

FINANCIAL STATEMENTS

OF

***RURAL WATER DISTRICT NO. 9
WAGONER COUNTY, OKLAHOMA***

December 31, 2014 and 2013



Clothier & Company CPA's P.C.

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Wagoner County Rural Water District #9
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December 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Rural Water District No. 9
Wagoner County, Oklahoma

We have audited the accompanying financial statements of the business-type activities of Rural Water District No. 9, Wagoner County, Oklahoma, as of December 31, 2014 and 2013, and the related notes to the financial statements, which comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Water District No. 9, as of December 31, 2014 and 2013, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages I and 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and, comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2015, on our consideration of the District's internal control over financial reporting and on our test of its compliance with certain provision of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Clothier & Company, CPA's, P.C.
Muskogee, Oklahoma
April 2, 2015

Rural Water District No. 9, Wagoner County

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2014

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2014.

USING THIS ANNUAL REPORT

This annual report consists of three parts; Management's Discussion and Analysis, Financial Statements, and Required Supplementary Information. The Financial Statements also includes notes that explain in detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short and long term financial information about its activities. The Balance Sheet includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expense, and Changes in Fund Balance. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its fees and other charges, profitability, and credit worthiness. The final required statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital and non-capital financing activities.

FINANCIAL HIGHLIGHTS

Assets	<u>\$4,943,311</u>	Revenues	\$1,051,773
Liabilities	\$3,808,877	Expenses	1,135,295
Fund Balance	<u>1,134,434</u>	Interest Income	<u>3,296</u>
Liabilities & Fund Balance	<u>\$4,943,311</u>	Net Income	<u>(\$80,226)</u>

DISTRICT'S ACTIVITIES

During the fiscal year the District renewed two certificates of deposit for \$112,477 each and maintained the certificate of deposit required by the revenue bond in the amount of \$218,611 to offset against future increases in interest.

The District installed 87 new meters, 3 hydrants were replaced, 59 leaks were repaired and 4 lines replaced. All of the towers and water storage facilities have been inspected and the Topper's West tower has been cleaned, updated and painted inside and out.

DISTRICT'S DEBT

The District has a note payable to Well Nelson & Associates, LLC., with payments made to Bank of Oklahoma in monthly installments. BOK makes the yearly principal payments and semi-annual interest payments. The variable interest rate for 2014 was 4.75% and will remain that rate until 2019 when it becomes 5.25%. The District's assets and revenues are pledged as collateral. The balance as of December 31, 2014 was \$3,720,000.

FIXED ASSETS

The District's fixed assets are as follows:

	<u>2014</u>	<u>2013</u>
Water System	\$ 5,657,891	\$ 5,604,620
Office Furniture/Fixtures	58,764	54,563
Trucks & Equipment	464,629	464,629
Land	25,408	25,408
Building & Improvements	217,944	217,944
Accumulated Depreciation	<u>(3,005,319)</u>	<u>(3,218,723)</u>
	<u>\$ 3,419,317</u>	<u>\$ 3,148,441</u>

FUTURE ACTIVITIES OF THE DISTRICT

The 2015 year will see the District focusing on replacing 6-8" and 3-12" valves in the Filter Galley and continuing to update the plant and distribution system.

OVERALL OUTLOOK

The quality of the water continues to be good and we continue working to improve the distribution system. The District remains financially strong as we continue to make improvements throughout the system, meeting the EPA standards, and paying our bills. The economy continues to affect our efforts. The cost of chemicals, pipe, supplies, etc. continues to increase. This is all out of our control however, it will not stop our progress.

CONTACTING THE DISTRICT

If you have any questions concerning this report or need additional information, contact the District's office at 918-462-3232 or 69760 South 321 Road, Wagoner, OK 74467.

Wagoner County Rural Water District #9
Balance Sheet
December 31, 2014 and 2013

	2014	2013
Current Assets		
Cash & Equivalents	\$ 854,086	\$ 791,510
Accounts Rec. (Net of Allow)	79,995	83,854
Prepaid Expenses	16,884	21,088
Total Current Assets	950,965	896,452
Fixed Assets		
Water Systems	5,657,891	5,604,620
Office Equipment	58,765	54,564
Trucks and Equipment	464,629	464,629
Buildings & Improvements	217,944	217,944
Land	25,408	25,408
Less: Accum. Depreciation	(3,073,274)	(2,879,109)
Total Fixed Assets	3,351,363	3,488,056
Other Assets		
Loan Fees	318,033	318,033
Less: Accumulated Amortization	(145,450)	(126,211)
Cash - Restricted	468,400	523,076
Total Other Assets	640,983	714,898
Total Assets	\$ 4,943,311	\$ 5,099,406

See accompanying footnotes and independent auditors' report.

Wagoner County Rural Water District #9
Balance Sheet
December 31, 2014 and 2013

	2014	2013
Current Liabilities		
Customer Deposits	\$ 25,613	\$ 24,841
Other Payables	1,304	1,705
Accrued Expenses	61,960	63,189
Current Maturities (Note 2)	75,000	75,000
Total Current Liabilities	163,877	164,735
Long Term Liabilities		
Notes Payable (Note 2)	3,720,000	3,795,000
Less: Current Maturities	(75,000)	(75,000)
Total Long Term Liabilities	3,645,000	3,720,000
Fund Balance		
Invested in Capital Assets	(368,637)	(306,944)
Unrestricted	1,034,671	998,539
Restricted for Debt Service	468,400	523,076
Total Fund Balance	1,134,434	1,214,671
Total Liabilities & Fund Balance	\$ 4,943,311	\$ 5,099,406

See accompanying footnotes and independent auditors' report.

Wagoner County Rural Water District #9
Statement of Revenues, Expenses, and Changes in Fund Balance
December 31, 2014 and 2013

	2014	2013
Revenue		
Water Sales	\$ 1,004,373	\$ 1,011,710
Benefit Unit Sales	6,250	3,000
Transfer Fees	6,500	5,500
Ambulance-Pass Through	11,400	11,740
New Services, Collected Bad Debt	23,250	19,800
Total Revenue	1,051,773	1,051,750
 Cost of Sales		
Water Purchases	3,851	3,943
Merchant Bank Card Fees	5,046	3,998
Chemicals	69,831	62,419
Heavy Equipment Agreement	4,080	17,445
Maint. Agreement-Office Equip	5,668	4,642
Water Testing	6,038	6,722
Repairs and Supplies	29,823	37,962
Truck	22,180	17,824
Lab Supplies	2,735	1,205
Plant Repairs	53,371	36,284
Ambulance-Pass Through	11,430	11,730
Total Cost of Sales	214,053	204,174
Gross Profit	837,720	847,576
 Operating Expenses		
Salaries	288,817	277,693
Payroll Taxes	23,681	22,848
Retirement Expense	9,142	8,314
Insurance-Employee Health	36,737	31,547
Workman's Compensation Ins.	10,646	10,116
Insurance-Plant/Trucks	33,001	27,305
Accounting/Legal	8,960	8,824
Maintenance - Mowing	502	320
DEQ Fees	7,062	5,908
Membership Fees	1,234	1,144
Miscellaneous	129	512
Bank Charges	1	56
Advertising	60	0

	<u>2014</u>	<u>2013</u>
Office Supplies	4,980	5,866
Postage	8,199	8,269
Schools & Training	912	800
Bad Debts	4,592	3,471
Telephone/Cell	9,074	7,984
Security System	288	875
Utilities	48,505	46,287
Depreciation	194,165	193,760
Amortization	19,239	19,239
Bonus	0	2,400
Drug Testing	151	663
Loan Service Fees	1,000	1,000
Board Training	1,810	2,913
Manager Expense	178	57
Line Projects	0	16,748
Total Operating Expenses	<u>713,065</u>	<u>704,919</u>
Operating Income	<u>124,655</u>	<u>142,657</u>
Other Revenue (Expenses)		
Interest Income	3,296	3,835
Grant Income	0	0
Interest Expense	<u>(208,177)</u>	<u>(210,069)</u>
Total Other Income	<u>(204,881)</u>	<u>(206,234)</u>
Net Change in Fund Balance	<u>\$ (80,226)</u>	<u>\$ (63,577)</u>

Wagoner County Rural Water District #9
Statement of Cash Flows
December 31, 2014 and 2013

	2014	2013
Cash Flows From Operating Activities:		
Cash received from customers	\$ 1,044,232	\$ 1,029,979
Cash received from other sources	11,400	11,740
Cash paid to employees	(288,817)	(277,693)
Cash paid to suppliers	(213,281)	(203,290)
Other operating payments	(208,281)	(170,063)
Net Cash Flows from Operating Activities	345,253	390,673
Cash Flows From Noncapital Financing Activities:		
Grant	0	0
Net Cash Flows from Noncap. Finan. Activities	0	0
Cash Flows From Capital and Related Financing Activities:		
Proceeds from issuance of debt	0	0
Payment of debt	(75,000)	(70,000)
Acquisition and construction of capital assets	(57,472)	(95,649)
Payment of Interest	(208,177)	(210,069)
Net Cash (Used) By Capital and Related Financing Activities	(340,649)	(375,718)
Cash Flows From Investing Activities:		
Decrease (Increase) in restricted cash	54,676	(319)
Receipt of interest and dividends	3,296	3,835
Net Cash Provided (Used) By Investing Activities	57,972	3,516
Net Increase (Decrease) In Cash	62,576	18,471
Cash Beginning of Year	791,510	773,039
Cash End of Year	\$ 854,086	\$ 791,510
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:		
Operating income (loss)	\$ 124,655	\$ 142,657
Add depreciation/amortization expense	213,404	212,999
(Increase)/Decrease in Current Assets:		
Accounts receivables, net	3,859	(10,031)
Prepaid expenses	4,204	47,067
Increase/(Decrease) in Current Liabilities:		
Accounts payable	(412)	0
Accrued expenses	(1,229)	(2,903)
Customer deposits	772	884
Net Cash Flows from Operating Activities	\$ 345,253	\$ 390,673

See accompanying footnotes and independent auditors' report.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rural Water District No. 9 is a political subdivision of the State of Oklahoma organized in August of 1978, with its office located in Wagoner County, Oklahoma. The District was formed to furnish water service to the residents of the district by constructing and maintaining a water system.

Method of Accounting

The accrual method of accounting is utilized in reporting financial information in accordance with U. S. generally accepted accounting principles (GAAP). The accrual basis of accounting records revenue in the period in which earned rather than when received and records expenses in the period incurred rather than when paid. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the District had the option to apply FASB pronouncements issued after that date to its business-type activities, it has chosen not to do so.

Cash and Cash Equivalents

For the purposes of preparing the statement of cash flows, cash on hand, cash in savings and checking, and certificates of deposit with an original maturity of three months or less, are considered cash equivalents.

Funds on Deposits

The district maintains the following accounts for funds deposited with a fully insured bank:

Operations and Maintenance – The gross revenues of the District are deposited to this account and the bills of the District are generally paid. Excess revenues are transferred to savings as needed.

Savings Account - A cash reserve is set aside in this account for unforeseen catastrophes, extensions and improvements to the water system.

Reserve Account – A reserve is set aside in this account for unforeseen catastrophes, extensions or improvements to the water system, and payments on the loan.

Debt Service – The District transfers money into this account monthly to satisfy loan requirements. The Trust company then makes semi-annual payments to the bondholders.

Construction Fund – The loan proceeds were placed in this account to pay for line projects and the new tower project. The District submits invoices to the Trust company for payment.

Property and Equipment

Property and equipment are recorded at cost, with depreciation provided on a straight-line method over the estimated useful lives of the assets.

Wagoner County Rural Water District No. 9

Income Tax

As a political subdivision of the State of Oklahoma, the District is exempt from income taxes.

Benefit Units

Residents wishing water service are required to purchase a benefit unit at \$1,000. In accordance with Article 6, Section 3 of the By Laws, consideration paid for benefit units is considered a donation.

Use of Estimates

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

NOTE 2 - LONG TERM DEBT

Notes payable to Well Nelson & Associates, LLC., with payments made to Bank of Oklahoma in monthly installments. BOK makes the yearly principal and semi-annual interest payments. The interest is variable and increases every five years. The interest rate on the note was 4.75% for 2014, the next increase is in 2019 to 5.25%. District revenues are pledged as collateral as well as assets. The balance as of December 31, 2014 was \$3,720,000. The note matures August 1, 2038. Funds not used to pay off loans were and are being used to replace deteriorated water lines and build a new water tower.

The following are the current maturity and debt service requirements:

	<u>Maturities</u>	<u>Debt Service</u>
2015	\$75,000	\$280,863
2016	80,000	282,300
2017	85,000	283,500
2018	90,000	284,462
2019	95,000	285,188
2020-2024	550,000	1,420,875
2025-2029	705,000	1,411,700
2030-2034	925,000	1,409,950
2035-2038	1,115,000	1,292,100
	<u>\$3,720,000</u>	<u>\$6,950,938</u>

NOTE 3 – RENTERS DEPOSITS

The District adopted a policy that requires renters to pay a deposit of \$100. When they leave the property, they are refunded the deposit or it may be applied to water bills they owe. These deposits are deposited in a separate checking account and the refunds are paid out of this account. If the deposit is used to pay a water bill, the District writes a check from this account to the operations and maintenance account.

Wagoner County Rural Water District No. 9

NOTE 4 – ACCOUNTS RECEIVABLE

	<u>2014</u>	<u>2013</u>
Due for Water Services	\$85,941	\$88,114
Due for Ambulance Pass Through	980	940
Allowance For Doubtful Accounts	<u>(6,926)</u>	<u>(5,200)</u>
Total Accounts Receivable	<u>\$79,995</u>	<u>\$83,854</u>

NOTE 5 - CONCENTRATION OF CREDIT RISK

The District maintains deposits at First Bank & Trust located in Wagoner, Oklahoma. The Federal Deposit Insurance Corporation insures deposits up to \$500,000 at each institution for all interest-bearing accounts. The District has a letters of credit with FHL Bank of Topeka for \$850,000 through First Bank & Trust of Wagoner. As of December 31, 2014 cash on deposit totaled \$1,053,786 (\$200,000 Rate Stabilization Fund included, \$300 cash on hand not included). Deposits are categorized into three levels of custodial risk as follows:

1. Uncollateralized.
2. Collateralized with securities held by the pledging financial institution, or,
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's name.

The District's deposits were categorized as follows at December 31, 2014:

	<u>Balance</u>	<u>Insured</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
First Bank checking	\$297,839	\$250,000	\$0	\$47,839	\$0
First Bank CD's	443,566	250,000	0	193,566	0
First Bank Renter's	25,595	0	0	25,595	0
First Bank Savings	286,787	0	0	286,787	0
	<u>\$1,053,786</u>	<u>\$500,000</u>	<u>\$0</u>	<u>\$553,786</u>	<u>\$0</u>

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment activity for the year ended December 31, 2014 was as follows:

	<u>Cost</u>	<u>Additions/ Deletions</u>	<u>Accumulated Depreciation</u>	<u>Book Value 12/31/14</u>	<u>Book Value 12/31/13</u>
Water Plan & System	\$5,604,620	\$53,271	(\$2,522,102)	\$3,135,789	\$3,235,979
Office Furniture/Fixtures	54,564	4,201	(54,224)	4,541	927
Trucks & Equipment	464,629	0	(364,311)	100,318	125,143
Land	25,408	0	0	25,408	25,408
Building & Improvements	217,944	0	(132,637)	85,307	100,599
	<u>\$6,367,165</u>	<u>\$57,472</u>	<u>(\$3,073,274)</u>	<u>\$3,351,363</u>	<u>\$3,488,056</u>

Wagoner County Rural Water District No. 9

NOTE 7 – OTHER INFORMATION

At December 31, 2014 the water rates in effect were as follows:

0 - 1,000 gallons	\$35.00	Minimum
1,000 - 9,999 gallons	\$3.50	per 1,000 gallons
10,000 gallons & above	\$4.00	per 1,000 gallons
Multi-User rates:		
0 - 10,000 gallons	\$100.00	Minimum
10,000+	\$10.00	per 1,000 gallons

The Board of Directors are as follows:

Term Expires:

Jim Stevens - Chairman	2015
Bob Biting - Vice Chairman	2015
Pat Seck - Secretary	2016
Elzie Gray - Director	2017
Mike Cucchiara - Director	2017

NOTE 8 – SUBSEQUENT EVENT

Rural Water District No. 9 has evaluated subsequent events through the date which the financial statements were available to be issued with none found.



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

To the Board of Directors
Rural Water District No. 9
Wagoner 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 business-type activities of Rural Water District No. 9 Wagoner County, Oklahoma, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collective comprise Rural Water District No. 9's basic financial statements, and have issued our report thereon dated April 2, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rural Water District No. 9'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 opinion 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 the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we

did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rural Water District No. 9's financial statements are free of 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.



Clothier & Company, CPA's, P.C.

April 2, 2015

Required Supplemental Information

Wagoner County Rural Water District #9
Budget to Actual (Unaudited)
December 31, 2014

	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES:				
Water Sales & Penalties	1,030,000	1,030,000	1,004,373	(25,627)
Benefit Unit/New Serv/Trans	19,200	19,200	36,000	16,800
Interest	4,000	4,000	3,296	(704)
Ambulance-Pass Through	9,000	9,000	11,400	2,400
Miscellaneous Income	1,000	1,000	0	(1,000)
Total Revenue	1,063,200	1,063,200	1,055,069	(8,131)
EXPENDITURES:				
Water Purchased - GRDA	4,000	4,000	3,851	(149)
Chemicals	60,000	60,000	69,831	9,831
Maintenance Agreements/Repairs	18,100	18,100	9,748	(8,352)
Water Testing	9,800	9,800	6,038	(3,762)
Field Repairs/Supplies	40,000	40,000	29,823	(10,177)
Truck Expenses	20,000	20,000	22,180	2,180
Lab Supplies	1,500	1,500	2,735	1,235
Plant Repairs	45,000	45,000	53,371	8,371
Salary Expense	275,000	275,000	288,817	13,817
Payroll Taxes	25,000	25,000	23,681	(1,319)
Retirement Expense	8,000	8,000	9,142	1,142
Medical Insurance-Employee	30,000	30,000	36,737	6,737
Workers Comp	12,000	12,000	10,646	(1,354)
Plant System/Truck Insurance	35,000	35,000	33,001	(1,999)
Professional Fees	9,000	9,000	8,960	(40)
Supplies/Lawn Mower/Cleanup	500	500	502	2
Merchant Bank Card Fee	3,500	3,500	5,046	1,546
ORWA/Association Fees	1,200	1,200	1,234	34
DEQ Fees	6,100	6,100	7,062	962
Miscellaneous	1,000	1,000	129	(871)
NSF/Bank Charges	300	300	1	(299)
Office Supplies	7,200	7,200	4,980	(2,220)
Postage	7,000	7,000	8,199	1,199
Training Session/Exams/Travel	800	800	912	112
Telephone/Cell Phone	8,300	8,300	9,074	774
Security	500	500	288	(212)
Utilities	50,280	50,280	48,505	(1,775)
Advertising	1,500	1,500	60	(1,440)
Employee Bonuses	2,400	2,400	0	(2,400)
Medical/Drug Screening	600	600	151	(449)
Board Training/Conferences	3,000	3,000	1,810	(1,190)

Managers Expense	300	300	178	(122)
Plant/Field Expense	0	0	0	0
Line Projects/Water Towers	25,000	25,000	0	(25,000)
Debt Payments	286,000	286,000	284,177	(1,823)
Ambulance - City of Wagoner	9,000	9,000	11,430	2,430
Bad Debts	3,000	3,000	4,592	1,592
Total Expenditures	<u>1,009,880</u>	<u>1,009,880</u>	<u>996,891</u>	<u>(12,989)</u>
Net Income (Loss)	<u>53,320</u>	<u>53,320</u>	58,178	
Less: Depreciation/Amortization			(213,404)	
Add: Principal payment			<u>75,000</u>	
Change in Fund Balance			<u>(80,226)</u>	