

**Hughes County Rural Water District No. 1
Wetumka, Oklahoma**

Financial Statements and Auditor's Reports

Year Ended December 31, 2013

Audited by

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

BROKEN ARROW, OK

Hughes County Rural Water District No. 1
Wetumka, Oklahoma
Board of Directors
December 31, 2013

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Hughes County Rural Water District No. 1
Wetumka, Oklahoma
December 31, 2013

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hughes County Rural Water District No. 1
Wetumka, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Hughes County Rural Water District No. 1 (the District), Wetumka, Oklahoma, as of and for the year ended December 31, 2013, which collectively 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. Management is also responsible 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.

Auditor's 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 District'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 on the effectiveness of the District'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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

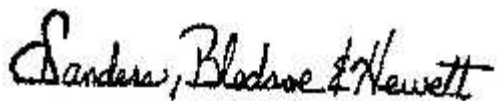
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2013, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 and 6 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 supplemental 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 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 February 21, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or on 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 Authority's internal control over financial reporting and compliance.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

Hughes County Rural Water District No. 1
Management's Discussion and Analysis
December 31, 2013

Our discussion and analysis of the Rural Water District No. 1, Hughes County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2013. Please read it in conjunction with the District's financial statements that begin on page 11.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$29,836. Overall, the District had a net income of \$2,564, and its cash and cash equivalents increased by \$19,766 in the current fiscal year. These amounts include \$71,849 in annual depreciation costs.
- The District is indebted by three notes to the Oklahoma Office of Rural Development. The District was able to pay off additional principal on one note in 2013.
- The District was approved for a federal loan in the amount of \$2,218,000 and a federal grant in the amount of \$430,410 in 2011 for improvements and expansion of the water system. This was not yet received as of 2013.
- The District borrowed an additional \$100,000 from a local bank to pay construction invoices until the funding begins.

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, 2013, the District had \$1,380,120 invested in fixed assets, net of depreciation, including land, the water system, vehicles, equipment, and construction in progress relating to the water well/filtration project. The District made a few small improvements to the water system during the 2013 fiscal year in the amount of \$17,116, shown on the financial statements as part of the water distribution system.

Long-Term Debt

The District is indebted to the Oklahoma Office of Rural Development on three notes obtained for previously extensive extensions and the current water system. The outstanding principal balance owed on the notes decreased from \$526,898 to \$489,367 during the 2013 fiscal year. The District has satisfied the required reserve account balance required by the loan. The District also obtained a \$100,000 loan from First united Bank, and owes 99,960 on this note.

Economic Factors and Next Year's Budget and Rates

The District attempts to absorb water rate increases, but may be forced to increase our customer rates if additional increases are made by the Authority.

The District's budget for fiscal year 2014 will remain much like previous years budgets. Your Board of Directors does anticipate small budget changes made primarily to better allow for office and field personnel operations, without the necessity of hiring additional part-time or permanent employees.

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 160, Wetumka, OK 74536 or call (918) 569-4326.



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

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

Board of Directors
Hughes County Rural Water District No. 1
Wetumka, 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 accompanying financial statements of the Hughes County Rural Water District No. 1 (the District), Wetumka, Oklahoma, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2014.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting in order to determine our auditing procedures that are appropriate 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 over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in the internal controls that we considered to be a material weakness.

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 District'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. We consider the deficiency described in the accompanying schedule of findings and responses as item 13-1, to be a material weakness.

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 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 that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

February 21, 2014

HUGHES COUNTY RURAL DISTRICT NO. 1
Disposition of Prior Year's Reportable Conditions
December 31, 2013

Lack of Segregation of Duties

The exception that there were inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available which prevented a proper segregation of accounting functions which is necessary to assure adequate internal accounting controls continued in the current fiscal year.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
Schedule of Audit Results
December 31, 2013

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion report was issued on the financial statements.
2. The audit disclosed a reportable condition in the internal controls which was not considered a material weakness.
3. The audit disclosed no instances of noncompliance.

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

13-1 – Lack of Segregation of Duties

Condition-

The inherent limitations resulting from a small number of employees performing functions that would normally be divided among employees were a larger number available prevent a proper segregation of accounting functions, which is necessary in order to assure adequate internal accounting controls.

Criteria-

An organization should ensure that there is a proper segregation of duties regarding cash collections and the payment of expenses.

Cause-

The District is not large enough to justify the hiring of additional personnel.

Effect-

There is always the possibility that not all collections are actually receipted or deposited, and the possibility that funds expended are not used for actual District obligations.

Recommendation-

The current procedures should not be changed. However, there should be additional personnel instilled into the collection, receipt, deposit, reconciliation and payment procedures when this becomes economically possible.

Response-

Additional personnel will be hired when the actual funds are available.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF NET ASSETS
DECEMBER 31, 2013

ASSETS:

Current assets:

| | |
|----------------------|---------------|
| Cash | \$ 78,214 |
| Investments | 16,189 |
| Deposits (ORWA) | 1,000 |
| Total current assets | <u>95,403</u> |

Noncurrent assets:

| | |
|--------------------------------------|------------------|
| Restricted cash and cash equivalents | 47,076 |
| Capital assets: | |
| Water distribution system-net | 1,376,160 |
| Equipment-net | 3,960 |
| Total noncurrent assets | <u>1,427,196</u> |

| | |
|--------------|------------------|
| Total Assets | <u>1,522,599</u> |
|--------------|------------------|

LIABILITIES:

Current liabilities:

| | |
|-----------------------------------|---------|
| Current portion of long-term debt | 120,305 |
|-----------------------------------|---------|

Noncurrent liabilities:

| | |
|-------------------------|----------------|
| Long-term notes payable | <u>469,022</u> |
|-------------------------|----------------|

| | |
|-------------------|----------------|
| Total Liabilities | <u>589,327</u> |
|-------------------|----------------|

NET ASSETS:

| | |
|---|-------------------|
| Invested in capital assets, net of related debt | 837,869 |
| Restricted for debt service | 47,076 |
| Unrestricted | <u>48,327</u> |
| Total Net Assets | <u>\$ 933,272</u> |

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

| | |
|---|-------------------|
| Operating Revenues: | |
| Water revenue | \$ 330,588 |
| Benefit units | 8,000 |
| Other sales and services | 7,132 |
| Total operating revenues | <u>345,720</u> |
| Operating Expenses: | |
| Water purchases | 146,898 |
| Depreciation | 71,849 |
| Contract labor | 53,854 |
| Electricity | 6,184 |
| Repairs and maintenance | 23,628 |
| Insurance | 3,550 |
| Office | 3,078 |
| Professional fees | 1,100 |
| Testing and other fees | 4,006 |
| Miscellaneous | 1,737 |
| Total expenses from operations | <u>315,884</u> |
| Operating Income (Loss) | 29,836 |
| Non-Operating Revenues (Expenses): | |
| Interest income | 15 |
| Interest paid on long-term debt | (27,287) |
| Total Non-Operating Revenues (Expenses) | <u>(27,272)</u> |
| Change in Net Assets | 2,564 |
| Total Net Assets, beginning of period | <u>930,708</u> |
| Total Net Assets, end of period | <u>\$ 933,272</u> |

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities:

| | |
|---|------------------|
| Receipts from customers | \$ 346,520 |
| Payments to vendors | <u>(244,835)</u> |
| Net Cash Provided by (used in) Operating Activities | <u>101,685</u> |

Cash Flows from Financing Activities:

| | |
|---|-----------------|
| Fixed asset addition | (17,116) |
| Principal paid on long-term debt | (37,531) |
| Interest paid on long-term debt | <u>(27,287)</u> |
| Net Cash Provided by (used in) Financing Activities | <u>(81,934)</u> |

Cash Flows from Investing Activities:

| | |
|--------------------------------|-----------|
| Interest earned on investments | <u>15</u> |
|--------------------------------|-----------|

Net increase (decrease) in cash and cash equivalents 19,766

Cash and cash equivalents, beginning of period 122,713

Cash and cash equivalents, end of period \$ 142,479

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

| | |
|---|--------------------------|
| Operating Income (loss) | \$ 29,836 |
| Adjustments to reconcile net income to net cash provided (used) by operating activities: | |
| Depreciation Expense | <u>71,849</u> |
| Net cash provided by operating activities | <u><u>\$ 101,685</u></u> |

The accompanying notes are an integral part of the financial statements

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note A – Significant Accounting Policies

Basis of Accounting

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

Reporting Entity

The District is recognized as a public, not-for-profit rural water district under Oklahoma Statutes, Title 82. The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost of providing water services is financed through user charges. The District purchases water primarily from the City of Wetumka.

Cash and cash equivalents

The District's cash and cash equivalents, shown in the financial statements, are amounts that are not subject to fluctuations and have a maturity of less than three months. Cash and investments are detailed as follows:

| | December 31, | |
|--------------------------|-------------------|----------------|
| | 2013 | 2012 |
| Citizens Security Bank: | | |
| Operating Account | \$ 73,722 | 69,426 |
| Construction Account | 4,492 | 1,029 |
| Less: Outstanding checks | - | - |
| ORWA deposit | 1,000 | 1,000 |
| LaSalle St. Securities: | | |
| Money Market Account | 63,265 | 51,260 |
| Balance | <u>\$ 142,479</u> | <u>122,715</u> |

Collateral Pledged

It appears that all funds were adequately insured by the \$250,000 of FDIC coverage and additional collateral pledged by the banking institution as of December 31, 2013.

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note A – Significant Accounting Policies – cont'd

Restricted Asset – Investment Reserves

In compliance with the United States Department of Agriculture Rural Development regulations, cash reserves have been established to collect up to one year's payments on the notes payable, or \$47,076, at which time deposits in the reserve can be suspended. The reserve account funds have been deposited in an interest bearing savings account at LaSalle St. Securities which is insured by the federal government. At December 31, 2013, the restricted asset-investment reserve balance was \$47,076.

Inventory

The District does not maintain inventory records of parts and supplies, but charges these purchases to maintenance or supplies, as they are needed.

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.

Note B - Fixed Assets

Fixed assets and additions are recorded at cost. Depreciation of the waterworks system and improvements is provided using the straight-line method based on a forty-year life. Equipment is depreciated over a five-year life. Depreciation expense for the year is presented as an operating expense and closed, along with other operating expenses, directly to retained earnings.

The fixed asset information for the District is shown below:

| | 12/31/2012 Amount | Additions | Deletions | 12/31/2013 Amount |
|--------------------------------|----------------------|----------------|------------------|----------------------|
| Water System & Equipment | \$ 2,685,113 | 171,273 | - | 2,856,386 |
| Contruction in Progress | | | | |
| Water Well & Filtration | 158,557 | - | (158,557) | - |
| Equipment | 7,226 | 4,400 | - | 11,626 |
| Less: Accumulated Depreciation | (1,416,043) | (71,849) | - | (1,487,892) |
| Total | <u>\$ 1,434,853</u> | <u>103,824</u> | <u>(158,557)</u> | <u>1,380,120</u> |

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note C – Long-Term Debt

The District is indebted to the USDA Rural Development Program on four notes obtained to finance system improvements. The notes are secured by system revenues and property, plant and equipment. Long-term debt at December 31 is summarized as follows:

| | <u>2013</u> | <u>2012</u> |
|--|--------------------------|-----------------------|
| Note No. 91-02, issued for \$260,500, dated 2-12-81, at 5.00% interest, due in monthly installments of \$1,280 until paid; | \$ 87,000 | 97,718 |
| Note No. 91-05, issued for \$80,000, dated 3-14-89, at 5.00% interest, due in monthly installments of \$393, until paid; | - | 7,349 |
| Note No. 91-10, issued for \$87,500, dated 5-1-96, at 4.50% interest, due in monthly installments of \$398 until paid; | 55,625 | 68,626 |
| Note No. 91-12, issued for \$407,800, dated 1-17-01, at 4.50% interest, due in monthly installments of \$1,852 until paid; | 346,742 | 353,205 |
| First United Bank, \$100,000, 3.375% | 99,960 | 99,960 |
| Less: Current maturities of long-term debt | <u>(120,305)</u> | <u>(23,339)</u> |
| Total Long-Term Debt, Less Current Maturities | <u><u>\$ 469,022</u></u> | <u><u>603,519</u></u> |

The estimated maturities for the next five years, based on the required monthly payments, are detailed as follows:

| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------|--------------------------|-----------------------|-----------------------|
| 2014 | \$ 120,305 | 22,015 | 142,320 |
| 2015 | 21,338 | 21,022 | 42,360 |
| 2016 | 22,380 | 19,980 | 42,360 |
| 2017 | 23,474 | 18,886 | 42,360 |
| 2018 | 24,620 | 17,740 | 42,360 |
| 2019-23 | 86,899 | 73,801 | 160,700 |
| 2024-28 | 77,979 | 57,019 | 134,998 |
| 2029+ | <u>212,332</u> | <u>60,812</u> | <u>273,144</u> |
| Total | <u><u>\$ 589,327</u></u> | <u><u>291,275</u></u> | <u><u>880,602</u></u> |

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
BALANCE SHEET
DECEMBER 31, 2013

| | DECEMBER 31, | |
|--|---------------------|---------------------|
| | 2013 | (memo only) 2012 |
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Cash in bank | \$ 78,214 | 70,453 |
| Investments | 16,189 | 4,184 |
| Deposits (ORWA) | 1,000 | 1,000 |
| Total Current Assets | <u>95,403</u> | <u>75,637</u> |
| Fixed Assets: | | |
| Water distribution system | 2,856,386 | 2,685,113 |
| Construction in progress (water well & filtration) | 0 | 158,557 |
| Equipment | 11,626 | 7,226 |
| Less: accumulated depreciation | (1,487,892) | (1,416,043) |
| Total Fixed Assets (net of depreciation) | <u>1,380,120</u> | <u>1,434,853</u> |
| Restricted Assets: | | |
| Investment reserves | <u>47,076</u> | <u>47,076</u> |
| Total Assets | <u>\$ 1,522,599</u> | <u>1,557,566</u> |
| <u>LIABILITIES AND EQUITY</u> | | |
| Current Liabilities: | | |
| Current maturities of long-term debt | \$ 120,305 | 23,339 |
| Long-Term Debt, less current maturities: | | |
| Notes payable | <u>469,022</u> | <u>603,519</u> |
| Total Liabilities | <u>589,327</u> | <u>626,858</u> |
| Equity: | | |
| Contributed capital | 16,700 | 16,700 |
| Retained earnings | 916,572 | 914,008 |
| Total Equity | <u>933,272</u> | <u>930,708</u> |
| Total Liabilities and Equity | <u>\$ 1,522,599</u> | <u>1,557,566</u> |

HUGHES COUNTY RURAL WATER DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
FOR YEAR ENDED DECEMBER 31, 2013

| | 2013 | (memo only) 2012 |
|--|--------------------------|-----------------------|
| Revenue from operations: | | |
| Water revenue | \$ 330,588 | 319,785 |
| Benefit units | 8,000 | 9,600 |
| Reimbursements | 4,700 | 653 |
| Miscellaneous | 2,432 | - |
| Total revenue from operations | <u>345,720</u> | <u>330,038</u> |
| Expenses from operations: | | |
| Water purchases | 146,898 | 160,068 |
| Depreciation | 71,849 | 67,128 |
| Contract labor | 53,854 | 50,193 |
| Electricity | 6,184 | 8,722 |
| Repairs and maintenance | 23,628 | 13,475 |
| Insurance | 3,550 | 3,741 |
| Office | 3,078 | 2,390 |
| Professional fees | 1,100 | 1,075 |
| Testing and other fees | 4,006 | 1,669 |
| Miscellaneous | 1,737 | 180 |
| Total expenses from operations | <u>315,884</u> | <u>308,641</u> |
| Net Income (Loss) From Operations | 29,836 | 21,397 |
| Non-operating revenue: | | |
| Interest earnings | <u>15</u> | <u>971</u> |
| Non-operating expenses: | | |
| Interest paid on long-term debt | <u>(27,287)</u> | <u>(27,381)</u> |
| Net Income (Loss) | 2,564 | (5,013) |
| Retained earnings, beginning of period | <u>914,008</u> | <u>919,021</u> |
| Retained earnings, end of period | <u><u>\$ 916,572</u></u> | <u><u>914,008</u></u> |