance with the applicable laws of the State of Kansas. The accounts used are accounted for as an enterprise fund since it is the stated intent that costs of providing water service to benefit units on a continuing basis be financed or recovered primarily through user charges. Accordingly, the District prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

***Use of Estimates***
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***
For purposes of reporting cash flows, cash includes cash deposited in banks and money market accounts. Cash equivalents include all highly liquid debt instruments purchased with a maturity of three months or less. There were no such cash equivalents at December 31, 2025 and 2024.

***Accounts Receivable from Members***
Accounts receivables arise from the sale of water and are stated at the unpaid balance. There is no interest charge on unpaid balances. The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charge to operations when that determination is made.

***Notes Receivable***
Notes receivable are stated at unpaid principle balances and interest is recognized as earned.

***Inventory***
Inventory consists of materials and meters not yet placed into service and are stated at the lower of cost or market.

***Property, Equipment and Depreciation***
Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

**Note 1. Summary of Significant Accounting Policies *(Continued)***

***Leases – Lessee Accounting***

The District recognizes a right-of-use asset and related lease liability for all leases, with a limited exception elected for short-term leases. The District determines whether an arrangement is or contains a lease at contract inception. Leases are required to be classified as either financing or operating, with the classification affecting the pattern of expense recognition in the income statement. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The right-of-use assets include any lease payments made at commencement and purchase options and exclude lease incentives received or receivable. In determining the present value of lease payments, if the implicit rate is not readily determinable from the lease, the District may estimate an applicable incremental borrowing rate using applicable borrowing rates and the contractual lease term or may elect to use the risk-free rate determined using a period comparable to the lease term by underlying asset class. The District estimated its incremental borrowing rate for assets classified as office facilities. All other rates were implicit in the lease, therefore, no additional elections were required as of December 31, 2025.

The District considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by and option to (1) extend the lease if the District is reasonably certain to exercise the option, (2) terminate the lease if the District is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. Operating lease expense is recognized on a straight-line basis over the expected lease term.

***Unearned Revenue***
Proceeds received from the sale of meters and line extensions are not recognized as revenue until the District has set the meters and completed line extensions.

***Revenue Recognition - Water***
The District treats the transfer of water to its customers as a single performance obligation as the provision of water is substantially the same and has the same pattern of transfer to its customers. Therefore, revenue is recognized on a monthly basis as the District invoices its customers based upon actual water usage.

***Amortization***
Issuance costs of bonds payable are amortized under the straight-line method of the repayment terms of the bond. The unamortized issuance costs are netted against the payable balance. Amortization expense is included in interest expense.

***Functional Allocation of Expenses***
The costs of providing the District's activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated to the program services and supporting services benefited.

***Income Tax***
The District is a Kansas Municipality and is not required to file Federal or State income tax returns.

**Note 2. Notes receivable**

The following is a summary of notes receivable at December 31, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Note receivable from the City of Leon originating in 1986, for its water system connection charge. The note is due in monthly installments of $423 through June 2025, including interest at the rate of 5%. | $ - | $ 2,636 |

The notes receivable was paid off in full during 2025.

**Note 3. Loan payable**

The District has a loan payable to the Kansas Department Health and Environment (KDHE). The District must make semi-annual payments of principal and interest, of $45,429. As of December 31, 2025 and 2024, the loan payable balance consisted of the following:

| | 2025 | 2024 |
|---|---|---|
| Principal balance of loan payable | $ 1,052,060 | $ 1,118,022 |
| Origination costs | 29,386 | 29,386 |
| Accumulated amortization of origination costs | (21,513) | (20,566) |
| Net origination costs | 7,873 | 8,820 |
| | $ 1,044,187 | $ 1,109,202 |

Future payments required at December 31, 2025 are as follows:

| | Interest | Principal | Total |
|---|---|---|---|
| 2026 | $ 23,398 | $ 67,460 | $ 90,858 |
| 2027 | 21,864 | 68,994 | 90,858 |
| 2028 | 20,296 | 70,562 | 90,858 |
| 2029 | 18,693 | 72,165 | 90,858 |
| 2030 and thereafter | 90,277 | 772,879 | 863,156 |
| | $ 174,528 | $ 1,052,060 | $ 1,226,588 |

The District has a loan agreement with the State, which includes certain restrictive covenants, including a debt service coverage ratio. The District was not in compliance with the debt service coverage ratio as of December 31, 2025 or 2024. In the Event of Default, KDHE may enforce the performance or observance of any obligation or agreement of KDHE including, but not limited to, cancellation of the Loan Agreement and acceleration of the remaining schedule principal payments. The District does not believe it is subject to any negative repercussions for the non-compliance with the coverage ratio and also believes it will be in compliance going forward.

**Note 3. Loan payable (Continued)**

As part of the loan agreement with the State, a reserve account has been established with the State and funded with proceeds from the loan. The reserve account will be used to prevent default on the loan in the event the District is unable to make scheduled payments on the loan. The balance of this fund shall not be less than 10% of the original loan amount. The reserve fund has been invested by the State with the earnings to be applied to future loan repayments made by the District. As of December 31, 2025 and 2024, the balance of the reserve account was $148,247.

**Note 4. Operating lease**

The District leases a building which provides for the use of office space. The lease is effective January 1, 2025, with a term of six-years. Total expense for the office space lease for the year ended December 31, 2025, was as follows:

| | |
|---|---|
| Amortization expense | $ 7,660 |
| Interest expense | 1,906 |
| Total | $ 9,566 |

A summary of lease asset activity during the year ended December 31, 2025 is as follows:

| | Beginning of year | Additions | Balance end of year |
|---|---|---|---|
| Right-to-use lease assets: | | | |
| Building | $ - | $ 45,961 | $ 45,961 |
| Less accumulated amortization | | | |
| Building | - | (7,660) | (7,660) |
| Total right-to-use lease asset, net | $ - | $ 38,301 | $ 38,301 |

A summary of the changes in the lease liabilities during the year ended December 31, 2025 is as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| Lease liabilities | $ - | $ 45,961 | $ (6,043) | $ 39,918 |
| Less current portion due within one year | | | | 6,753 |
| Long-term portion | | | | $ 33,165 |

The future minimum rental commitment under this agreement for years after December 31, 2025, is as follows:

| Year Ending December 31 | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 6,753 | $ 1,647 | $ 8,400 |
| 2027 | 7,673 | 1,327 | 9,000 |
| 2028 | 8,023 | 977 | 9,000 |
| 2029 | 8,390 | 610 | 9,000 |
| 2030 | 9,079 | 221 | 9,300 |
| | $ 39,918 | $ 4,782 | $ 44,700 |

**Note 5. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, and injuries to employees. The District manages these various risks of loss through insurance policies through Employers Mutual Casualty Company. See supplemental schedule for details of the various insurance policies.

**Note 6. Compliance with Kansas Statutes**

References made herein to the statutes are not intended as interpretations of law but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the District. There were no apparent statutory violations during the years ended December 31, 2025 and 2024.

**Note 7. Concentrations and Risks**

During 2025, 100% of the District's water was purchased from the City of El Dorado, Kansas. During 2024, over 90% of the District's water was purchased from the City of El Dorado, Kansas.

The District maintains cash balances at a financial institution insured by the Federal Deposit Insurance Corporation up to $250,000. Additionally, cash balances are secured by pledged depository securities. The District believes it is not exposed to any significant credit risk on its cash balances.

The District is subject to annexation in part or in whole by other municipalities.

**Note 8. Subsequent Events**

In preparing the financial statements, the District has evaluated events and transactions for potential recognition or disclosure through July 13, 2026, the date the financial statements were made available to be issued.

# SUPPLEMENTARY INFORMATION

**BUTLER COUNTY RURAL WATER DISTRICT No. 6**
**SCHEDULE OF INSURANCE COVERAGE**
**December 31, 2025**

**Insurer: Insurance Center, Inc.**
**Annual Premium: $39,417**
**Policy Expires: 5/20/2026**

| Coverage | Limits |
|---|---|
| General Liability | |
| General Aggregate, Other Than Products | $2,000,000 |
| General Aggregate, Products and Completed Operations | $2,000,000 |
| Personal and Advertising Injury | $1,000,000 |
| Each Occurrence | $1,000,000 |
| Damage to Rented Premises | $500,000 |
| Automotive Liability | $1,000,000 |
| Medical Expense Any One Person | $10,000 |
| Property | |
| Water Towers (100% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $5,587,967 |
| Pump Stations (100% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $3,256,985 |
| Buildings (100% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $304,764 |
| Remote Units (100% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $187,905 |
| Business Personal Property/Office (80% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $13,743 |
| Blanket (90% Co-insurance, $5,000 Deductible, 10% on Earthquake) | $9,351,364 |
| Blanket: except Earthquake | $8,449,579 |
| Inland Marine | |
| Generators (2), Trailers (2), Test Pump (80% Co-insurance, $250 Deductible) | $43,136 |
| Public Officials Liability | |
| Aggregate For Each Policy Term | $2,000,000 |
| Each Loss | $1,000,000 |
| Insured Deductible Each Claim (Including Defense Expense) | $1,500 |
| Cyber Liability | |
| Data Compromise Coverage – Response Expenses Limit | $50,000 |
| Cyber Coverage – Computer Attack Limit | $100,000 |
| Deductible | $1,500 |
| Electronic Data Processing | |
| Billing Hardware & Software (80% Co-insurance, $500 Deductible) | $21,424 |
| Workers Compensation | |
| Employers Liability: Each Accident | $1,000,000 |
| Employers Liability: Disease – Policy Limit | $1,000,000 |
| Employers Liability: Disease – Each Employee | $1,000,000 |
| Workers Compensation: Statutory Benefit | Included |
| Commercial Umbrella | |
| Per Occurrence | $1,000,000 |
| Annual Aggregate Limit | $1,000,000 |
| Self-Insured Retention | $10,000 |
| Personal and Advertising | $1,000,000 |

# REPORT ON INTERAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

*Independent Auditor's Report*

Board of Directors
Butler County Rural Water District No. 6
El Dorado, Kansas

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 Butler County Rural Water District No. 6, which comprise the statement of net position as of December 31, 2025, and the related statements of activities and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated July 13, 2026.

## Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Butler County Rural Water District No. 6's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Butler County Rural Water District No. 6's internal control. Accordingly, we do not express an opinion on the effectiveness of Butler County Rural Water District No. 6'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 did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Butler County Rural Water District No. 6's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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**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.

Regier Carr & Monroe, LLP

July 13, 2026
Wichita, Kansas

| | | | |
|---|---|---|---|
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