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Logan County Rural Water District No. 2 Crescent, Oklahoma

Financial Statements and
Reports of Independent Auditor

July 31, 2011

RECEIPT #
16738

Audited by

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

Broken Arrow, Oklahoma

**Logan County Rural Water District No. 2
Crescent, Oklahoma**

Board of Directors

July 31, 2011

Chairman

Arthur Platt

Vice Chairman

Stan Wieczorek

Secretary/Treasurer

Diane Frick

Members

Robert Lang
Dennis Rising
Cecil Barnett
Andy Bennett

Bookkeeper

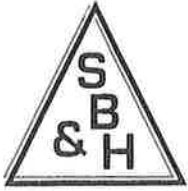
Colette Datin

**1701 N. Hwy 74
Crescent, Oklahoma 73028
(405) 969-2646**

Logan County Rural Water District No. 2
Crescent, Oklahoma

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Independent Auditor's Report

Board of Directors
Logan County Rural Water District No. 2
Crescent, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Logan County Rural Water District No. 2 (the District), Crescent, Oklahoma, as of and for the year ended July 31, 2011, 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 an opinion 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 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 July 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management Discussion and Analysis 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 our report dated August 23, 2011 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 and grant agreements and other matters. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 described in Note 1.

Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

August 23, 2011

RURAL WATER DISTRICT NO. 2, LOGAN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS

JULY 31, 2011

Our discussion and analysis of the Rural Water District No. 2, Logan County's financial performance provides an overview of the District's financial activities for the fiscal year ended July 31, 2011. Please read it in conjunction with the District's financial statements that begin on page seven.

FINANCIAL HIGHLIGHTS

- The District's operating revenue exceeded operating expenses by \$53,736 in the 2010-11 year.
- Investments yielded interest income of \$3,690 in 2010-11.
- The District was awarded a \$920,000 loan from the Oklahoma Water Resources Board to expand and improve the water system. In 2010-11, a total of \$52,422 of these proceeds were received and \$120,598 was expended on this project.
- On the new loan, the District received \$279,321 of principal forgiveness made possible by the American Recovery and Reinvestment Act of 2009.

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 Net Assets, the Statement of Activities, 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 July 31, 2011, the District had \$1,201,976 invested in fixed assets, net of depreciation, including land, the water system, equipment, leases and rights. The District purchased \$120,598 in additional fixed assets in 2010-11

Long-Term Debt

The District began to make payments on the \$920,000 OWRB loan (of which \$52,422 was received in 2010-11). Current monthly payments are \$3,302.42, with accumulated semi-annual payments being made in March and September each year. The outstanding loan balance at July 31, 2011 was \$564,225.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending July 31, 2012, the District's budget is fairly consistent with prior years.

Customer water rates were increased, effective in October 2010. As the current economic conditions continue and expenses continue to increase, additional rate increases may become necessary.

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 1701 N. Hwy 74, Crescent, OK 73028 or call (405) 969-2646.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Standards Performed in Accordance with Government Auditing Standards

Board of Directors
Logan County Rural Water District No. 2
Crescent, Oklahoma

We have audited the combined financial statements of Logan County Rural Water District No. 2 (the District), Crescent, Oklahoma, as of and for the year ended July 31, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 23, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepting accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements 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 a more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by the entity's internal control.

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

Compliance and Other Matters

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

This report is intended solely for the information and use of management 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

August 23, 2011



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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
Logan County Rural Water District No. 2
Crescent, Oklahoma

Compliance

We have audited the compliance of Logan County Rural Water District No. 2 (the District), Crescent, 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 July 31, 2011. 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. 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 standard generally accepted in the United States; 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 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 July 31, 2011. The results of our auditing procedures disclosed no instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133.

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 and use of management 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

August 23, 2011

Logan County Rural Water District No. 2
Crescent, Oklahoma
Schedule of Audit Results
July 31, 2011

Section 1 – Summary of Auditor’s Results

1. An unqualified opinion report 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 Oklahoma Water Resources Board \$920,000 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

COMBINED FINANCIAL STATEMENTS

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
Statement of Net Assets
July 31, 2011

ASSETS

Current assets:	
Cash in bank	\$ 137,545
Investments	269,713
Receivables	32,437
Prepaid insurance	6,425
Total current assets	<u>446,120</u>
Noncurrent assets:	
Capital assets:	
Water system and improvements, net of depreciation	<u>1,201,976</u>
Total Assets	<u>1,648,096</u>

LIABILITIES

Current liabilities:	
Accounts payable	3,615
Accrued interest	700
Current maturities of long-term debt	22,279
Total current liabilities	<u>26,594</u>
Noncurrent liabilities:	
Notes payable, less current maturities	<u>541,946</u>
Total Liabilities	<u>568,540</u>

NET ASSETS

Invested in capital assets, net of related debt	633,436
Unrestricted assets	<u>446,120</u>
Total Net Assets	<u>\$ 1,079,556</u>

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

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
Statement of Activities
For The Year Ended July 31, 2011

Operating Revenues:	
Water sales	\$ 244,251
Operating Expenses:	
Advertising	225
Chemicals and testing	6,116
Contract services	52,000
Dues and licenses	4,630
Insurance	6,927
Maintenance and repairs	21,958
Miscellaneous	624
Postage	1,778
Professional fees	19,183
Office supplies	1,350
Salaries and taxes	10,149
Supplies	31,755
Telephone	1,221
Test wells/ easements	5,000
Travel and meals	1,380
Utilities	26,219
Total expenses from operations	<u>190,515</u>
Operating Income (Loss)	53,736
Non-Operating Revenues (Expenses):	
Interest income	3,690
Long-term debt forgiven by ARRA	279,322
Amortization	(3,809)
Depreciation	(52,291)
Interest paid on debt	(28,518)
Total non-operating revenues (expenses)	<u>198,394</u>
Change in Net Assets	252,130
Total Net Assets, beginning of period	<u>827,426</u>
Total Net Assets, end of period	<u>\$ 1,079,556</u>

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

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
Statement of Cash Flows
For the Year Ended July 31, 2011

Cash flows from operating activities:	
Receipts from customers	\$ 228,181
Payments to employees	(10,448)
Payments to vendors	<u>(180,379)</u>
Net cash (used in) provided by operating activities	<u>37,354</u>
Cash flows from capital and related financing activities:	
Construction project payments	(120,598)
Loan proceeds	<u>52,422</u>
Net cash used in capital and related financing activities	<u>(68,176)</u>
Cash flows from investing activities:	
Principal paid on debt	(36,799)
Interest paid on debt	(27,818)
Interest on investments	<u>3,690</u>
Net cash used in investing activities	<u>(60,927)</u>
Net increase (decrease) in cash and cash equivalents	(91,749)
Cash & cash equivalents, beginning of period	<u>499,007</u>
Cash & cash equivalents, end of period	<u><u>\$ 407,258</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income	\$ (2,364)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	52,291
Amortization Expense	3,809
(Increase) decrease in current assets-	
Accounts receivable, net	(16,070)
Prepaid expenses	(956)
Increase (decrease) in current liabilities-	
Accounts payable	<u>644</u>
Net Cash Provided by Operating Activities	<u><u>\$ 37,354</u></u>

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JULY 31, 2011

Note 1 – 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 in accordance with generally accepted accounting principles.

Cash

The District's accounts at July 31, 2011, and are comprised as follows:

Community State Bank, Hennessey, OK	
Operating & Maintenance Checking	\$ 29,083
Community State Bank, Hennessey, OK	
Operating & Maintenance Hi-Fi	111,759
Outstanding checks	<u>(3,297)</u>
 Total Cash	 <u>\$137,545</u>

The District's cash deposits at July 31, 2011, are categorized to give an indication of the level of risk assumed by the district at year-end. No bank used by the District exceeded the \$250,000 FDIC maximum allowable limit.

Investments

The District had the following investments at July 31, 2011:

Stillwater National Bank, Edmond, OK-	
Certif. of Deposit No. 182362 (depreciation)	\$ 31,105
Certif. of Deposit No. 182363 (emergency)	31,105
Certif. of Deposit No. 177917	51,211
Certif. of Deposit No. 192322	51,180
Certif. of Deposit No. 196212	<u>105,112</u>
 Total	 <u>\$ 269,713</u>

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JULY 31, 2011

Note 1 – Significant Accounting Policies – cont’d

Accounts Receivable

Billings for accounts receivable at July 31, 2011 were \$32,437. No computation was made for allowance for doubtful accounts, which is not considered to be material to the financial statements.

Capital Assets

Capital (fixed) assets are valued at cost, and depreciation is computed by use of the straight-line method. The estimated useful life of these assets range from five to 40 years. Included in these assets are the leases, rights and organization expenses of the District, which are being amortized over a 40 year period.

Capital (fixed) asset information for the 2010-11 fiscal year is as follows:

	<u>Balance at Aug. 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at July 31, 2011</u>
Capital assets not being depreciated:				
Land	\$ 10,000			10,000
Other capital assets:				
Water distribution system	694,743	899,525		1,594,268
Construction in progress	771,597		(771,597)	-
Buildings and equipment	183,841		(7,330)	176,511
Leases, rights and organization expenses	151,629			151,629
Total depreciated capital assets	<u>1,801,810</u>	<u>899,525</u>	<u>(778,927)</u>	<u>1,922,408</u>
Total capital (fixed) assets at historical costs	<u>1,811,810</u>	<u>899,525</u>	<u>(778,927)</u>	<u>1,932,408</u>
Less accumulated depreciation for:				
Water distribution system	511,101	42,119		553,220
Buildings and equipment	105,200	10,172		115,372
Leases, rights and organization expenses	58,031	3,809		61,840
Total accumulated depreciation	<u>674,332</u>	<u>56,100</u>	<u>-</u>	<u>730,432</u>
Capital assets, net	<u>\$ 1,137,478</u>	<u>843,425</u>	<u>(778,927)</u>	<u>1,201,976</u>

Inventories

The District does not include an inventory amount on its financial statements. All items purchased for inventory are expensed immediately.

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JULY 31, 2011

Note 1 – Significant Accounting Policies – cont’d

Prior Year Information

Prior year information is shown on the financial statements for comparative purposes only. No assurance is given on prior year amounts.

Federal Income Tax

The District is exempt from federal and state income taxes.

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 Balance</u>	<u>Carrying Amount</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>		
Cash	\$ 140,842			140,842	137,545
Investments	269,713			269,713	269,713
Totals	<u>\$ 410,555</u>	<u>0</u>	<u>0</u>	<u>410,555</u>	<u>407,258</u>

Note 2 – Accumulated Unpaid Vacation and Sick Pay

At July 31, 2011, no determination of the aggregate dollar value of vacation and sick pay had been made.

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
 NOTES TO FINANCIAL STATEMENTS
 FOR YEAR ENDED JULY 31, 2011

Note 3 – Long-Term Debt

In September 2009, the District was awarded a loan with the Oklahoma Water Resources Board in the amount of \$920,000. Of this amount, \$239,321 of principal was forgiven, made possible by the American Recovery and Reinvestment Act of 2009. That amount of forgiveness will be classified as contributed capital. The current interest rate for this loan is 3.52 percent, payable over 20 years. The local trustee for the loan is BancFirst, Oklahoma City, Oklahoma. A debt service fund will be used to pay bi-yearly principal payments of \$18,400. A debt service reserve fund will be used to retain a percentage of the loan amount.

The first principal payment was made August 27, 2010. As of July 31, 2011, the outstanding principal balance on the loan was \$564,225.

The amounts of principal and interest to be paid in future fiscal years are as follows:

Year Ended July 31,	Principal	Interest	Total
2012	\$ 22,279	14,356	36,635
2013	23,009	13,627	36,636
2014	23,715	13,039	36,754
2015	24,443	12,432	36,875
2016	25,154	11,838	36,992
2017-21	138,007	48,978	186,985
2022-26	160,529	30,184	190,713
2027-30	147,089	8,572	155,661
	<u>\$ 564,225</u>	<u>153,026</u>	<u>717,251</u>

OTHER SUPPLEMENTARY INFORMATION

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
Balance Sheet
July 31, 2011

	July 31,	
	2011	(Memo only) 2010
<u>ASSETS</u>		
Current Assets:		
Cash in bank	\$ 137,545	232,105
Investments	269,713	266,902
Accounts receivable	32,437	16,367
Prepaid Insurance	6,425	5,469
Total current assets	446,120	520,843
Fixed Assets:		
Water system	1,932,408	1,040,213
Construction in progress	0	771,597
Less: accumulated depreciation	(730,432)	(674,332)
Total fixed assets (net)	1,201,976	1,137,478
Total Assets	\$ 1,648,096	1,658,321
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 3,615	2,971
Accrued interest	700	0
Current maturities of long-term debt	22,279	0
Total current liabilities	26,594	2,971
Long-Term Liabilities:		
Notes payable, less current maturities	541,946	827,924
Total Liabilities	568,540	830,895
Fund Equity:		
Contributed capital	279,322	0
Retained earnings - unrestricted	800,234	827,426
Total fund equity	1,079,556	827,426
Total Liabilities and Fund Equity	\$ 1,648,096	1,658,321

LOGAN COUNTY RURAL WATER DISTRICT NO. 2
Statement of Revenue, Expenses and Changes in Retained Earnings
For the Year Ended July 31, 2010

	2010-11	(Memo only) 2009-10
Revenue from Operations:		
Water sales	\$ 237,251	179,976
Benefit units	7,000	11,200
Reimbursements	0	1,090
Total revenue from operations	244,251	192,266
Expenses from Operations:		
Advertising	225	1,222
Chemicals and testing	6,116	4,395
Contract services	52,000	46,066
Dues and licenses	4,630	1,793
Insurance	6,927	5,296
Maintenance and repairs	21,958	12,974
Miscellaneous	624	838
Postage	1,778	1,924
Professional fees	19,183	18,410
Office supplies	1,350	1,369
Rent expense	0	125
Salaries and taxes	10,149	8,442
Supplies	31,755	14,779
Telephone	1,221	1,202
Test wells/ easements	5,000	0
Travel and meals	1,380	0
Utilities	26,219	29,176
Total expenses from operations	190,515	148,011
Net Income (Loss) from Operations	53,736	44,255
Other Income:		
Sale of fixed assets	0	2,460
Interest earnings	3,690	6,939
Total other income	3,690	9,399
Other Expenses:		
Amortization	(3,809)	(3,809)
Depreciation	(52,291)	(28,212)
Interest on debt	(28,518)	(1,212)
Total other expenses	(84,618)	(33,233)
Net Income (Loss)	(27,192)	20,421
Retained earnings, beginning of period	827,426	807,005
Retained earnings, end of period	\$ 800,234	827,426