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**McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma**

**Financial Statements
and Reports of Independent Auditor**

October 31, 2011

Audited by

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

Broken Arrow, OK

McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma
October 31, 2011

BOARD OF DIRECTORS

Chairman

Leon Westbrook

Vice-Chairman

vacant

Secretary

Jerry Snider

Members

Loyce Swafford

Elvis McDaniel

MANAGER

Randy McMurl

BOOKKEEPERS

Debbie Aebischer

Beth Calvin

McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma
October 31, 2011

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SANDERS, BLEDSOE & HEWETT
CERTIFIED PUBLIC ACCOUNTANTS, LLP

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Independent Auditor's Report

Board of Directors
McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the McCurtain County Rural Water District No. 8 (the District), Broken Bow, Oklahoma, as of and for the year ended October 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 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 October 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principals generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, located on pages 5 and 6, is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

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 A. 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 also not a required part of the combined financial statements regulatory basis. The combining fund statements schedules, other schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the financial statements taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

December 29, 2011

RURAL WATER DISTRICT NO. 8, McCURTAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

OCTOBER 31, 2011

Our discussion and analysis of the Rural Water District No. 8, McCurtain County's financial performance provides an overview of the District's financial activities for the fiscal year ended October 31, 2011. 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 \$412,846, an increase of \$193,777 over the 2009-10 amount.
- The District's net assets increased by \$2,309,609 in the current fiscal year.
- \$2,000,000 of ORWB loan principal was forgiven by the federal government with ARRA Stimulus Funds.
- The micro-filtration plant and a water treatment facility was completed in 2010-11 using additional OWRB loan proceeds and some liquidated investments.

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 October 31, 2011, the District had \$8,826,020 invested in fixed assets, net of depreciation, including land, the water plant and system, vehicles and equipment. Capital assets of \$2,437,545 were added in 2010-11, as the water treatment plant project was completed and a few other items were purchased.

Long-Term Debt

The promissory note with the Oklahoma Water Resources Board was approved in 2008-09. The note was for \$7,038,410, and will be paid back in bi-annual payments over 30 years, at an interest rate of 3.29%. Through October 31, 2011, \$5,817,402 of these loan proceeds were received, and \$2,000,000 of the loan was forgiven by ARRA funds. The outstanding principal balance at October 31, 2011 was \$3,629,711.

Economic Factors and Next Year's Budget and Rates

For the upcoming fiscal year ending October 31, 2012, the District's budget is fairly consistent with the prior fiscal year. The normal cost of operation continues to increase for all areas of the economy, and rural water is not exempt from these increases.

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 Rt. 4 Box 7, Broken Bow, OK 74728 or call (580) 584-2918.



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**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
McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma

We have audited the financial statements of the McCurtain County Rural Water District No. 8 (the District), Broken Bow, Oklahoma, as of and for the year ended October 31, 2011, and have issued our report thereon dated December 29, 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 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. 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 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 or other matters that are required to be reported under auditing standards generally accepted in the United States.

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.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

December 29, 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
McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma

Compliance

We have audited the compliance of McCurtain County Rural Water District No. 8, (the District) Broken Bow, 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 October 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'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 October 31, 2011.

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, 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

December 29, 2011

McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma
Disposition of Prior Year's Reportable Conditions
October 31, 2011

There were no prior year reportable conditions.

McCurtain County Rural Water District No. 8
Broken Bow, Oklahoma
Schedule of Audit Results
October 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 instances of noncompliance.
3. The audit disclosed no reportable conditions on the internal controls.
4. The audit disclosed no reportable conditions in the internal controls over major programs
5. An unqualified opinion report 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. Programs determined to be major are the OWRB Loan Program, which was clustered in determination.
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

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
 Broken Bow, Oklahoma
 Statement of Net Assets
 October 31, 2011

ASSETS

Current Assets:

Cash and cash equivalents	\$ 486,050
Current portion of receivables	167,361
Inventory of supplies	131,882
Prepaid assets	32,870
Total current assets	818,163

Non-current Assets:

Investments with fiscal agents	537,279
Capital Assets-	
Land and easements, net	44,616
Building, plant and water systems, net	8,420,344
Equipment and vehicles, net	361,060
Total non-current assets	9,363,299

Total Assets	10,181,462
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LIABILITIES

Current Liabilities:

Customer deposits	21,061
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Non-current Liabilities:

Notes payable	3,629,711
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Total Liabilities	3,650,772
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NET ASSETS

Invested in capital assets, net of related debt	5,196,309
Unrestricted assets	1,334,381
Total Net Assets	\$ 6,530,690

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

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
 Broken Bow, Oklahoma
 Statement of Activities
 For The Year Ended October 31, 2011

Operating Revenues:	
Water sales	\$ 1,432,604
Miscellaneous	24,998
Total revenue from operations	1,457,602
Operating Expenses:	
Salaries and benefits	466,794
Water purchases	106,400
Repairs and maintenance	61,874
Vehicle expense	20,137
Utilities and telephone	93,952
Insurance	45,440
Office expense and postage	30,061
Depreciation	204,174
Dues and fees	6,455
Other expenses	9,469
Total expenses from operations	1,044,756
Operating Income (Loss)	412,846
Non-Operating Revenues (Expenses):	
Interest income	16,494
Sale of fixed assets	8,949
Debt principal forgiven by ARRA funds	2,000,000
Interest paid on long-term debt	(128,680)
Total Non-Operating Revenues (Expenses)	1,896,763
Change in Net Assets	2,309,609
Total Net Assets, beginning of period	4,221,081
Total Net Assets, end of period	\$ 6,530,690

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

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Statement of Cash Flows
For the Year Ended October 31, 2011

Cash Flows from Operating Activities:	
Receipts from customers	\$ 1,440,934
Payments to employees	(466,794)
Payments to vendors	(449,676)
Net Cash Provided by Operating Activities	524,464
Cash Flows from Financing Activities:	
Capital asset (additions) sale	(2,437,545)
Loan proceeds	1,391,601
Net Cash Provided by (used in) Financing Activities	(1,045,944)
Cash Flows from Investing Activities:	
Proceeds from sale of fixed asset	8,949
Principal paid on long-term debt	(187,691)
Interest paid on long-term debt	(128,680)
Interest earned on investments	16,494
Net Cash Provided by (used in) Investing Activities	(290,928)
Net Increase (Decrease) in Cash	(812,408)
Cash and cash equivalents, beginning of period	1,835,737
Cash and cash equivalents, end of period	\$ 1,023,329

<u>Reconciliation of operating income (loss) to net cash provided by operating activities:</u>	
Operating Income	\$ 412,846
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	204,174
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	(54,400)
(Increase) decrease in supplies inventory	(36,000)
(Increase) decrease in prepaid insurance	(2,156)
Net cash provided by operating activities	\$ 524,464

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

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Notes to the Financial Statements
October 31, 2011

Note A – Significant Accounting Policies

Organization

McCurtain County Rural Water District No. 8 (the District) is an Oklahoma non-profit water district organized under Title 82 of Oklahoma Statutes to provide water service to rural residents of McCurtain County, Oklahoma. The District is considered a subdivision of the State of Oklahoma.

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. The District has also complied with GASB Statement No. 34 financial reporting requirements.

Cash

The District's accounts are with the First Bank and Trust in Broken Bow, Oklahoma, and at October 31st, are detailed as follows:

	October 31,	
	2011	2010
Operating account	\$ 494,163	670,892
Rental account	20,195	20,200
Construction account	-	8
Office account	1,381	1,129
Cash on hand	400	400
Less: Outstanding checks	(30,089)	(69,816)
Total	\$ 486,050	622,813

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8

Broken Bow, Oklahoma

Notes to the Financial Statements

October 31, 2011

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments at October 31, 2011 are detailed as follows:

First Bank and Trust, Broken Bow, OK:		
CD no. 30125, due 1-28-12, .55%	\$	120,600
Diamond State Bank, DeQueen, AR:		
CD no. 12779, due 1-26-12, .85%		136,915
Horatio State Bank, Horatio, AR:		
CD no. 79737121, due 5-26-12, 2.10%		134,637
CD no. 79737120, due 5-21-12, 2.10%		140,127
Oklahoma Rural Water Association Assurance Group		
Insurance certificate		<u>5,000</u>
Total Investments	\$	<u><u>537,279</u></u>

The District's cash deposits and investments at October 31, 2011 are categorized to give an indication of the level of risk assumed by the District at year-end.

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>			Bank Balance	Carrying Amount
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>		
Cash	\$ 250,000	265,739		515,739	486,050
Investments	<u>507,515</u>	<u>29,764</u>		<u>537,279</u>	<u>537,279</u>
Totals	<u>\$ 757,515</u>	<u>295,503</u>	<u>0</u>	<u>1,053,018</u>	<u>1,023,329</u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Notes to the Financial Statements
October 31, 2011

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at October 31, 2011 were \$171,652. Allowance for doubtful accounts was computed at 2.5% (\$4,291) based upon historical collection rates.

Inventory

Supplies inventory is valued at the lower of cost or market, using the FIFO method (first in, first out).

Accumulated Unpaid Vacation and Sick Pay

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

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.

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	10-15 years
Transportation equipment	5 years
Water & sewer system	50 years
Buildings	40 years
Computer equipment	5-7 years

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Notes to the Financial Statements
October 31, 2011

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	11/1/2010 Amount	Additions	Deletions	10/31/2011 Amount
Land & easements	\$ 51,716	-	-	51,716
Buildings & improv.	176,023	-	-	176,023
Water system	2,516,055	6,460,551	-	8,976,606
Equipment	2,620,021	36,001	-	2,656,022
Total Fixed Assets	5,363,815	6,496,552	-	11,860,367
Less: Accumulated Depreciation	(2,830,173)	(204,174)	-	(3,034,347)
Total	<u>\$ 2,533,642</u>	<u>6,292,378</u>	<u>-</u>	<u>8,826,020</u>

Note B – Long-Term Debt

The District acquired a promissory note from the Oklahoma Water Resources Board. The approved note is in the amount of \$7,038,410 and will be used for drinking water treatment system improvements. The District received \$366,794 of the loan proceeds in 2008-09, \$4,059,007 in 2009-10, and \$1,391,601 in 2010-11 for a total loan of \$5,817,402. In the 2010-11 fiscal year, the ARRA Stimulus funds forgave \$2,000,000 of the principal balance of this note. The note will bear interest at a rate of 3.29%, and payments will be made bi-annually for 30 years. Payments of principal and interest began in 2010-11, and the note payments will be amortized and scheduled when the project is completed and all eligible funds are drawn.

Note C – Insurance Coverage

The District maintained adequate insurance coverage through the Oklahoma Rural Water Association Group. Coverage includes auto liability and damage, property, inland/marine, comprehensive general liability, errors and omissions, employment liability and employment dishonesty and crime.

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Notes to the Financial Statements
October 31, 2011

Note D – Employee Pension Plan

In January 1992, the District established a defined contribution pension plan for its employees. The plan is non-contributory and is administered by Edward D. Jones Company. Under the plan, a predetermined contribution is made to the account of each individual employee, based upon the annual compensation levels, and accrued for their benefit. An employee must have one year of service with the District before they can participate in the plan.

OTHER SUPPLEMENTARY INFORMATION

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Balance Sheet
October 31, 2011

	October 31,	
<u>ASSETS</u>	2011	(memo only) 2010
Current Assets:		
Cash	\$ 486,050	622,813
Investments	532,279	1,207,924
Accounts receivable	167,361	112,961
Inventory	131,882	95,882
Prepaid insurance	32,870	30,714
Total current assets	1,350,442	2,070,294
Fixed Assets:		
Land and easements	51,716	51,716
Buildings and improvements	176,023	176,023
Equipment and vehicles	2,656,022	2,620,021
Plant and water systems	8,976,606	2,148,526
Work in progress	-	4,426,536
Total fixed assets	11,860,367	9,422,822
Less: accumulated depreciation	(3,034,347)	(2,830,173)
Total fixed assets (net)	8,826,020	6,592,649
Other Assets:		
Investments - ORWA	5,000	5,000
Total Assets	\$ 10,181,462	8,667,943
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Customer deposits	\$ 21,061	21,061
Long-Term Debt, less current maturities:		
Notes payable	3,629,711	4,425,801
Total Liabilities	3,650,772	4,446,862
Fund Equity:		
Contributed capital	2,000,000	-
Retained earnings	4,530,690	4,221,081
Total fund equity	6,530,690	4,221,081
Total Liabilities and Fund Equity	\$ 10,181,462	8,667,943

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
Broken Bow, Oklahoma
Statement of Revenue, Expenses and Changes in Retained Earnings
For the Year Ended October 31, 2011

	2010-11	(memo only) 2009-10
Revenue from Operations:		
Water sales	\$ 1,323,168	1,194,478
Sales adjustments	41,804	39,326
Connection and reconnect fees	3,100	4,220
Penalties	28,469	27,130
Meter reading fees	36,063	37,882
Other sales and services	24,998	12,347
Total revenue from operations	<u>1,457,602</u>	<u>1,315,383</u>
Expenses from Operations:		
Salaries and benefits	466,794	532,906
Water purchases	106,400	125,980
Repairs and maintenance	61,874	110,848
Vehicle expense	20,137	19,984
Utilities and telephone	93,952	93,899
Office expenses	30,061	26,397
Insurance	45,440	46,555
Depreciation	204,174	109,165
Dues and fees	6,455	25,634
Other expenses	9,469	4,946
Total expenses from operations	<u>1,044,756</u>	<u>1,096,314</u>
Net Income (Loss) from Operations	412,846	219,069
Non-operating income (expenses):		
Interest earnings	16,494	23,957
Sale of fixed assets	8,949	68,400
Interest paid on debt	(128,680)	(15,184)
Total non-operating income (expenses)	<u>(103,237)</u>	<u>77,173</u>
Net Income (Loss)	309,609	296,242
Retained earnings, beginning of period	<u>4,221,081</u>	<u>3,924,839</u>
Retained earnings, end of period	<u>\$ 4,530,690</u>	<u>4,221,081</u>

McCURTAIN COUNTY RURAL WATER DISTRICT NO. 8
 Broken Bow, Oklahoma
 Schedule of Expenditures of Federal Awards
 Year Ended October 31, 2011

	<u>Federal CFDA Number</u>	<u>Award Number</u>	<u>Expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY Passed through the State of Oklahoma- Drinking Water Revolving Fund	66.468	ORF-09-0019-DW	<u>\$ 1,391,601</u>