

**Okmulgee County Rural Water District No. 6
Mounds, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2012

Audited by

**SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

BROKEN ARROW, OK

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
Board of Directors
December 31, 2012

BOARD OF DIRECTORS

Chairman

Mary Smith

Vice-Chairman

Stanley Allen

Secretary/Treasurer

Glenn Shoaf

Members

Phillip Olden

Randy Fulbright

Daryle Fox

Mary Ann Seago

MANAGER

Rick Boone

Okmulgee County Rural Water District No. 6
Mounds, Oklahoma
December 31, 2012

TABLE OF CONTENTS

	<u>Page</u>
Board of Directors	1
Table of Contents	2
Independent Auditor's Report	3
Management's Discussion and Analysis	5
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	7
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	9
Disposition of Prior Year's Reportable Conditions	11
Schedule of Audit Results	12
 <u>COMBINED FINANCIAL STATEMENTS:</u>	
Statement of Net Assets	13
Statement of Activities	14
Statement of Cash Flows	15
Notes to Financial Statements	16
 <u>OTHER SUPPLEMENTARY INFORMATION:</u>	
Balance Sheet (comparative)	20
Statement of Revenue, Expenses and Changes in Retained Earnings (comparative)	21
Schedule of Expenditures of Federal Awards	22

Independent Auditor's Report

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Okmulgee County Rural Water District No. 6 (the District), Mounds, Oklahoma, as of and for the year ended December 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting generally accepted in the United States of America.

The Management Discussion and Analysis on pages 5-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2013 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants 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 the internal control over financial reporting or on compliance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the company name written in a single line.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 11, 2013

RURAL WATER DISTRICT NO. 6, OKMULGEE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

Our discussion and analysis of the Rural Water District No. 6, Okmulgee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the District's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$235,225. Overall, the District's cash and cash equivalents increased by \$276,387 in the current fiscal year.
- The District earned \$3,072 in interest in 2012.
- The District was approved for a \$3,445,220 loan with Rural Development, and received \$1,362,138 of loan proceeds in 2012. These funds are being used for further water system expansions and improvements.

Using This Report

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

Basis of Accounting

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

The Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of Assets, Liabilities and Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net assets and the changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to

measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

Fixed Assets

At December 31, 2012 the District had \$4,883,746 invested in fixed assets, net of depreciation, including buildings, the water system, vehicles and equipment. The District began a large expansion/improvement project in 2012, and added \$1,358,608 of fixed assets towards these projects. This will continue in 2013.

Long-Term Debt

The District was indebted to Rural Development for a \$1,362,138 note obtained for extensive extensions and improvements. The total approved proceeds are \$3,445,220. This has an interest rate of 3.375%, and the District has already begun making the scheduled monthly payments of \$13,092 towards this loan.

Economic Factors and Next Year's Budget and Rates

The District may be forced to make further increases if additional increases are made by their water sources.

The District will continue to make further water system expansions and improvements with the loan proceeds, which are needed by increased demands on the current system.

The District's budget for fiscal year 2013 will remain much like previous years budgets.

Contacting the District's Management

This report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the District Office at P.O. Box 340, Mounds, OK 74047 or call (918) 827-6350.

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, Oklahoma

We have audited the financial statements of the Okmulgee County Rural Water District No. 6 (the District), Mounds, Oklahoma, as of and for the year ended December 31, 2012, and have issued our report thereon dated February 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial 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 that are required to be reported under auditing standards generally accepted in the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material

weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.

This report is intended solely for the information of management and the Board of Directors, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and somewhat stylized, with the ampersand being particularly prominent.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 11, 2013

**Report On Compliance With Requirements Applicable To Each
Major Program And Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Board of Directors
Okmulgee County Rural Water District No. 6
Mounds, Oklahoma

Compliance

We have audited the compliance of Okmulgee County Rural Water District No. 6, (the District) Mounds, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2012.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be detected or prevented by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Directors, management and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 11, 2013

OKMULGEE COUNTY RURAL DISTRICT NO. 6
Disposition of Prior Year's Reportable Conditions
December 31, 2012

There were no prior year reportable conditions.

OKMULGEE COUNTY RURAL DISTRICT NO. 6
Schedule of Audit Results, Findings and Questioned Costs
December 31, 2012

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no reportable conditions in the internal controls.
3. The audit disclosed no instances of noncompliance.
4. The audit disclosed no reportable conditions in the internal controls over major programs.
5. An unqualified opinion was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. The program determined to be major is the United States Dept. of Agriculture – Rural Development \$3,445,220 long-term note and expansion project.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The district was determined not to be a low-risk auditee.

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

NONE

Section 3 – Findings and Questioned Costs for Federal Awards:

NONE

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Net Assets
December 31, 2012

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 1,315,614
Investments	103,800
Current portion of receivables	173,460
Prepaid assets	<u>20,622</u>
Total current assets	<u>1,613,496</u>

Non-current Assets:

Restricted cash-	
ORWA reserve certificate	1,000
Restricted investments-	
Rural Development reserve	<u>151,974</u>
Total restricted assets	<u>152,974</u>

Capital Assets-

Buildings, net	110,015
Plant and water systems, net	4,681,299
Other capital assets, net	<u>92,432</u>
Total capital assets	<u>4,883,746</u>

Total non-current assets	<u>5,036,720</u>
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Total Assets	<u>6,650,216</u>
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LIABILITIES:

Current Liabilities:

Accounts payable	27,829
Accrued liabilities	39,026
Current portion of long-term debt	<u>41,435</u>
Total current liabilities	<u>108,290</u>

Noncurrent Liabilities:

Long-term debt	<u>1,250,651</u>
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Total Liabilities	<u>1,358,941</u>
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NET ASSETS:

Invested in capital assets, net of related debt	3,591,660
Unrestricted assets	<u>1,699,615</u>
Total Net Assets	<u><u>\$ 5,291,275</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Activities
For The Year Ended December 31, 2012

Operating Revenues:

Water sales	\$ 1,690,752
Fees and fines	62,927
Benefit unit sales	<u>38,000</u>
Total revenue from operations	<u>1,791,679</u>

Operating Expenses:

Water purchases	756,764
Salaries and benefits	222,237
Payroll taxes	19,205
Employee retirement	8,692
Group health insurance	67,116
Repairs and maintenance	46,563
Vehicle expense	16,876
Telephone	8,234
Insurance	35,830
Dues and fees	3,511
Office expense and postage	30,315
Depreciation	193,688
Professional fees	4,540
Utilities	36,236
Contract labor	62,652
Miscellaneous	<u>5,995</u>
Total expenses from operations	<u>1,518,454</u>

Operating Income (Loss)	273,225
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Non-Operating Revenues (Expenses):

Interest income	3,072
Interest paid on long-term debt	<u>(8,499)</u>
Total Non-Operating Revenues (Expenses)	<u>(5,427)</u>

Change in Net Assets	267,798
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Total Net Assets, beginning of period	<u>5,023,477</u>
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Total Net Assets, end of period	<u><u>\$ 5,291,275</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statement of Cash Flows
For the Year Ended December 31, 2012

Cash Flows from Operating Activities:

Receipts from customers	\$ 1,701,941
Payments to employees	(256,696)
Payments to vendors	<u>(1,137,421)</u>
Net Cash Provided by Operating Activities	<u>307,824</u>

Cash Flows from Financing Activities:

Acquisition of fixed assets	(1,358,608)
Loan proceeds from Rural Development	1,362,138
Principal paid on long-term debt	(70,053)
Interest paid on long-term debt	<u>(5,986)</u>
Net Cash Provided by (used in) Financing Activities	<u>(72,509)</u>

Cash Flows from Investing Activities:

Memberships purchased	38,000
Interest earned on investments	<u>3,072</u>
Net Cash Provided by (used in) Investing Activities	<u>41,072</u>

Net Increase (Decrease) in Cash 276,387

Cash and cash equivalents, beginning of period 1,295,001

Cash and cash equivalents, end of period \$ 1,571,388

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating Income	\$ 235,225
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	193,688
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(58,274)
(Increase) decrease in prepaid insurance	(2,168)
Increase (decrease) in accounts payable	(46,251)
Increase (decrease) in accruals	<u>(14,396)</u>
Net cash provided by operating activities	<u><u>\$ 307,824</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies

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.

New Reporting Standard

In June 1999, the GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement establishes new financial reporting requirements for state and local governments throughout the United States. It creates new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in all prior years is affected.

Cash and equivalents

The District’s cash accounts at December 31st, are detailed as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 326	326
Arvest Bank, Tulsa, Ok-		
Revenue account	136,403	-
Operation & Maintenance account	656,018	-
Contruction account	52,606	-
BancFirst, Jenks, Ok-		
Revenue account	3,766	115,492
Operation & Maintenance account	-	519,661
Special account	124,333	124,164
Contruction account	24,104	45,240
Less: Outstanding checks	-	(20,967)
American Heritage Bank, Sapulpa, Ok-		
Deprecation account (money mkt)	<u>318,058</u>	<u>257,095</u>
Total	<u><u>\$1,315,614</u></u>	<u><u>1,041,011</u></u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments at December 31, 2012 are detailed as follows:

Grand Bank, Tulsa, Ok-	
Certificate of deposit no. 92197	\$ 51,900
Certificate of deposit no. 92198	51,900
 Triad Bank, Tulsa, Ok-	
Certificate of deposit no. 60072450	<u>151,974</u>
 Total Investments	<u><u>\$ 255,774</u></u>

Reserve Investment

In compliance with Rural Development loan covenants, the above certificate of deposit held at Triad Bank (\$151,974) is held by the District as a reserve investment.

Collateral Pledged

Deposit Categories of Credit Risk

(A) Insured by Federal Deposit Insurance

(B) Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name

(C) Uncollateralized

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>	<u>Balance</u>	<u>Amount</u>
Cash	\$ 500,000	815,614		1,315,614	1,315,614
Investments	<u>255,774</u>			<u>255,774</u>	<u>255,774</u>
Total	<u><u>\$ 755,774</u></u>	<u><u>465,525</u></u>	<u><u>0</u></u>	<u><u>1,571,388</u></u>	<u><u>1,571,388</u></u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at December 31, 2012 were \$173,460. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

Prior Year Information

Prior year financial statement information is included in the other supplementary information section for comparative purposes only. No opinions are issued on these amounts, and are included as memorandum.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance, including workers compensation, for risk of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Fixed Assets

Fixed assets are valued at cost, depreciation is computed by use of the straight-line method. The estimated useful lives of these assets are as follows:

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	5 years
Transportation equipment	5 years
Water & sewer system	50 years
Buildings	25 years
Computer equipment	3 years

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Mounds, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	<u>12/31/2011</u> Amount	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2012</u> Amount
Buildings	\$ 212,931	-	-	212,931
Plant and water sys.	5,481,308	1,338,535	-	6,819,843
Vehicles and equip.	<u>406,856</u>	<u>20,073</u>	<u>-</u>	<u>426,929</u>
Total Fixed Assets	6,101,095	1,358,608	-	7,459,703
Less: Accumulated Depreciation	<u>(2,382,270)</u>	<u>(193,687)</u>	<u>-</u>	<u>(2,575,957)</u>
Total	<u><u>\$ 3,718,825</u></u>	<u><u>1,164,921</u></u>	<u><u>-</u></u>	<u><u>4,883,746</u></u>

Note B – Long-Term Debt

Long-Term Debt consists of one 2012 note to the Office of Rural Development for water system expansion and improvements. This note is for a total of \$3,445,220, at a rate of 3.375%. The District received \$1,362,138 of these proceeds in the 2012 fiscal year, and will receive the remaining funds in future years. The District is required to make monthly payments of \$13,092 on this note, and began making payments in 2012. At December 31, 2012, the outstanding balance was \$1,292,085.

Note C – Employee Retirement Plan

The District has adopted a simplified employee pension (SEP) plan, which is self-directed and noncontributory. The District contributes 4% of the employee gross pay of each qualifying employee. Employees are eligible for the plan after two years of full-time employment and have attained the age of twenty-one years. The contribution by the District is computed and paid once a year, normally in December. For the 2012 fiscal year, the District contributed \$8,692.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6

Balance Sheet
December 31, 2012

<u>ASSETS</u>	<u>DECEMBER 31,</u>	
	<u>2012</u>	<u>(memo only) 2011</u>
Current Assets:		
Cash and cash equivalents	\$ 1,315,614	1,041,011
Investments	103,800	103,202
Accounts receivable	173,460	115,186
Prepaid insurance	20,622	18,454
Total current assets	<u>1,613,496</u>	<u>1,277,853</u>
Restricted Assets:		
ORWA reserve certificate	1,000	1,000
Rural Development reserve investment	<u>151,974</u>	<u>150,788</u>
Total restricted assets	<u>152,974</u>	<u>151,788</u>
Fixed Assets:		
Building	212,931	212,931
Plant and water systems	6,819,843	5,481,308
Vehicles and equipment	<u>426,929</u>	<u>406,856</u>
Total fixed assets	7,459,703	6,101,095
Less: accumulated depreciation	<u>(2,575,957)</u>	<u>(2,382,270)</u>
Total fixed assets (net)	<u>4,883,746</u>	<u>3,718,825</u>
Total Assets	<u>\$ 6,650,216</u>	<u>5,148,466</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 27,829	73,755
Payroll and taxes payable	0	325
Accrued vacation and sick leave	36,513	50,909
Accrued interest on long-term debt	2,513	0
Current maturities of long-term debt	<u>41,435</u>	<u>0</u>
Total current liabilities	<u>108,290</u>	<u>124,989</u>
Long-Term Debt, less current maturities:		
Notes payable - Rural Development	<u>1,250,651</u>	<u>0</u>
Total Liabilities	<u>1,358,941</u>	<u>124,989</u>
Fund Equity:		
Member capital	1,614,544	1,576,544
Retained earnings	<u>3,676,731</u>	<u>3,446,933</u>
Total fund equity	<u>5,291,275</u>	<u>5,023,477</u>
Total Liabilities and Fund Equity	<u>\$ 6,650,216</u>	<u>5,148,466</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
Statements of Revenue, Expenses and Changes in Retained Earnings
For The Years Ended December 31, 2012

	2012	(memo only) 2011
Revenue from Operations:		
Water sales	\$ 1,690,752	1,666,860
Membership fees/taps	22,000	14,500
Late fees	40,927	43,705
Construction fees	0	1,100
Total revenue from operations	<u>1,753,679</u>	<u>1,726,165</u>
Expenses from Operations:		
Water purchases	756,764	766,302
Salaries and benefits	222,237	273,430
Payroll taxes	19,205	24,192
Employee retirement	8,692	14,122
Group health insurance	67,116	58,133
Repairs and maintenance	46,563	38,150
Vehicle expense	16,876	18,850
Telephone	8,234	10,550
Insurance	35,830	36,532
Dues and fees	3,511	8,677
Office expense and postage	30,315	30,796
Depreciation	193,688	176,880
Professional fees	4,540	5,090
Utilities	36,236	36,841
Contract labor	62,652	63,121
Miscellaneous	5,995	9,693
Total expenses from operations	<u>1,518,454</u>	<u>1,571,359</u>
Net Income (Loss) from Operations	235,225	154,806
Non-operating revenues:		
Interest earnings	<u>3,072</u>	<u>3,896</u>
Non-operating expenses:		
Interest on long-term debt	<u>(8,499)</u>	<u>(4,954)</u>
Net Income (Loss)	229,798	153,748
Retained earnings, beginning of period	<u>3,446,933</u>	<u>3,293,185</u>
Retained earnings, end of period	<u><u>\$ 3,676,731</u></u>	<u><u>3,446,933</u></u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 6
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grantor's/ Pass-through No.</u>	<u>Program or Award Amount</u>	<u>Balance at 1/1/12</u>	<u>Revenue Collected</u>	<u>Total Expenditures</u>	<u>Balance at 12/31/12</u>
<u>United States Dept. of Agriculture:</u>							
<u>Passed Through the Okla. Office of Rural Development:</u>							
Rural Development Loan Expansion Project	10.760	91-01	<u>\$ 3,445,220</u>	<u>0</u>	<u>1,362,138</u>	<u>1,362,138</u>	<u>0</u>