

**Muskogee County Rural Water District No. 1
Oktaha, Oklahoma**

Financial Statements and Auditors Reports

Year Ended December 31, 2014

Audited by

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

BROKEN ARROW, OK

Muskogee County Rural Water District No. 1
Oktaha, Oklahoma
Board of Directors
December 31, 2014

BOARD OF DIRECTORS

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Jimmy Roper

Vice-Chairman

John Standridge

Secretary/Treasurer

Keith Weant

Member

Bryan Fuller

Member

Mark Ridley

MANAGER

Mike Hogner

BOOKKEEPER

Sheila Whittle

Muskogee County Rural Water District No. 1
Oktaha, Oklahoma
December 31, 2014

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Muskogee County Rural Water District No. 1
Oktaha, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Muskogee County Rural Water District No. 1 (the District), Oktaha, Oklahoma, as of and for the year ended December 31, 2014, 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

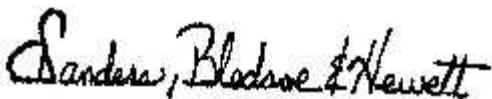
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended 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 13, 2015 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

RURAL WATER DISTRICT NO. 1, MUSKOGEE COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

Our discussion and analysis of the Rural Water District No. 1, Muskogee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2014. 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 \$20,969. Overall, the District's cash and cash equivalents increased by \$26,887 in the current fiscal year.
- The District had to increase water rates to its users in 2013, due to rising costs of water purchased and overall expenses.
- The District is indebted by a note to Oklahoma Water Resources Board and a note to Armstrong Bank.
- The District memberships continued to decrease in 2014, from 905 to 914.

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, 2014, the District had \$798,001 invested in fixed assets, net of depreciation, including land, the water system, vehicles and equipment. No major purchases were made during the 2014 year.

Long-Term Debt

The District is indebted to Oklahoma Water Resources Board on one note obtained for previously extensive extensions and payment of other debts. The outstanding principal balance owed on the note decreased from \$265,250 to \$252,500 during the 2014 fiscal year. The \$430,000 note is scheduled to be paid off in 2024. The District borrowed an additional \$240,000 from Armstrong Bank to purchase the radio read meters. This note had an outstanding balance of \$218,710 at December 31, 2014.

Economic Factors and Next Year's Budget and Rates

The District has absorbed some of the City of Muskogee's rate increases, but may be forced to increase customer rates if additional increases are made by the City of Muskogee.

The District's budget for fiscal year 2015 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 156, Oktaha, OK 74450 or call (918) 682-7903.



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
Muskogee County Rural Water District No. 1
Oktaha, 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 Muskogee County Rural Water District No. 1 (the District), Oktaha, Oklahoma, as of and for the year ended December 31, 2014, 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 13, 2015.

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 14-1, 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 13, 2015

MUSKOGEE COUNTY RURAL DISTRICT NO. 1
Disposition of Prior Year's Reportable Conditions
December 31, 2014

Lack of Segregation of Functional Responsibilities

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.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1
Schedule of Audit Results
December 31, 2014

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:

14-1 – 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.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1
Statement of Net Assets
December 31, 2014

ASSETS:

Current Assets:

Cash and cash equivalents	\$ 235,538
Investments	244,069
Current portion of receivables	33,956
Prepaid assets	5,398
Total current assets	<u>518,961</u>

Noncurrent Assets:

Restricted cash-	
ORWB project trust funds - Debt service	12,876
ORWB project trust funds - Debt service reserve	39,319
Capital Assets-	
Land	20,635
Building, plant and water systems, net	755,667
Other capital assets, net	21,699
Total noncurrent assets	<u>850,196</u>

Total Assets	<u>1,369,157</u>
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LIABILITIES:

Current Liabilities:

Accounts payable	20,718
Accrued liabilities	7,903
Current portion of long-term debt	40,170
Total current liabilities	<u>68,791</u>

Noncurrent Liabilities:

Long-term debt	<u>431,040</u>
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Total Liabilities	<u>499,831</u>
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NET ASSETS:

Invested in capital assets, net of related debt	326,791
Restricted for debt service	52,195
Unrestricted assets	490,340
Total Net Assets	<u>\$ 869,326</u>

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1
Statement of Activities
For The Year Ended December 31, 2014

Operating Revenues:

Water sales	\$ 403,449
Fees and fines	3,130
Benefit units	8,000
Meters	7,355
Other sources	7,685
Total revenue from operations	<u>429,619</u>

Operating Expenses:

Salaries and benefits	108,589
Water purchases	144,073
Repairs and maintenance	20,861
Supplies and materials	12,344
Vehicle expense	2,587
Utilities and telephone	7,937
Insurance	45,594
Office expense and postage	9,165
Depreciation	45,275
Professional fees	4,915
Dues and fees	1,046
Miscellaneous	6,264
Total expenses from operations	<u>408,650</u>

Operating Income (Loss)	20,969
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Non-Operating Revenues (Expenses):

Interest income	2,334
Interest paid on long-term debt	<u>(8,576)</u>
Total Non-Operating Revenues (Expenses)	<u>(6,242)</u>

Change in Net Assets	14,727
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Total Net Assets, beginning of period	<u>854,599</u>
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Total Net Assets, end of period	<u><u>\$ 869,326</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash Flows from Operating Activities:

Receipts from customers	\$ 431,272
Payments to employees	(109,124)
Payments to vendors	(253,487)
	<hr/>
Net Cash Provided by Operating Activities	68,661
	<hr/>

Cash Flows from Investing Activities:

Capital assets purchased	(707)
Interest earned on investments	2,334
	<hr/>
Net Cash Provided by (used in) Investing Activities	1,627
	<hr/>

Cash Flows from Financing Activities:

Principal paid on long-term debt	(34,189)
Interest paid on long-term debt	(9,212)
	<hr/>
Net Cash Provided by (used in) Financing Activities	(43,401)
	<hr/>

Net Increase (Decrease) in Cash	26,887
Cash and cash equivalents, beginning of period	504,915
	<hr/>
Cash and cash equivalents, end of period	<u><u>\$ 531,802</u></u>

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

Operating Income	\$ 20,969
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	45,275
Change in assets and liabilities:	
(Increase) decrease in accounts receivable	1,653
(Increase) decrease in prepaid insurance	1,759
Increase (decrease) in accounts payable	(995)
	<hr/>
Net cash provided by operating activities	<u><u>\$ 68,661</u></u>

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Oktaha, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies

Business Activity

Muskogee County Rural Water District No. 1 (the District) was formed under the provisions of Title 82, O.S. 1981, Sections 1324.1-1324.26 inclusive. The District operates as a nontaxable government agency to service residents of the Muskogee County Rural Water District No. 1. The District's primary income is from the sale of water to its members in an area around Oktaha, Oklahoma.

Basis of Accounting

The financial statements are prepared on an accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America (GAAP), and which recognizes revenues when earned and expenses as incurred. Interest earnings on certificates of deposit are recorded when such interest is actually received by the District. Generally accepted accounting principles include all relevant Government Accounting Standards Board (GASB) pronouncements.

Cash

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

	December 31,	
	2014	2013
Cash on hand	\$ 300	300
Armstrong Bank, Checotah, Ok-		
Revenue account	222,581	203,753
Operation & Maintenance account	12,657	14,829
Less: Outstanding checks	-	(110)
Bank of Oklahoma-		
ORWB Trust Accounts-		
Debt Service account	12,877	4,499
Debt Service Reserve account	39,319	39,319
Total	<u>\$ 287,734</u>	<u>262,590</u>

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Oktaha, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

Investments

The District's investments are detailed as follows:

	<u>2014</u>	<u>2013</u>
Armstrong Bank, Checotah, Ok- Certificate of deposit no. 544353, dated 2-22-13, due 8-22-14	<u>244,069</u>	<u>242,327</u>
Total Investments	<u>\$ 244,069</u>	<u>242,327</u>

Collateral Pledged

The District's cash deposits at December 31, 2014 are categorized to give an indication of the level of risk assumed by the District at year-end.

The District's investments at December 31, 2014 consisted of certificates of deposit, and 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>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>(A)</u>	<u>(B)</u>	<u>(C)</u>		
Cash	\$ 287,434			287,434	287,434
Investments	<u>244,069</u>			<u>244,069</u>	<u>244,069</u>
Total	<u>\$ 531,503</u>	<u>0</u>	<u>0</u>	<u>531,503</u>	<u>531,503</u>

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Oktaha, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at December 31, 2014 were \$33,956. No allowance for doubtful accounts was computed because the effect of bad debts on the financial statements is not considered material.

Prior Year Information

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

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2013 no determination of the aggregate dollar value of vacation or sick pay had been made.

Fixed Assets

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

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

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Oktaha, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note A – Significant Accounting Policies – cont'd

The fixed asset information for the District is shown below:

	12/31/2013 Amount	Additions	Deletions	12/31/2014 Amount
Land	\$ 20,635	-	-	20,635
Building	62,212	707	-	62,919
Plant and water sys.	1,631,912	-	-	1,631,912
Vehicles and equip.	196,321	-	-	196,321
Total Fixed Assets	1,911,080	707	-	1,911,787
Less: Accumulated Depreciation	(1,068,511)	(45,275)	-	(1,113,786)
Total	<u>\$ 842,569</u>	<u>(44,568)</u>	<u>-</u>	<u>798,001</u>

Note B – Notes Payable

Notes payable consists of one note to the Oklahoma Water Resources Board, and one note to Armstrong Bank.

The District has a promissory note in the amount of \$430,000 with the Oklahoma Water Resources Board (OWRB), dated March 31, 1998, for a period of 25 years. The District makes monthly deposits into the trust account at the Bank of Oklahoma. The trust account then makes the quarterly payments of principal and interest to the OWRB. The current interest rate on this note is 1.50%. The water system and future water revenues are used as security for this note.

The District borrowed \$240,149 in 2013 from Armstrong Bank to purchase and install radio read meters. It is a 10 year note, with an interest rate of 2.70%. Payments of \$27,779 are due annually, beginning February 2014. The certificate of deposit with Armstrong Bank is security for this note.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Oktaha, Oklahoma

Notes to the Financial Statements

December 31, 2014

Note B – Notes Payable – cont'd

	<u>2014</u>	<u>2013</u>
Oklahoma Water Resources Board note payable, issued for \$430,000, dated 3-31-98, at 1.32% interest, due in semi-annual installments, until paid;	\$ 252,500	265,250
Armstrong Bank note payable, issued for \$240,149, dated 2-25-13, at 2.70% interest, due in annual payments, until paid	218,710	240,149
Less: Current maturities of long-term debt	<u>(40,170)</u>	<u>(38,195)</u>
Total Long-Term Debt	<u>\$ 431,040</u>	<u>467,204</u>

The scheduled maturities for the next five (5) years, and in total thereafter, are detailed as follows:

	<u>OWRB</u>	<u>Armstrong</u>	<u>Total</u>
2015	\$ 18,300	21,870	40,170
2016	19,800	22,460	42,260
2017	21,400	23,067	44,467
2018	22,900	23,689	
2019	24,300	24,329	
2020-24	104,800	103,295	208,095
2024+	<u>41,000</u>	<u>-</u>	<u>41,000</u>
Total	<u>\$ 252,500</u>	<u>218,710</u>	<u>471,210</u>

Note C – Subsequent Events

Management has evaluated subsequent events through February 13, 2015, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1

Balance Sheet
December 31, 2014

<u>ASSETS</u>	DECEMBER 31,	
	2014	(memo only) 2013
Current Assets:		
Cash and cash equivalents	\$ 235,538	218,772
Investments	244,069	242,326
Accounts receivable	33,956	35,609
Prepaid insurance	5,398	7,157
Total current assets	518,961	503,864
Restricted Assets:		
ORWB Project trust funds-		
Debt service account	12,876	4,498
Debt service reserve account	39,319	39,319
Total restricted assets	52,195	43,817
Fixed Assets:		
Land	20,635	20,635
Building	62,919	62,212
Plant and water systems	1,631,912	1,631,912
Vehicles and equipment	196,321	196,321
Total fixed assets	1,911,787	1,911,080
Less: accumulated depreciation	(1,113,786)	(1,068,511)
Total fixed assets (net)	798,001	842,569
Total Assets	\$ 1,369,157	1,390,250
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 12,304	12,764
Payroll and taxes payable	8,414	8,949
Accrued interest	7,903	8,539
Current maturities of long-term debt	40,170	38,195
Total current liabilities	68,791	68,447
Long-Term Debt, less current maturities:		
Notes payable	431,040	467,204
Total Liabilities	499,831	535,651
Fund Equity:		
Retained earnings	869,326	854,599
Total Liabilities and Fund Equity	\$ 1,369,157	1,390,250

MUSKOGEE COUNTY RURAL WATER DISTRICT NO. 1
Statement of Revenue, Expenses and Changes in Retained Earnings
For The Year Ended December 31, 2014

	2014	(memo only) 2013
Revenue from Operations:		
Water sales	\$ 403,449	410,683
Reconnects	3,130	3,407
Benefit unit sales	8,000	-
Meters	7,355	-
Miscellaneous	7,685	2,979
Total revenue from operations	<u>429,619</u>	<u>417,069</u>
Expenses from Operations:		
Salaries and benefits	108,589	108,609
Water purchases	144,073	148,345
Repairs and maintenance	20,861	23,240
Supplies and materials	12,344	7,384
Vehicle expense	2,587	6,221
Utilities and telephone	7,937	6,768
Insurance	45,594	40,021
Office expense and postage	9,165	6,313
Depreciation	45,275	42,373
Professional fees	4,915	3,325
Dues and fees	1,046	2,638
Miscellaneous and NSF	6,264	5,531
Total expenses from operations	<u>408,650</u>	<u>400,768</u>
Net Income (Loss) from Operations	20,969	16,301
Non-operating revenues:		
Interest earnings	<u>2,334</u>	<u>2,293</u>
Non-operating expenses:		
Interest on long-term debt	<u>(8,576)</u>	<u>(13,773)</u>
Net Income (Loss)	14,727	4,821
Retained earnings, beginning of period	<u>854,599</u>	<u>849,778</u>
Retained earnings, end of period	<u><u>\$ 869,326</u></u>	<u><u>854,599</u></u>