

FILED

OCT 07 2011

State Auditor & Inspector

LOVE COUNTY RURAL WATER
DISTRICT #1

FINANCIAL STATEMENTS
FEBRUARY 28, 2011

WITH ACCOUNTANT'S REPORT THEREON

DOUGLAS W. DEAN, CPA, INC., P.C.

177 E STREET, N.W.
ARDMORE, OKLAHOMA 73401

- MEMBER AMERICAN INSTITUTE OF CPAs
- MEMBER OKLAHOMA SOCIETY OF CPAs

August 17, 2011

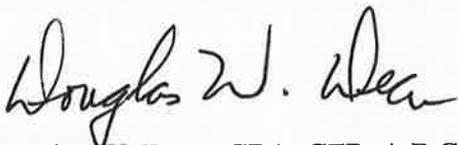
Independent Accountants Compilation Report

To the Board of Directors
Love County Rural Water District #1
Leon, Oklahoma

I have compiled the accompanying statement of assets, liabilities and net assets—modified cash basis of the Love County Rural Water District #1, and the related statement of revenues, expenses and change in net assets—modified cash basis for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance about whether the financial statements are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash tax basis of accounting and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statement on Standards for Accounting and Review Statements issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.



Douglas W. Dean, CPA, CFP, A P.C.

LOVE COUNTY RURAL WATER DISTRICT #1
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS
MODIFIED CASH BASIS
FEBRUARY 28, 2011

ASSETS

Cash in bank	\$ 9,884
Certificate of deposit	5,105
Inventory	100
Water system (less \$229,446 accumulated depreciation)	288,999
Land	<u>350</u>

Total assets \$ 304,438

LIABILITIES - payroll taxes \$ 286

NET ASSETS 304,152

Total liabilities and net assets \$ 304,438

See accompanying notes and accountant's report.

LOVE COUNTY RURAL WATER DISTRICT #1
 STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
 MODIFIED CASH BASIS
 FOR THE YEAR ENDED FEBRUARY 28, 2011

REVENUES	
Water fees	\$ 43,942
Interest income	56
Insurance claim	3,479
	47,477
EXPENSES	
Salaries and payroll tax	14,619
Depreciation	14,571
Mileage	9,093
Electricity	5,238
Water tests	3,607
Repairs and maintenance	3,353
Insurance	2,159
Office expense and postage	885
Professional	750
Contract labor	560
Dues and license	219
Property tax	76
Miscellaneous	19
	55,149
Decrease in net assets	(7,672)
Net assets, beginning of year	311,824
Net assets as of end of year	\$ 304,152

See accompanying notes and accountants report.

Love County Rural Water District #1
Notes to Financial Statements
February 28, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The Love County Rural Water District of Leon, Oklahoma was created March 6, 1965, under the Water District Act of the State of Oklahoma (82 OSA 1301, et seq). Its purpose is to provide a water works system; to acquire water rights and to build and acquire pipelines and other facilities for the purpose of furnishing water to serve the needs of its subscribers and occupants of land within the District, and others, as authorized by the District By-laws. The District had 94 subscribers as of February 28, 2011.

The District is a non-stock corporation with powers vested in a Board of Directors, hereinafter referred to as "the Board". According to its charter and By-laws, the Board is to be composed of five members; each member is to be a participated member in the District distribution system.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than when incurred. Consequently, accounts payable, prepaid expenses, and certain accrued expenses at February 28, 2011, are not included in the financial statements. If a transaction results in the acquisition of an asset having a life beyond the one-year, the amount is capitalized and depreciated over its estimated useful life.

Estimates

The preparation of financial statements in conformity with the modified cash method of accounting requires the use of management estimates.

Cash

The District considers all highly liquid investments with maturity of three months or less when purchased to be cash. There are no legal restrictions on cash and it is all available for operations.

Love County Rural Water District #1
Notes to Financial Statements
February 28, 2011

Water System

All items of property and equipment are stated at cost. Depreciation is computed on the straight-line method using asset lives of 7-40 years. When depreciable property is retired or otherwise disposed of, the cost and accumulated depreciation is eliminated from the accounts. Gain or loss on the disposition of such assets is credited or charged to operations in the year realized.

Taxes

For federal income tax purposes, the District is classified as a tax-exempt government agency. As such, the District is exempt from income taxes on its activities.