

**Okmulgee County Rural Water District No. 1
Schulter, Oklahoma**

**Financial Statements
and Reports of Independent Auditor**

December 31, 2012

Audited by

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

Broken Arrow, OK

Okmulgee County Rural Water District No. 1
Schulter, Oklahoma
Board of Directors
December 31, 2012

BOARD OF DIRECTORS

Chairman

Elmer “Butch” Burgess

Vice-Chairman

Ken Bevan

Secretary/Treasurer

John Macaluso

Members

Frank Needham

Aaron Graffman

MANAGER

Ken Holloway

BOOKKEEPER

Debbie Stidman

Okmulgee County Rural Water District No. 1
Schulter, Oklahoma
December 31, 2012

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SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Okmulgee County Rural Water District No. 1
Schulter, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Okmulgee County Rural Water District No. 1 (the District), Schulter, Oklahoma, as of and for the year ended December 31, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principals generally accepted in the United States.

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 our report dated April 11, 2013, 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. That 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.

Our audit was performed for the purpose of forming an opinion on the combined financial statements – regulatory basis of the District taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the combined financial statements – regulatory basis. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements – regulatory basis and, in our opinion, is fairly stated, in all material respects, in relation to the combined financial statements – regulatory basis taken as a whole.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

April 11, 2013

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2013

Our discussion and analysis of the Rural Water District No. 1, Okmulgee County's financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2012. Please read it in conjunction with the District's financial statements that begin on page 13.

FINANCIAL HIGHLIGHTS

- The District's total operating revenues exceeded total operating expenses by \$29,579. Overall, the District's cash and cash equivalents decreased by \$340,696 in the current fiscal year.
- The District continued to increase membership numbers.
- The District obtained an \$685,000 loan from the OWRB, and liquidated several cd's in order to pay off the existing loan with Rural Development. This should save the District a substantial amount of money in interest payments over future years.

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, 2012, the District had \$1,353,342 invested in fixed assets, net of depreciation, including land, the water system, vehicles and equipment. The District did not purchase any major fixed assets or make any large improvements to the water system during the 2012 fiscal year.

Long-Term Debt

The District paid off the note to the Office of Rural Development. The outstanding principal balance owed on this note decreased from \$1,083,500 to \$0 during the 2012 fiscal year. A loan in the amount of \$685,000 was obtained from the OWRB to help pay off the Rural Development note. The \$685,000 variable interest note is scheduled to be paid off on August 15, 2023.

Economic Factors and Next Year's Budget and Rates

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

The District's budget for fiscal year 2013 will remain much like previous years budgets. The 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 205, Schuler, OK 74460 or call (918) 652-9546.



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. 1
Schulter, Oklahoma

We have audited the financial statements of the Okmulgee County Rural Water District No. 1 (the District), Schulter, Oklahoma, as of and for the year ended December 31, 2012, and have issued our report thereon dated April 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing standards generally accepted in the United States.

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, 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. 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. 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.

This report is intended solely for the information of management and the Board of Directors, and is not intended to be, and should not be, used by anyone other than these specified parties.


Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

April 11, 2013



SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

**Report On Compliance With Requirements Applicable To Each
Major Program And Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Board of Directors
Okmulgee County Rural Water District No. 1
Shulter, Oklahoma

Compliance

We have audited the compliance of Okmulgee County Rural Water District No. 1, (the District) Shulter, Oklahoma, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2012. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2012.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be detected or prevented by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Board of Directors, management and the Federal Clearinghouse, and is not intended to be, and should not be, used by anyone other than these specified parties.



Sanders, Bledsoe & Hewett
Certified Public Accountants, LLP

April 11, 2013

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Disposition of Prior Year's Reportable Conditions
December 31, 2012

There were no prior year audit exceptions.

OKMULGEE COUNTY RURAL DISTRICT NO. 1
Schedule of Audit Results, Findings and Questioned Costs
December 31, 2012

Section 1 – Summary of Auditor’s Results:

1. An unqualified opinion was issued on the financial statements.
2. The audit disclosed no reportable conditions in the internal controls.
3. The audit disclosed no instances of noncompliance.
4. The audit disclosed no reportable conditions in the internal controls over major programs.
5. An unqualified opinion was issued on the compliance of major programs.
6. The audit disclosed no audit findings which are required to be reported under OMB Circular A-133 § 510(a).
7. The program determined to be major is the Oklahoma Water Resources Board, Series 2012 Promissory Note.
8. The dollar threshold used to determine between Type A and Type B programs was \$300,000.
9. The district was determined not to be a low-risk auditee.

Section 2 – Findings relating to the financial statements required to be reported in accordance with GAGAS:

NONE

Section 3 – Findings and Questioned Costs for Federal Awards:

NONE

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Schulter, Oklahoma
Statement of Net Assets
December 31, 2012

ASSETS

Current Assets:

Cash	\$ 82,467
Investments	231,319
Current portion of receivables	<u>30,001</u>
Total current assets	<u>343,787</u>

Noncurrent Assets:

Restricted cash -Reserve account	71,231
Restricted cash -Debt service account	25,203

Capital Assets:

Land	7,300
Building, plant and water systems, net	1,319,785
Other capital assets, net	<u>26,257</u>
Total noncurrent assets	<u>1,449,776</u>

Other Assets:

Loan issuance costs	<u>36,829</u>
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Total Assets	<u>1,830,392</u>
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LIABILITIES

Current Liabilities:

Accounts payable	12,957
Accrued liabilities	<u>8,494</u>
Total current liabilities	<u>21,451</u>

Noncurrent Liabilities:

Due within one year	51,631
Due in more than one year	<u>660,677</u>
Total noncurrent liabilities	<u>712,308</u>

Total Liabilities	<u>733,759</u>
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NET ASSETS

Invested in capital assets, net of related debt	737,468
Membership equity	86,600
Unrestricted assets	<u>272,565</u>
Total Net Assets	<u>\$ 1,096,633</u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Shulter, Oklahoma
Statement of Activities
For The Year Ended December 31, 2012

Operating Revenues:	
Water sales	\$ 385,623
Fees and fines	19,794
Miscellaneous	<u>1,106</u>
Total revenue from operations	<u>406,523</u>
Operating Expenses:	
Water purchases	138,809
Salaries	104,421
Payroll taxes	9,065
Maintenance parts and supplies	7,331
Insurance	14,341
Professional fees	7,500
Contract services	600
Office expense and postage	8,118
Telephone and communication	1,710
Equipment repairs and operations	1,262
Vehicles expense	8,450
Water testing	3,973
Retirement plan	4,300
Utilities	5,982
Depreciation	57,143
Miscellaneous	<u>3,939</u>
Total expenses from operations	<u>376,944</u>
Operating Income (Loss)	29,579
Non-Operating Revenues (Expenses):	
Interest income	4,752
Interest paid on long-term debt	(40,752)
Memberships	<u>5,600</u>
Total non-operating revenues (expenses)	<u>(30,400)</u>
Change in Net Assets	(821)
Total Net Assets, beginning of period	<u>1,097,454</u>
Total Net Assets, end of period	<u><u>\$ 1,096,633</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Statement of Cash Flows

For The Year Ended December 31, 2012

Cash Flows from Operating Activities:

Receipts from customers	\$ 406,297
Payments to employees	(104,421)
Payments to vendors	<u>(203,963)</u>
Net Cash Provided by Operating Activities	<u>97,913</u>

Cash Flows from Investing Activities:

Interest revenue	4,752
Sale (purchase) of fixed assets	<u>(190)</u>
Total cash flows from investing activities	<u>4,562</u>

Cash Flows from Financing Activities:

Memberships	5,600
OWRB note proceeds	685,000
Premium on note	27,308
Loan issuance costs	(36,829)
Interest expense on debt	(40,750)
Principal payments on debt	<u>(1,083,500)</u>
Total cash flows from financing activities	<u>(443,171)</u>

Net Increase (Decrease) in Cash (340,696)

Cash and cash equivalents, beginning of period 750,916

Cash and cash equivalents, end of period \$ 410,220

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

Operating Income	\$ 29,579
Adjustments to reconcile net income to net cash provided (used) by operating activities:	
Depreciation Expense	57,143
(Increase) decrease in accounts receivable	1,122
(Increase) decrease in accrued interest	2,823
Increase (decrease) in accounts payable	222
Increase (decrease) in accrued liabilities	<u>7,024</u>
Net cash provided by operating activities	<u><u>\$ 97,913</u></u>

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

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies

Basis of Accounting

The accrual basis of accounting is followed for all accounts. Revenues are recorded when earned and liabilities are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

New Reporting Standard – In June 1999, the GASB issued Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Government.” This statement establishes new financial reporting requirements for state and local governments throughout the United States. It creates new information and restructures much of the information that governments have presented in the past. Comparability with reports issued in all prior years is affected. The District has elected to implement this standard.

Cash

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

	December 31,	
	2012	2011
Cash on hand	\$ 500	500
Citizens Security Bank:		
Operation & maint. account	62,017	58,979
Add: Deposits in transit	2,848	
Less: Outstanding checks	(7,163)	(14,796)
First Family Federal Credit Union,		
Depreciation account	24,264	24,130
Total	<u>\$ 82,466</u>	<u>68,813</u>

The District’s cash deposits at December 31, 2012 were properly covered by the \$250,000 FDIC coverage and other collateral pledged.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

Investments

The District had the following investments at December 31:

	2012	2011
First National Bank:		
Cert. of deposit no. 73492, dated 11/19/12, matures 5/19/14 at .95%	\$ 100,076	85,121
American Exchange Bank:		
Cert. of deposit no. 20572, dated 4/17/11, matured 4/17/12 at 1.55%	-	63,712
Cert. of deposit no. 20571, dated 4/17/11, matured 4/17/12 at 1.55%	-	127,425
Cert. of deposit no. 20570, dated 4/17/11, matured 4/17/12 at 1.55%	-	127,425
Cert. of deposit no. 20778, dated 12/31/12, matures 12/31/13 at 0.7%	131,243	130,000
Cert. of deposit no. 13838, dated 7/13/11, matured 7/13/12 at 1.3%	-	74,172
Totals	<u>\$ 231,319</u>	<u>607,855</u>

Restricted Cash

In compliance with OWRB regulations, cash reserves have been established to collect up to one year's' payment on the note payable, or \$71,230, at which time deposits may be suspended. When necessary, funds may be utilized with prior approval of the Rural Development. The reserve account funds have been deposited in a trustee account at BancFirst, and had a balance of \$71,231 at December 31, 2012.

A trustee account at BancFirst is also used for debt service payments to the OWRB. The balance in this debt service account at December 31, 2012 was \$710,203.06.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

Accounts Receivable

Billings for accounts receivable at December 31, 2012, were \$31,956. An allowance for doubtful accounts amount was estimated at \$2,000 for the fiscal year.

Fixed Assets

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

Land	N/A
Office furniture & fixtures	5-10 years
Equipment & tools	10-15 years
Transportation equipment	5 years
Water & sewer system	40 years
Buildings	20 years
Computer equipment	5-7 years

The fixed asset information for the District is shown below:

	12/31/2011 Amount	Additions	Deletions	12/31/2012 Amount
Land	\$ 7,300	-	-	7,300
Building, plant and water systems	2,278,783	-	-	2,278,783
Other capital assets	233,225	190	-	233,415
Total Fixed Assets	2,519,308	190	-	2,519,498
Less: Accumulated Depreciation	(1,109,012)	(57,144)	-	(1,166,156)
Total	<u>\$ 1,410,296</u>	<u>(56,954)</u>	<u>-</u>	<u>1,353,342</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note A – Significant Accounting Policies – cont'd

Accumulated Unpaid Vacation and Sick Pay

At December 31, 2012, no determination of the aggregate dollar value of vacation or sick pay had been made.

Prior Year Information

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

Note B – Insurance

It appears the District had current insurance coverage for all major perils.

Note C – Notes Payable

Notes payable consist of a note to the Oklahoma Water Resources Board (OWRB).

The notes payable at December 31st, are detailed as follows:

	<u>2012</u>	<u>2011</u>
Note No. 91-01, Rural Economic & Community Development, issued for \$1,273,700, dated 1-20-99, at 4.5% interest, due in monthly installments of \$5,783, until paid;	\$ -	1,083,500
Note No. FAP-13-0001-L, OWRB, issued for \$685,000, variable interest of .65% to 3.65%, matures 8/15/23	685,000	-
Less: Current maturities of long-term debt	<u>(55,000)</u>	<u>(21,069)</u>
Total Long-Term Debt	<u>\$ 630,000</u>	<u>1,062,431</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Notes to the Financial Statements

December 31, 2012

Note C – Notes Payable – cont'd

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

<u>Year</u>		
2013	\$	55,000
2014		55,000
2015		60,000
2016		60,000
2017		60,000
2017-21		325,000
2022-26		<u>70,000</u>
Totals	\$	<u><u>685,000</u></u>

Note D – Contributed Capital

Contributed capital was provided by various grants of from the Office of Rural Economic and Community Development and other federal, state and local offices to assist in building and improving the water system.

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1

Schulter, Oklahoma

Balance Sheet

December 31, 2012

ASSETS	DECEMBER 31,	
	2012	(memo only) 2011
Current Assets:		
Cash	\$ 58,203	44,683
Depreciation account	24,264	24,130
Investments	231,319	607,855
Accounts receivable	29,956	31,078
Accrued interest receivable	45	2,868
Total current assets	<u>343,787</u>	<u>710,614</u>
Restricted Assets:		
Debt service account	25,203	-
Reserve account	<u>71,231</u>	<u>74,249</u>
Total restricted assets	<u>96,434</u>	<u>74,249</u>
Fixed Assets:		
Land	7,300	7,300
Water distribution system	2,219,611	2,219,611
Field equipment and vehicles	198,855	198,734
Office building	49,514	49,514
Storage building	17,202	17,202
Office furniture and equipment	<u>27,016</u>	<u>26,947</u>
Total fixed assets	2,519,498	2,519,308
Less: accumulated depreciation	<u>(1,166,156)</u>	<u>(1,109,012)</u>
Total fixed assets (net)	<u>1,353,342</u>	<u>1,410,296</u>
Other Assets:		
Loan issuance costs	<u>36,829</u>	<u>0</u>
Total Assets	<u>\$ 1,830,392</u>	<u>2,195,159</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 12,957	12,735
Accrued interest payable	8,494	1,470
Current maturities of long-term debt	<u>51,631</u>	<u>21,069</u>
Total current liabilities	<u>73,082</u>	<u>35,274</u>
Long-Term Debt, less current maturities:		
Notes payable	633,369	1,062,431
Add: Premium on notes payable	<u>27,308</u>	<u>-</u>
Total long-term liabilities	<u>660,677</u>	<u>1,062,431</u>
Total Liabilities	<u>733,759</u>	<u>1,097,705</u>
Fund Equity:		
Contributed capital	732,500	732,500
Membership equity	86,600	81,000
Retained earnings	<u>277,533</u>	<u>283,954</u>
Total fund equity	<u>1,096,633</u>	<u>1,097,454</u>
Total Liabilities and Fund Equity	<u>\$ 1,830,392</u>	<u>2,195,159</u>

OKMULGEE COUNTY RURAL WATER DISTRICT NO. 1
Schulter, Oklahoma
Statement of Revenue, Expenses and Changes in Retained Earnings
For The Year Ended December 31, 2012

	2012	(memo only) 2011
Revenue from Operations:		
Water sales	\$ 385,623	404,942
Penalties and fees	19,794	22,048
Other sales and services	1,106	1,018
Total revenue from operations	<u>406,523</u>	<u>428,008</u>
Expenses from Operations:		
Water purchases	138,809	140,546
Salaries	104,421	111,536
Payroll taxes	9,065	10,080
Maintenance parts and supplies	7,331	7,416
Insurance	14,341	20,227
Professional fees	7,500	2,800
Contract services	600	625
Office expense and postage	8,118	8,576
Telephone and communication	1,710	1,824
Equipment repairs and operations	1,262	1,349
Vehicles expense	8,450	8,556
Water testing	3,973	575
Retirement plan	4,300	3,700
Utilities	5,982	6,808
Depreciation	57,143	58,108
Miscellaneous	3,939	3,800
Total expenses from operations	<u>376,944</u>	<u>386,526</u>
Net Income (Loss) from Operations	29,579	41,482
Non-operating income:		
Interest earnings	<u>4,752</u>	<u>10,941</u>
Non-operating expense:		
Interest paid on debt	<u>(40,752)</u>	<u>(49,197)</u>
Net Income (Loss)	(6,421)	3,226
Retained earnings, beginning of period	<u>283,954</u>	<u>280,728</u>
Retained earnings, end of period	<u><u>\$ 277,533</u></u>	<u><u>283,954</u></u>