OKLAHOMA COUNTY
UTILITY SERVICES AUTHORITY

ANNUAL FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED

DECEMBER 31, 2012

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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Arledge
& Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Trustees of the
Oklahoma County Utility Services Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Oklahoma County Utility Services Authority (the "Authority"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority'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 in accordance with accounting principles generally accepted in the United States of America; this includes 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 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 from 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 entity'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 entity'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 qualified audit opinion.

Basis for Qualified Opinion

As more fully described in Note 3 to the financial statements, no provision has been made for the depreciation of utility property in the accompanying financial statements. Accounting principles generally accepted in the United States of America require that assets purchased with proprietary fund resources be capitalized and depreciated over their respective useful lives.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2012, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 supplementary 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 basic 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Oklahoma County Utility Service Authority's basic financial statements. The individual fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of not recording depreciation as described on page one, the information is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2013, on our consideration of the Authority'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 and 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.

Arledge & Associates, P.C.

November 11, 2013

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
3134 NW 23rd Street
Oklahoma City, Oklahoma 73107
(405) 943-9894

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Oklahoma County Utility Services Authority (the "Authority") provides an overview of the Authority's financial activities for the year ended December 31, 2012. Please read it in conjunction with the financial statements, which begin on page 4.

Financial Highlights

- The Authority's Net Position increased to $3,697,072 from $3,639,061 or 1.6% as a result of current year operations. This increase is due primarily to investment income earned in the current year.
- Total operating income of $199,459, is 6.6% less than the $213,474 of operating income of last year.
- The Authority's total assets increased to $3.98 million from $3.93 million, an increase of $50,000 or 1.3%. Capital assets, carried at historical cost value, remain consistent at $1.62 million.
- Total liabilities decreased to $283,700 from $292,317. The long-term portion, bonds payable of $250,000, remains the same until maturity in November 2019.

Economic Factors and Next Year's Outlook

For the upcoming year ending December 31, 2013, management believes the Authority's operations will remain fairly consistent with the 2012 year.

Contacting the Authority's Financial Management

This financial report is designed to provide the Trustee's accountability of the Authority. If you have questions about this report or need additional financial information, contact the Oklahoma County Utility Services Authority at Johanning and Byrom, P.C., 3134 NW 23rd Street, Oklahoma City, Oklahoma 73107.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Current Assets:		
Cash and cash equivalents	$	4,808
Investments		2,045,584
Accrued interest receivable		40,344
Accounts receivable		32,805
Total current assets		2,123,541
Noncurrent Assets:		
Investments, restricted for debt service		231,973
Plant investments and equipment, at cost		1,625,258
Total assets		3,980,772
LIABILITIES		
Current Liabilities:		
Accounts payable		15,420
Accrued interest payable - bonds		4,805
Customer deposits payable		13,475
Total current liabilities		33,700
Noncurrent Liabilities:		
Bonds and notes payable		
Revenue bond, series 1994		250,000
Total liabilities		283,700
NET POSITION		
Invested in capital assets, net of related debt		1,625,258
Restricted for debt service		231,973
Unrestricted		1,839,841
Total net position	$	3,697,072

See accompanying notes and independent auditor's report.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

REVENUES	
Operating Revenues:	
Charges for services	$ 399,733
Compensation to operator	(200,274)
Total operating revenues	199,459
EXPENSES	
Operating Expenses:	
General and administrative	133,976
Water purchases	3,419
Utilities	33,866
Repairs	34,866
Total operating expenses	206,127
Operating income (loss)	(6,668)
NONOPERATING REVENUES (EXPENSES)	
Investment income (loss)	93,013
Oil and gas royalties	416
Interest expense	(28,750)
Total nonoperating revenues (expenses)	64,679
Change in net position	58,011
Net position at beginning of year	3,639,061
Net position at end of year	$ 3,697,072

See accompanying notes and independent auditor's report.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Receipts from customers	$	403,591
Payments to suppliers		(214,744)
Payments to operators		(200,274)
Net Cash Provided (Used) by Operating Activities		(11,427)
Cash Flows From Noncapital Financing Activities:		
Interest paid on debt		(28,750)
Net Cash Provided (Used) by Noncapital Financing Activities		(28,750)
Cash Flows From Investing Activities:		
Interest and dividends		42,735
Proceeds from sales of investments		75,750
Purchases of investments		(83,486)
Oil and gas royalties		416
Net Cash Provided (Used) by Investing Activities		35,415
Net increase in cash and cash equivalents		(4,762)
Cash and cash equivalents at beginning of year		9,570
Cash and cash equivalents at end of year	$	4,808

Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(6,668)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) Decrease In:		
Accounts receivable		3,858
Increase (Decrease) In:		
Accounts payable		(8,617)
Net cash provided (used) by operating activities	$	(11,427)

See accompanying notes and independent auditor's report.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Oklahoma County Utility Services Authority (the "Authority") was established to provide utility services to unincorporated areas of Oklahoma County for the safeguarding of public health and the conservation of public welfare in these areas.

Fund Accounting

The accounting system of the Authority is organized and operated on a fund basis. A description of the fund is as follows:

Proprietary Funds

Enterprise Fund - This fund accounts for operations where the intent of the governing body is that the cost of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that the determination of net income is appropriate.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board ("GASB").

Basis of Accounting

The accounts in this report are presented on the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned and expenses are recognized in the accounting period in which the related liability is incurred.

Operating revenues for the Authority are those generated from its primary operations. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the operation of the Authority. All other expenses are reported as non-operating expenses.

Investments

Investments are recorded at fair market value and consist principally of obligations of the United States Government. See Note 2 for more information on the valuation of investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Plant and Equipment

Investment in plant and equipment is recorded at cost. No provision has been made for depreciation of plant and equipment capitalized expenses. See Note 3 for more information regarding depreciation.

Operation and Maintenance Contract

The Authority has a contract with an operator whereby the operator will maintain and operate the utility systems owned by the Authority. As compensation, the operator withholds 50% of the gross revenue of each water system.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Equity Classifications

Equity is classified as net position and displayed in three components:

a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, at cost and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position – Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position – All other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

It is the Authority's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH DEPOSITS AND INVESTMENT RISK

Custodial Credit Risk – Deposits - deposits in financial institutions, reported as components of cash and cash equivalents, had a bank balance of $4,808 at December 31, 2012. The entire amount was insured by depository insurance.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2012 the Authority's bank balances were not exposed.

Investment Interest Rate Risk – the Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – the Authority has no investment policy that limits its investment choices.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2012

2. CASH DEPOSITS AND INVESTMENT RISK (Cont'd)

A list of individual holdings is a follows:

Security Type		Market	Maturity Date	Credit Rating
Bluff Creek Project Fund				
US Treasury Notes	$	104,238	2/15/2014	**
US Treasury STRIPS		694,090	11/15/2020	**
Money Market Fund		3,570	Less than one year.	AAA
US Treasury Notes		88,602	2/15/2014	**
US Treasury Notes		626,284	2/15/2020	**
Money Market Fund		985	Less than one year.	AAA
		1,517,769		
Metropolitan Area Fund				
US Treasury Notes		46,907	2/15/2014	**
US Treasury Notes		454,523	Less than one year.	**
Money Market Fund		13,766	Less than one year.	AAA
		515,196		
Special Project Fund				
Money Market Fund		192	Less than one year.	AAA
Maintenance Fund				
US Treasury STRIPS		230,370	11/15/2019	**
Money Market Fund		1,603	Less than one year.	AAA
Money Market Fund		12,427	Less than one year.	AAA
		244,400		
Total Market Value	$	2,277,557		

** Securities backed by the full faith and credit of the United States Government have historically been considered risk free and were not subject to credit risk rating for disclosure purposes. In August 2011, Standard and Poor's downgraded these securities to AA, or one level below their highest rating. Concurrent with this downgrade, the other rating agencies, Moody's and Fitch, reaffirmed their highest credit ratings for these securities.

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2012

3. PLANT INVESTMENT AND EQUIPMENT

Investment in plant and equipment is as follows:

Series C Fund		
Water Systems One, Four and Six	$	1,403,353
Metropolitan Area Fund		
Water System Five		163,914
Robertson Acres		57,991
Total Plant Investment and Equipment	$	1,625,258

The Authority has not provided for depreciation on its investment in utility systems as required by generally accepted accounting principles. Based on a forty (40) year life for equipment and twenty-five (25) year life for capitalized repair using the straight-line depreciation method, current year depreciation expense would have been approximately $28,486. If depreciation expense had been recorded as required, "*plant investment and equipment*" would be reduced by the unrecorded accumulated depreciation expense totaling $1,173,818 and "*net position – invested in capital assets, net of related debt*" would be reduced by an equivalent amount as of December 31, 2012.

4. TAXABLE REVENUE BONDS- SERIES 1994

Required interest payments of $14,375 are to be made beginning May 1, 1995 and continuing each May and November until May 1, 2019, with a single payment of $264,375 on November 1, 2019. Interest rate is 11.5%.

As of December 31, 2012, the Authority's general obligation debt service requirements for principal and interest in future years are as follows:

Year Ending December 31,		Principal	Interest	Total
2013	$	-	28,750	28,750
2014		-	28,750	28,750
2015		-	28,750	28,750
2016		-	28,750	28,750
2017		-	28,750	28,750
2018 -- 2019		250,000	43,125	293,125
Total	$	250,000	186,875	436,875

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SUPPLEMENTAL INFORMATION

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
BLUFF CREEK PROJECT FUND

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Cash and cash equivalents	$	4,808
Accrued interest receivable		29,364
Receivable from operators		32,805
Due from other funds		132,009
Investment and fund accounts		
Stock fund		801,898
Operational fund		715,871
Total assets		1,716,755
LIABILITIES		
Accounts payable		15,420
Due to other funds		101,030
Customer deposits payable		13,475
Total liabilities		129,925
NET POSITION		
Unrestricted		1,586,830
Total net position	$	1,586,830

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
BLUFF CREEK PROJECT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

EXPENSES	
Operating Expenses:	
General and administrative	$ 49,684
Total operating expenses	49,684
Operating income (loss)	(49,684)
NONOPERATING REVENUES	
Investment income (loss)	63,971
Oil and gas royalties	416
Total nonoperating revenues	64,387
Change in net position	14,703
Net position at beginning of year	1,572,127
Net position at end of year	$ 1,586,830

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
BLUFF CREEK PROJECT FUND

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Receipts from customers	$	3,858
Payments to suppliers		(58,301)
Net Cash Provided (Used) by Operating Activities		(54,443)
Cash Flows From Noncapital Financing Activities:		
Receipts from other funds		13,266
Net Cash Provided (Used) by Noncapital Financing Activities		13,266
Cash Flows From Investing Activities:		
Interest		26,833
Sale of investments		36,000
Purchase of investments		(26,834)
Oil and gas royalties		416
Net Cash Provided (Used) by Investing Activities		36,415
Net increase in cash and cash equivalents		(4,762)
Cash and cash equivalents at beginning of year		9,570
Cash and cash equivalents at end of year	$	4,808

Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(49,684)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) Decrease In:		
Accounts receivable		3,858
Increase (Decrease) In:		
Accounts payable		(8,617)
Net cash provided (used) by operating activities	$	(54,443)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SERIES C FUND

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Due from other funds	$	220,134
Plant investment and equipment, at cost		
Water systems and equipment		1,403,353
Total assets		1,623,487
LIABILITIES		
Due to other funds		236,904
Total liabilities		236,904
NET POSITION		
Invested in capital assets, net of related debt		1,403,353
Unrestricted (deficit)		(16,770)
Total net position	$	1,386,583

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SERIES C FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

REVENUES	
Operating Revenues:	
Charges for services	$ 336,571
Compensation to operator	(168,501)
Total operating revenues	168,070
EXPENSES	
Operating Expenses:	
General and administrative	52,185
Water purchases	3,419
Utilities	28,719
Repairs	25,904
Total operating expenses	110,227
Operating income	57,843
Change in net position	57,843
Net position at beginning of year	1,328,740
Net position at end of year	$ 1,386,583

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SERIES C FUND

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Receipts from customers	$	336,571
Payments to suppliers		(110,227)
Payments to operators		(168,501)
Net Cash Provided (Used) by Operating Activities		57,843
Cash Flows From Noncapital Financing Activities:		
Payments to other funds		(57,843)
Net Cash Provided (Used) by Noncapital Financing Activities		(57,843)
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	57,843
Net cash provided (used) by operating activities	$	57,843

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
METROPOLITAN AREA FUND

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Due from other funds	$	46,575
Plant investment and equipment, at cost		
Water systems and equipment		163,914
Investment and fund accounts		
Capital improvement fund		515,196
Total assets		725,685
LIABILITIES		
Due to other funds		21,090
NET POSITION		
Invested in capital assets, net of related debt		163,914
Unrestricted		540,681
Total net position	$	704,595

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
METROPOLITAN AREA FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

REVENUES	
Operating Revenues:	
Charges for services	$ 48,778
Compensation to operator	(24,556)
Total operating revenues	24,222
EXPENSES	
Operating Expenses:	
General and administrative	27,582
Utilities	4,146
Repairs	8,004
Total operating expenses	39,732
Operating income (loss)	(15,510)
NONOPERATING REVENUE	
Investment income	17,652
Total nonoperating revenue	17,652
Change in net position	2,142
Net position at beginning of year	702,453
Net position at end of year	$ 704,595

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
METROPOLITAN AREA FUND

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Receipts from customers	$	48,778
Payments to suppliers		(39,732)
Payments to operators		(24,556)
Net Cash Provided (Used) by Operating Activities		(15,510)
Cash Flows From Noncapital Financing Activities:		
Payments to other funds		9,510
Net Cash Provided (Used) by Noncapital Financing Activities		9,510
Cash Flows From Investing Activities:		
Interest		15,902
Sale of investments		6,000
Purchase of investments		(15,902)
Net Cash Provided (Used) by Investing Activities		6,000
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(15,510)
Net cash provided (used) by operating activities	$	(15,510)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ROBERTSON ACRES

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Due from other funds	$	12,818
Plant investment and equipment, at cost		
Water systems and equipment		57,991
Total assets		70,809
NET POSITION		
Invested in capital assets, net of related debt		57,991
Unrestricted		12,818
Total net position	$	70,809

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ROBERTSON ACRES

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

REVENUES	
Operating Revenues:	
Charges for services	$ 14,384
Compensation to operator	(7,217)
Total operating revenues	7,167
EXPENSES	
Operating Expenses:	
General and administrative	4,385
Utilities	1,001
Repairs	958
Total operating expenses	6,344
Operating income	823
Change in net position	823
Net position at beginning of year	69,986
Net position at end of year	$ 70,809

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
ROBERTSON ACRES

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Receipts from customers	$	14,384
Payments to suppliers		(6,344)
Payments to operators		(7,217)
Net Cash Provided (Used) by Operating Activities		823
Cash Flows From Noncapital Financing Activities:		
Payments to other funds		(823)
Net Cash Provided (Used) by Noncapital Financing Activities		(823)
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	823
Net cash provided (used) by operating activities	$	823

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SPECIAL PROJECT FUND

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Investments	$	192
Due from other funds		4,264
Total assets		4,456
LIABILITIES		
Due to other funds		693
NET POSITION		
Unrestricted		3,763
Total net position	$	3,763

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SPECIAL PROJECT FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

EXPENSES	
Operating Expenses:	
General and administrative	$ 140
Total operating expenses	140
Operating income (loss)	(140)
Change in net position	(140)
Net position at beginning of year	3,903
Net position at end of year	$ 3,763

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
SPECIAL PROJECT FUND

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Operating Activities:		
Payments to suppliers	$	(140)
Net Cash Provided (Used) by Operating Activities		(140)
Cash Flows From Noncapital Financing Activities:		
Receipts from other funds		140
Net Cash Provided (Used) by Noncapital Financing Activities		140
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	(140)
Net cash provided (used) by operating activities	$	(140)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
MAINTENANCE FUND

STATEMENT OF NET POSITION
December 31, 2012

ASSETS		
Accrued interest receivable	$	10,980
Due from other funds		284,020
Investment and fund accounts		
Sinking fund, restricted for debt service		231,973
Maintenance fund		12,427
Total assets		539,400
LIABILITIES		
Accrued interest payable - bonds		4,805
Due to other funds		340,103
Revenue bond payable, series 1994		250,000
Total liabilities		594,908
NET POSITION		
Restricted for debt service		231,973
Unrestricted (deficit)		(287,481)
Total net position	$	(55,508)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For The Year Ended December 31, 2012

NONOPERATING REVENUES (EXPENSES)		
Investment income (loss)	$	11,390
Interest expense		(28,750)
Total nonoperating revenues (expenses)		(17,360)
Change in net position		(17,360)
Net position (deficit) at beginning of year		(38,148)
Net position (deficit) at end of year	$	(55,508)

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY
MAINTENANCE FUND

STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2012

Cash Flows From Noncapital Financing Activities:		
Interest paid on debt	$	(28,750)
Receipts from other funds		35,750
Net Cash Provided (Used) by Noncapital Financing Activities		7,000
Cash Flows From Investing Activities:		
Sale of investments		33,750
Purchase of investments		(40,750)
Net Cash Provided (Used) by Investing Activities		(7,000)
Net increase in cash and cash equivalents		-
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$	-
Net cash provided (used) by operating activities	$	-

Arledge
& Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Trustees of the
Oklahoma County Utility Services Authority

We have audited, in accordance with the 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 financial statements of the Oklahoma County Utility Services Authority (the "Authority"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 11, 2013. Our report was qualified because the Authority did not provide for depreciation expense in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express and opinion on the effectiveness of the Authority's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 note identified. Given these limitations, during our audit we did not identify and deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as item 2012-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

The Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Authority'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.

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Member of AICPA and OSCPA

Purpose of this Report

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

Anderson & Associates, P.C.

November 11, 2013

OKLAHOMA COUNTY UTILITY SERVICES AUTHORITY

SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012

Finding 2012-01
(Repeat of prior year comment)

Criteria of Specific Requirement:

Accounting principles generally accepted in the United States of America require that assets purchased or constructed with a useful life greater than one year and exceeding an established dollar threshold be capitalized and depreciated over their respective useful lives.

Finding:

The Authority has elected not to record depreciation expense and accumulated depreciation as required by accounting principles generally accepted in the United States of America.

Recommendation:

We recommend that the Board of Trustees review the effect of unrecorded depreciation expense might have on the financial statements of the Authority and the related users of those financial statements.

Authority's Response:

The Board has reviewed the effects of unrecorded depreciation expense and accumulated depreciation and believes the financial statements adequately present the financial position of the Authority at December 31, 2012.