

**Okmulgee County Rural Water District No. 4  
Morris, Oklahoma**

FINANCIAL STATEMENTS  
AND REPORTS OF INDEPENDENT AUDITOR

DECEMBER 31, 2015

Audited by

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

BROKEN ARROW, OK

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4  
BOARD OF DIRECTORS  
DECEMBER 31, 2015

**BOARD OF DIRECTORS**

**Chairman**

Steve Finch

**Vice-Chairman**

Kenneth Flanary

**Secretary/Treasurer**

Larry Maylen

**Members**

Jim Hunt  
Harvey Fox  
Dennis Nunley  
Jim Melton

**BOOKKEEPER**

Diana Richardson

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4  
DECEMBER 31, 2015

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## Independent Auditor's Report

Board of Directors  
Okmulgee County Rural Water District No. 4  
Morris, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Okmulgee County Rural Water District No. 4 (the District), Morris, Oklahoma, as of and for the year ended December 31, 2015, 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 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 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.

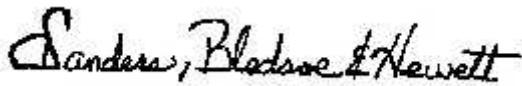
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting generally accepted by the United States of America.

The Management Discussion and Analysis on pages 5-6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which

consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note A.

A handwritten signature in cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 12, 2016

## **RURAL WATER DISTRICT NO. 4, OKMULGEE COUNTY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2015**

Our discussion and analysis of the Rural Water District No. 4, Okmulgee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the District's financial statements that begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

- The District's total operating expenses exceeded total operating revenues by \$6,563. Overall, the District's cash and cash equivalents increased by \$17,412 in the current fiscal year.
- The District purchased 710 radio read meters in 2015, and financed this purchase with a \$185,000 lease-purchase agreement, to be paid off over the next seven years.
- The District received a \$20,000 reimbursement from Becco Construction in 2015.

#### **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 Position, the Statement of Revenues, Expenses and Changes in Net Position, 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 position – 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 \$904,706 invested in fixed assets, net of depreciation, including land, the water system, vehicles and equipment. In 2015, the District purchased \$185,000 in radio read meters and related equipment.

### **Long-Term Debt**

The District is indebted to the Office of Rural Development on a note obtained for previously extensive extensions and payment of other debts. The outstanding principal balance owed on the notes decreased from \$662,047 to \$645,822 during the 2015 fiscal year. The \$846,000 note, at 4.50% interest, is scheduled to be paid off in 2038. The District also approved a capital lease agreement in 2015 to finance the \$185,000 radio read meter project.

### **Economic Factors and Next Year's Budget and Rates**

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

The District's budget for fiscal year 2016 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 125, Morris, OK 74445 or call (918) 733-2441.



# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**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  
Okmulgee County Rural Water District No. 4  
Morris, Oklahoma

We have audited the financial statements of the Okmulgee County Rural Water District (the District) No. 4, Morris, Oklahoma, as of and for the year ended December 31, 2015, and have issued our report thereon dated February 12, 2016. 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.

**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 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 generally accepted auditing standards.

**Internal Control Over Financial Reporting**

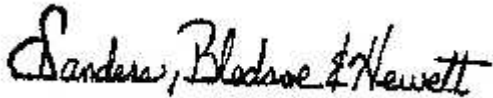
In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of



management in the financial statements. This reportable condition is described in the accompanying schedule of audit results as item 15-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that item 15-1 is not a material weakness.

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.

A handwritten signature in cursive script that reads "Sanders, Bledsoe & Hewett".

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

February 12, 2016

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4**  
**Morris, Oklahoma**  
**Disposition of Prior Year's Reportable Conditions**  
**December 31, 2015**

Lack of Segregation of Duties

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.

**OKMULGEE COUNTY RURAL WATER DISTRICT NO. 4**

**Morris, Oklahoma**

**Schedule of Audit Results**

**December 31, 2015**

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:

15-1 – 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.

**Okmulgee County Rural Water District No. 4**

**Morris, Oklahoma**

**Statement of Net Position**

**December 31, 2015**

**ASSETS**

Current assets:

Cash accounts	\$ 127,530
Investments	93,143
Current portion of receivables	44,993
Prepaid assets	6,916
Total current assets	<u>272,582</u>

Non-current assets:

Restricted investment with fiscal agents	56,542
Capital assets	1,051,748
Total non-current assets	<u>1,108,290</u>

Total Assets	<u>1,380,872</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	<u>31,051</u>
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Non-current liabilities:

Due within one year	40,682
Due in more than one year	790,140
Total non-current liabilities	<u>830,822</u>

Total Liabilities	<u>861,873</u>
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**NET POSITION**

Invested in capital assets, net of related debt	220,926
Restricted for debt service and construction	21,318
Unrestricted assets	<u>276,755</u>
Total Net Position	<u>\$ 518,999</u>

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

**Okmulgee County Rural Water District No. 4**  
**Morris, Oklahoma**  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended December 31, 2015

Operating Revenues:	
Water sales and other sales	\$ 432,334
Benefit units	5,700
Total revenues	<u>438,034</u>
Operating Expenses:	
Water purchases	180,148
Salaries	88,411
Depreciation	37,958
Employee health insurance	19,751
Utilities and telephone	14,453
Professional services	7,579
Insurance	11,245
Repairs and maintenance	31,677
Office supplies and postage	11,664
Uniforms	2,844
Truck expense	6,487
Payroll taxes	8,054
Materials and supplies	18,789
Water testing	2,954
Miscellaneous	2,234
Administrative Fees	349
Total expenses from operations	<u>444,597</u>
Operating Income (Loss)	(6,563)
Non-Operating Revenues (Expenses):	
Interest income	524
Reimbursement from Becco Construction	20,000
Interest paid on long-term debt	<u>(29,459)</u>
Total non-operating revenues (expenses)	<u>(8,935)</u>
Change in Net Assets	(15,498)
Total Net Assets, beginning of period	<u>534,497</u>
Total Net Assets, end of period	<u><u>\$ 518,999</u></u>

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

**Okmulgee County Rural Water District No. 4**  
**Morris, Oklahoma**  
Statement of Cash Flows  
December 31, 2015

Cash Flows from Operating Activities:	
Receipts from customers	\$ 437,398
Payments to employees	(88,411)
Payments to vendors	(306,199)
	<u>42,788</u>
Net Cash Provided by Operating Activities	<u>42,788</u>
Cash Flows from Investing Activities:	
Interest revenue	524
Sale (purchase) of fixed assets	(185,000)
	<u>(184,476)</u>
Cash Flows from Financing Activities:	
Capital lease proceeds	185,000
Reimbursement from Becco	20,000
Interest expense on debt	(29,675)
Principal payments on debt	(16,225)
	<u>159,100</u>
Total cash flows from financing activities	<u>159,100</u>
Net Increase (Decrease) in Cash	17,412
Cash and cash equivalents, beginning of period	<u>209,024</u>
Cash and cash equivalents, end of period	<u><u>\$ 226,436</u></u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating Income	\$ (6,563)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation Expense	37,958
(Increase) decrease in accounts receivable	(636)
(Increase) decrease in prepaid insurance	(202)
Increase (decrease) in accounts payable	12,231
	<u>12,231</u>
Net Cash Provided by Operating Activities	<u><u>\$ 42,788</u></u>

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

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note A – Significant Accounting Policies**

Organization

Okmulgee County Rural Water District No. 4 (the District) is an Oklahoma water district organized under Title 82 of Oklahoma Statutes, Sections 1324.1-1324.26 inclusive, to provide water service to rural residents of Okmulgee County, Oklahoma. The District is considered a subdivision of the State of Oklahoma. The District is exempt from federal and state income taxes. The membership consists of approximately 765 members.

The District is an independent, self-contained reporting entity with no associated component units. It is operated in a manner similar to a private business enterprise where the cost (expenses, including depreciation) of providing water services is financed through user charges. The District purchases water from the City of Okmulgee and Dewar Public Works Authority.

Basis of Accounting

The accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) promulgated in the United States of America 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.

Deposits and Investments

Oklahoma Statutes authorize the District to invest in certificates of deposit, repurchase agreements, passbooks, bankers' acceptances, and other available bank investments provided that all deposits are fully covered by approved securities pledged to secure those funds. In addition, the District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law.

Bank deposits are held at several financial institutions and are carried at cost. For purposes of statements of cash flows, the District considers cash and all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Custodial Credit Risk - At December 31, 2015, the District held deposits of approximately \$282,892 at financial institutions. The District's cash deposits, including interest-bearing certificates of deposit, are entirely covered by Federal Depository Insurance (FDIC) or direct obligation of the U.S. Government insured or collateralized with securities held by the District or by its agent in the District's name.

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note A – Significant Accounting Policies – cont'd**

Investment Interest Rate Risk - The District 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 District has no policy that limits its investment choices other than the limitations of state law, as follows:

- a. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
- b. Certificates of deposits or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out-of-state financial institutions.
- c. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper and repurchase agreements with certain limitations.
- d. County, municipal or school district tax supported debt obligations, bond or revenue anticipation notes, money judgments, or bond or revenue anticipation notes of public trusts whose beneficiary is a county, municipality or school district.
- e. Notes or bonds secured by mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and in obligations of the National Mortgage Association.
- f. Money market funds regulated by the SEC and in which investments consist of the investments mentioned in the previous paragraphs (a-d).

The investments held at December 31, 2015 are as follows:

	Wtd. Avg			
	Maturity	Credit Rating	Market	Cost
Money market/checking	N/A	AAAm	\$ 189,748	184,071
Certificates of deposit	1.0 Yr	N/A	93,144	93,144
Total Deposits			\$ 282,892	277,215

Concentration of Investment Credit Risk – The District places no limit on the amount it may invest in any one issuer. The District has the following of credit risk: 33% in Certificates of Deposit (\$93,144) and 67% in Money Market funds (\$189,748).



Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note A – Significant Accounting Policies – cont'd**

Fair Value of Financial Instruments – The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and notes payable. The District's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of net position. The carrying amount of these financial instruments approximates fair values because of the short maturity of these instruments.

Restricted Asset – Investment Reserves

In compliance with Rural Economic and Community Development regulations, cash reserves have been established to collect up to one year's payment on the notes payable (\$45,684) at which time deposits in the reserve can be suspended. When necessary, these funds may be utilized with proper approval of the Rural Development. The reserve account funds have been deposited in an interest-bearing savings at The Morris State Bank, Morris, Oklahoma, which is insured by the federal government. At December 31, 2015, the temporarily restricted asset - cash reserve was \$56,542.

Inventories

Inventories consist primarily of materials and supplies for repairs and improvements of existing water lines, meters and all other capital assets. The amount of inventory is not considered material, and is not included on the financial statements.

Accounts Receivable

Billings for accounts receivable at December 31, 2015 were \$44,993. Allowance for doubtful accounts was not computed on this balance because uncollectibles do not have a material effect on the balance sheet.

Prior Year Information

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

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note B – 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
Water System & Improvements	40-50 years
Equipment & tools	4 years
Vehicles	3 years
Office Equipment	5 years
Buildings	40 years
Furniture & fixtures	7 years

The fixed asset information for the District is shown below:

	1/1/2015 Amount	Additions	Deletions	12/31/2015 Amount
Water System & Improv.	\$ 1,300,271	-	-	1,300,271
Radio Read Meters	-	185,000		185,000
Equipment & Tools	56,678	-	-	56,678
Vehicles	111,566	-	-	111,566
Office Equipment	15,839	-	-	15,839
Buildings	195,073	-	-	195,073
Furniture & Fixtures	8,027	-	-	8,027
Total Fixed Assets	1,687,454	185,000	-	1,872,454
Less: Accumulated Depreciation	(782,748)	(37,958)	-	(820,706)
Total	<u>\$ 904,706</u>	<u>147,042</u>	<u>-</u>	<u>1,051,748</u>

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note C – Long-term Debt**

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 2015:

	Loans Payable	Capital Leases	Total
Balance, Jan. 1, 2015	\$ 662,047	-	662,047
Additions	-	185,000	185,000
Retirements	(16,225)	-	(16,225)
Balance, Dec. 31, 2015	<u>\$ 645,822</u>	<u>185,000</u>	<u>830,822</u>

A brief description of the outstanding long-term debt at December 31, 2015 is set forth below:

	<u>Amount Outstanding</u>
<u>Notes Payable:</u>	
Note 91-03, 4.5% mortgage payable to USDA; Office of Rural Development, required monthly installments of \$3,807. The loan is secured by a pledge of real estate and equipment	\$ 645,822
<u>Capital Leases:</u>	
Lease purchase of radio read meters, dated 7-29-2015 totaling \$185,000, 3.594%, due in annual principal and interest payments of \$30,362, final payment due 7-29-22	<u>185,000</u>
Total	<u>\$ 830,822</u>

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Notes to Financial Statements  
December 31, 2015

**Note C – Long-term Debt – cont’d**

The annual debt service requirements for retirement of bond principal, capital lease principal and payment of interest are as follows:

Year Ending June 30	Principal	Interest	Total
2016	\$ 40,682	35,364	76,046
2017	42,313	33,733	76,046
2018	44,011	32,035	76,046
2019	45,779	30,267	76,046
2020	47,618	28,428	76,046
2021-25	174,026	115,118	289,144
2026-30	145,741	82,679	228,420
2031-35	182,436	45,984	228,420
2035+	108,216	6,428	114,644
Total	<u>\$ 830,822</u>	<u>410,036</u>	<u>1,240,858</u>

**Note C – Insurance and Surety Bond Coverage**

At December 31, 2015, the District had appropriate coverage against all major perils.

**Note D – Accumulated Unpaid Vacation and Sick Pay**

At December 31, 2015, no determination of the aggregate dollar value of vacation or sick pay had been made.

**Note E – Subsequent Events**

Management has evaluated subsequent events through February 10, 2016, 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.

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Balance Sheet  
December 31, 2015

	December 31	
	2015	(memo only) 2014
<u>ASSETS</u>		
Current Assets:		
Cash in bank-		
Operating account	\$ 31,396	37,974
Benefit units account	79,290	73,477
Savings account	16,844	0
Investments- CD's	93,143	92,818
Prepaid insurance	6,916	6,714
Accounts receivable	44,993	44,357
Total current assets	<u>272,582</u>	<u>255,340</u>
Restricted (temporarily) assets:		
Cash in bank	<u>56,542</u>	<u>55,318</u>
Fixed Assets	1,872,454	1,687,454
Less: accumulated depreciation	<u>(820,706)</u>	<u>(782,748)</u>
Total fixed assets (net)	<u>1,051,748</u>	<u>904,706</u>
Total Assets	<u>\$ 1,380,872</u>	<u>1,215,364</u>
<u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 27,693	16,327
Employee benefits payable	3,358	2,493
Current portion long-term debt	<u>40,682</u>	<u>16,224</u>
Total current liabilities	<u>71,733</u>	<u>35,044</u>
Long-term Debt:		
Notes payable-Rural Development	628,853	645,823
Capital lease payable	<u>161,287</u>	<u>0</u>
Total long-term debt	<u>790,140</u>	<u>645,823</u>
Total Liabilities	<u>861,873</u>	<u>680,867</u>
Fund Equity:		
Retained earnings	<u>518,999</u>	<u>534,497</u>
Total Liabilities and Fund Equity	<u>\$ 1,380,872</u>	<u>1,215,364</u>

Okmulgee County Rural Water District No. 4  
Morris, Oklahoma  
Statement of Revenue, Expenses and Changes in Retained Earnings  
For Year Ended December 31, 2015

	2015	(memo only) 2014
Revenue from Operations:		
Water sales and other sales	\$ 411,707	404,187
Benefit units	5,700	10,450
Late Charges	17,120	22,820
Other Sales and Services	3,507	2,850
Total revenue from operations	<u>438,034</u>	<u>440,307</u>
Expenses from Operations:		
Water purchases	180,148	164,203
Salaries	88,411	82,098
Depreciation	37,958	39,660
Contract labor	0	495
Employee health insurance	19,751	19,427
Utilities and telephone	14,453	36,250
Professional services	7,579	4,739
Insurance	11,245	9,610
Repairs and maintenance	31,677	12,517
Office supplies and postage	11,664	6,901
Uniforms	2,844	2,919
Truck expense & fuel	6,487	14,611
Payroll taxes	8,054	8,844
Materials and supplies	18,789	15,081
Water testing	2,954	5,052
Miscellaneous	2,234	2,662
Administrative Fees	349	447
Total expenses from operations	<u>444,597</u>	<u>425,516</u>
Net Income (Loss) from Operations	(6,563)	14,791
Other Income:		
Reimb. From Becco Const.	20,000	0
Interest earnings	524	602
Total other income	<u>20,524</u>	<u>602</u>
Other Expenses:		
Interest paid on debt	<u>(29,459)</u>	<u>(30,171)</u>
Net Income (Loss)	(15,498)	(14,778)
Retained earnings, beginning of period	<u>534,497</u>	<u>549,275</u>
Retained earnings, end of period	<u><u>\$ 518,999</u></u>	<u><u>534,497</u></u>