

**PUSHMATAHA COUNTY  
RURAL WATER DISTRICT NO. 3  
ANTLERS, OKLAHOMA**

**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**

**YEAR ENDED JUNE 30, 2012**

Audited by

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

**BROKEN ARROW, OK**

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
BOARD OF DIRECTORS  
JUNE 30, 2012

**BOARD OF DIRECTORS**

**Chairman**

Joe Rymel

**Vice-Chairman**

Kenneth Battles

**Secretary/Treasurer**

Shirley Pool

**Directors**

Ronny Day

Gordon Richard Frederick

Howard Boyett

Teresa Rosenthal

**System Manager**

Robert Bruce

**Admin. Assistant**

Marsha Collum

**Bookkeeper**

Mary Bowen

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
JUNE 30, 2012

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# SANDERS, BLEDSOE & HEWETT

CERTIFIED PUBLIC ACCOUNTANTS, LLP

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pushmataha County Rural Water District No. 3  
Antlers, Oklahoma

We have audited the accompanying financial statements of the business-type activities of the Pushmataha County Rural Water District No. 3 (the District), Antlers, Oklahoma, as of and for the year ended June 30, 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 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 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 June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in 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 our report dated October 2, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

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 generally accepted in the United States.

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the ampersand being particularly stylized.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

October 2, 2012

## **RURAL WATER DISTRICT NO. 3, PUSHMATAHA COUNTY**

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

**JUNE 30, 2012**

Our discussion and analysis of the Rural Water District No. 3, Pushmataha County's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2012. Please read it in conjunction with the District's financial statements that begin on page 11.

#### **FINANCIAL HIGHLIGHTS**

- The District's operating sales continued to increase, exceeding \$970,000 for the 2011-12 fiscal year.
- The District has over 2,500 users on its system.
- Investments yielded interest income of \$2,299 in 2011-12, the District also increased its certificates of deposit balance by \$6,090.
- The District's operating revenues exceeded operating expenses by \$295,456. During the 2011-12 fiscal year, the District actually brought in \$977,546 and spent \$682,090 before payment of long-term debt.

#### **Using This Report**

This report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's basis of accounting.

#### **Basis of Accounting**

The District has elected to present its financial statements in the accrual basis of accounting. According to the accrual basis, revenues are recorded when earned and expenses are recognized when incurred. This policy is in accordance with generally accepted accounting principles.

#### **The Financial Statements**

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets, the Statement of Activities, and the Statement of Cash Flows report information about the District and about its activities in a way that helps answer this question.

These three statements report the District's net assets and the changes in them. You can think of the District's net assets – the difference between assets and liabilities – as one way to measure the District's financial health or financial position. Over time, increases

or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in water rates paid or charged and the condition of the District's water system, to assess the overall health of the District.

The District has only one type of fund or activity, which is defined as *Business-type activities*. This is considered a proprietary fund. This means the District charges a fee to customers to help it cover all or most of the cost of certain services it provides.

### **Fixed Assets**

At June 30, 2012 the District had \$6,485,642 invested in fixed assets, net of depreciation, including land, the water system, treatment plant, vehicles and equipment.

### **Long-Term Debt**

The District has five outstanding notes with the Office of Rural Development. These notes were incurred to construct the water system and plant, and make various improvements and expansions over the years. At June 30, 2012 the District had outstanding long-term debt of \$3,677,687 on these five notes.

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

For the upcoming fiscal year ending June 30, 2013, the District's operating budget is fairly consistent with prior years.

The District refinanced its five outstanding notes with Rural Development to take advantage of decreased interest rates. This should take effect in the 2012-13 year.

The District is attempting to obtain additional financing for the expansion and improvement of its water system.

Customer water rates have not increased in several years. However, if the current economic conditions continue and expenses continue to increase, a rate increase may become necessary.

### **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 67, Antlers, OK 74523 or call (580) 298-3312.



# 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  
Pushmataha County Rural Water District No. 3  
Antlers, Oklahoma

We have audited the financial statements of the Pushmataha County Rural Water District No. 3 (the District), Antlers, Oklahoma, as of and for the year ended June 30, 2012, and have issued our report thereon dated October 2, 2012. 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 *Government 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. We noted no matters involving the internal control over financial reporting and its operation that we would consider to be reportable conditions. 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.



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. 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.

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

A handwritten signature in black ink that reads "Sanders, Bledsoe & Hewett". The script is cursive and fluid, with the company name written in a single line.

Sanders, Bledsoe & Hewett  
Certified Public Accountants, LLP

October 2, 2012

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
DISPOSITION OF PRIOR YEAR'S REPORTABLE CONDITIONS  
JUNE 30, 2012

There were no prior year reportable conditions.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
SCHEDULE OF AUDIT RESULTS  
JUNE 30, 2012

**Section 1** – Summary of Auditor’s Results:

1. An unqualified opinion report 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.

**Section 2** – Findings Relating to the Financial Statements Required to be Reported in Accordance with GAGAS:

NONE

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

**ASSETS**

Current assets:

Cash	\$ 415,140
Investments	283,552
Accounts receivable	93,706
Prepaid insurance	21,221
Total current assets	<u>813,619</u>

Noncurrent assets:

Investment in participation certificates	39,162
Capital assets:	
Fixed assets-property, plant & equipment	9,045,620
Less: Accumulated depreciation	<u>(2,559,978)</u>
Total noncurrent assets	<u>6,524,804</u>

Total Assets	<u>7,338,423</u>
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**LIABILITIES**

Current liabilities:

Accounts payable	3,213
Payroll taxes payable	7,126
Current portion of long-term debt	64,930
Total current liabilities	<u>75,269</u>

Noncurrent liabilities:

Refundable deposits	22,723
Long-term notes payable	<u>3,612,757</u>
Total noncurrent liabilities	<u>3,635,480</u>

Total Liabilities	<u>3,710,749</u>
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**NET ASSETS**

Invested in capital assets, net of related debt	2,807,955
Restricted for debt service	226,788
Unrestricted	<u>592,931</u>

Total Net Assets	<u>\$ 3,627,674</u>
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The accompanying notes are an integral part of these financial statements.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012

Operating Revenues:	
Water sales	\$ 947,666
Service connections and charges	18,069
Penalties	8,409
Miscellaneous income	3,402
Total Operating Revenue	<u>977,546</u>
Operating Expenses:	
Salaries	260,478
Employee health insurance	49,895
Payroll taxes	49,977
Employer retirement expense	8,881
Office expenses	18,789
Repairs and maintenance	34,581
Materials and supplies	38,922
Legal, engineering and accounting	12,019
Insurance and bonds	23,820
Auto expenses	24,826
Utilities	96,690
Chemicals	23,660
Dues and fees	15,138
Schools, meetings, and travel	7,846
Water storage fees	14,962
Miscellaneous expense	1,606
Total Operating Expenses	<u>682,090</u>
Operating income (loss)	295,456
Other Revenues (Expenses):	
Interest income	2,299
Membership fees	9,759
NSF check fees	241
Gain on sale of assets	5,451
Interest expense	(152,118)
Depreciation expense	(132,320)
Leak adjustments	(1,485)
Total Other Revenues (Expenses)	<u>(268,173)</u>
Changes in Net Assets	27,283
Net Assets, Beginning of Year	<u>3,600,391</u>
Net Assets, End of Year	<u><u>\$ 3,627,674</u></u>

The accompanying notes are an integral part of these financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from customers	\$ 972,408
Payments to suppliers	(365,635)
Payments to employees	<u>(316,509)</u>
Net Cash Provided (Used) by Operating Activities	<u>290,264</u>
Cash Flows from Investing Activities:	
Interest and dividends	2,299
Gain on sale of assets	5,451
Acquisition of fixed assets	<u>(545)</u>
Net Cash Provided (Used) by Investment Activities	<u>7,205</u>
Cash Flows from Financing Activities:	
Payments on long-term notes - principal	(62,066)
Interest paid	(152,424)
Membership dues	<u>9,759</u>
Net Cash Provided (Used) by Financing Activities	<u>(204,731)</u>
Net Increase (Decrease) in Cash	92,738
Cash and cash equivalents, beginning of year	<u>605,954</u>
Cash and cash equivalents, end of year	<u><u>\$ 698,692</u></u>

Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 295,456
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Change in Assets and Liabilities:	
Accounts receivable	(7,993)
Prepaid insurance	(259)
Accounts payable	<u>3,060</u>
Net cash provided by operating activities	<u><u>\$ 290,264</u></u>

The accompanying notes are an integral part of these financial statements

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note A – Summary of Significant Accounting Policies**

***Business Activity***

Pushmataha County Rural Water District No. 3 (the District) was formed in 1967 as an Oklahoma nonprofit corporation pursuant to the Oklahoma Rural Water District Act. The District operates as a nontaxable government agency to service residents of the Pushmataha County Rural Water District No. 3. The District's primary income is from the sale of water to its members in Pushmataha County.

***Basis of Accounting***

The financial statements are prepared on an accrual basis of accounting, which is in compliance with accounting principles generally accepted in the United States of America and which recognizes revenues when earned and expenses as incurred. Interest earnings on certificates of deposit are recorded when such interest is actually received by the District.

***Financial Statement Presentation***

The financial statements are presented in accordance with Government Accounting Standard Board, Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

***Inventories***

The District does not carry a significant inventory of materials and supplies. The cost of such items is recorded as an expense when purchased.

***Income Taxes***

The District is recognized as a tax-exempt organization under the Internal Revenue Code, Section 501(c). Because the District is exempt from federal income tax, no provision for taxes has been made in the financial statements.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note B – Cash and Cash Equivalents**

At June 30, 2012, the District held the following balances of cash and investments:

Petty Cash		\$	400
Oklahoma Rural Water Association:			
Reserve deposit			1,000
First Bank – Antlers:			
Operating checking account	\$	241,348	
Rental deposit checking account		22,944	
DCBG reserve account		<u>263</u>	264,555
BancFirst – Hugo:			
Savings account			60,552
Ameristate Bank – Antlers			
Rural Development project account		19,105	
O&M Savings account		79,686	
Certificates of deposit		<u>223,000</u>	321,791
Security First National Bank – Hugo			<u>51,394</u>
Total Cash and Cash Equivalents		\$	<u>699,692</u>

The District has obtained additional pledged collateral from the banks where they have funds. Such collateral provides additional security for the District's funds in excess of the \$250,000 Federal Deposit Insurance Corporation insurance limits at each institution.

**Note C – Accounts Receivable**

Receivables from water consumers at June 30, 2012 were \$93,706. Water bills paid after the 16<sup>th</sup> of the month are subject to a late charge of 5 percent. Failure to pay the water bill by the first of the following month shall result in disconnection of the service. Consequently, no allowance for doubtful accounts or a related charge for bad debts has been recorded in these financial statements.



PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note D – Property, Plant, and Equipment**

Fixed assets are carried at cost with depreciation being provided using the straight-line method. The following schedule summarizes the estimated useful lives of the various fixed asset categories and acquisitions for the year ended June 30, 2012.

	Life	Balance June 30, 2011	Acquired	(Disposed)	Balance June 30, 2012	Accumulated Depreciation
Land	n/a	\$ 59,448	-	-	59,448	-
Construction in progress	n/a	-	-	-	0	-
Buildings	20 years	98,852	-	-	98,852	79,758
Water distribution system	67 years	5,614,724	-	-	5,614,724	1,594,443
Auto and machinery	3-7 years	311,829	545	-	312,374	256,650
Office equipment	5-10 years	38,953	-	-	38,953	34,774
Water treatment plant	67 years	2,921,269	-	-	2,921,269	594,353
Total		<u>\$ 9,045,075</u>	<u>545</u>	<u>0</u>	<u>9,045,620</u>	<u>2,559,978</u>

**Note E – Investment in Participation Certificates**

In connection with the loan from National Bank for Cooperatives (CoBank) discussed in *Note G*, the District receives annual cash patronage payments and equity patronage certificates from CoBank. Such payments and certificates are based on CoBank's overall profitability and desired rates of return established by CoBank's Board of Directors.

The equity patronage certificates are carried as an investment in the District's financial statements and are held by CoBank for redemption by the District approximately five years following the final maturity of the District's underlying loan with CoBank.

The aggregate amount of equity certificates issued for the year ended June 30, 2012 was \$38,162. In accordance with the terms of the underlying certificates, this amount has been recorded as an increase in the District's investment asset and an offsetting decrease in the District's loan interest expense on the CoBank note.

**Note F – Rental Deposits Payable**

The District has a policy of requiring members who do not own their property to provide a deposit for water use. As of the balance sheet date at June 30, 2012 this account had a balance of \$22,722.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 20112

**Note G – Long-Term Debt**

At June 30, 2012, the District had the following outstanding note obligations:

Note Payable #9110 - In July 1992, the District signed a \$146,000 note with Rural Economic and Community Development. Monthly-required payments are fixed at \$712. The interest rate on this note is 5 percent. The outstanding balance of this note at June 30, 2012 was \$105,334.

Note Payable #9112 - In March 1996, the District signed a \$1,135,000 note with Rural Economic and Community Development for the construction of a new water treatment plant and line extension. The term of the loan is 40 years at 4.5 percent per annum. The outstanding balance of this note at June 30, 2012 was \$899,682.

Note Payable #9114 - In January 1996, the District signed a \$500,000 note with Rural Economic and Community Development for the construction of a new water treatment plant and line extensions. The term of the loan is 40 years at 4.5 percent per annum. The outstanding balance of this note at June 30, 2012 was \$396,347.

Note Payable #9118 - In March 1996, the District signed a \$1,047,000 note with Rural Economic and Community Development for the construction and improvements of the water system and line extensions. The term of the loan is 40 years at 4.375 percent per annum. The District began receiving these loan proceeds in the 2005-06 fiscal year. The outstanding balance of this note at June 30, 2012 was \$987,834.

Note Payable #9119 - In April 2006, the District signed a \$1,365,700 note with Rural Economic and Community Development for the construction and improvements of the water system and line extensions. The term of the loan is 40 years at 4.375 percent per annum. The District began receiving these loan proceeds in the 2005-06 fiscal year. The outstanding balance of this note at June 30, 2012 was \$1,288,491.

Debt balances at June 30, 2012 were as follows:

<b><u>RECD:</u></b>	
Note 9110, \$146,000, \$712/month	\$ 105,333
Note 9112, \$1,135,000, \$5,153/month	899,682
Note 9114, \$500,000, \$2,270/month	396,347
Note 9118, \$1,047,000, \$4,670/month	987,834
Note 9119, \$1,365,000, \$6,092/month	1,288,491
Total Notes Payable, June 30, 2011	3,677,687
Less: current maturities	(64,930)
Long-Term Debt, June 30, 2011	<u>\$ 3,612,757</u>

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note G – Long-Term Debt** – cont'd

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

<u>Note No.</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>Thereafter</u>	<u>Total</u>
91-10	\$ 3,378	3,551	3,732	3,924	4,124	86,625	105,334
91-12	21,796	22,798	23,845	24,940	26,086	780,216	899,681
91-14	9,601	10,042	10,503	10,986	11,490	343,725	396,347
91-18	13,083	13,666	14,276	14,914	15,580	916,315	987,834
91-19	17,072	17,834	18,630	19,462	20,331	1,195,162	1,288,491
Totals	<u>\$ 64,930</u>	<u>67,891</u>	<u>70,986</u>	<u>74,226</u>	<u>77,611</u>	<u>3,322,043</u>	<u>3,677,687</u>

**Note H – Employee Benefits**

During the year ended June 30, 2012, the District paid \$49,895 for employee health insurance.

Full-time employees are entitled to the following annual leave pay:

- Seven hours per month up to three years of service
- Eight hours per month for three to five years of service
- Ten hours per month over five years of service
- Carryover not to exceed ten working days

Full-time employees are entitled to the following sick leave pay:

- Nine days per year
- Carryover not to exceed 18 days

Over-time hours worked are paid on a quarterly basis or in compensated time off during the quarter with no carryover of comp time from quarter to quarter.

Upon termination of employment, the accumulated time is not forfeited. At June 30, 2012, the calculated liability for all compensated absences is not recorded in the financial statements. Such amounts will be recorded as an expense when paid to the appropriate employee.

A Simple IRA Plan was established by the District on November 15, 1999. The District contributes 3 percent of gross salary for all participating employees and also pays an annual administrative fee of \$15.00 per employee.

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012

**Note I – Grant Revenue**

In prior years, the District has received development grants from the Farmers Home Administration, Ozarks Regional Commission, Oklahoma Highway Department, Choctaw Nation, State Parks Department, and the Department of Economic and Community Affairs. These moneys were used to partially finance construction of the water distribution system and a water treatment facility. During the fiscal year ended June 30, 2012, no additional grant revenue was received.

**Note J – Insurance Coverage**

At June 30, 2012, the District maintained the following insurance coverage through the Oklahoma Rural Water Association Assurance Group:

*Comprehensive General Liability-*

Bodily injury, property damage, and errors/omissions

Limits:           \$25,000 property damage each loss  
                      \$125,000 other losses each loss  
                      \$1,000,000 aggregate per occurrence  
Deductible:     \$1,000 per occurrence

*Business Automobiles-*

Bodily injury, property damage, and errors/omissions

Limits:           \$25,000 property damage each loss  
                      \$100,000 other losses each loss  
                      \$1,000,000 aggregate per occurrence  
Comprehensive and Collision Coverage: Stated auto valuation: \$14,137 - \$27,075  
Deductible:     \$250 per occurrence

*Property Coverage-*

Stated asset value: \$1,423,452  
Deductible:     \$500 per occurrence

*Employee Fidelity and Crime-*

Limits:           \$10,000 money and securities, public employee, and treasurer

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3

BALANCE SHEET

JUNE 30, 2012

June 30,

			(memo only)
		2012	2011
<u>ASSETS</u>			
Current Assets:			
Cash in banks	\$	415,140	328,492
Investments		283,552	277,462
Accounts receivable		93,706	85,713
Prepaid insurance		21,221	20,962
Total current assets		<u>813,619</u>	<u>712,629</u>
Property, Plant, and Equipment:			
Land		59,448	59,448
Water distribution system		5,614,724	5,614,724
Water treatment plant		2,921,269	2,921,269
Building		98,852	98,852
Office equipment		38,953	38,953
Automobiles and machinery		312,374	311,829
Sub-total		<u>9,045,620</u>	<u>9,045,075</u>
Less: accumulated depreciation		<u>(2,559,978)</u>	<u>(2,427,658)</u>
Total property, plant, and equipment		<u>6,485,642</u>	<u>6,617,417</u>
Other Assets:			
Participation certificates		<u>39,162</u>	<u>39,162</u>
Total Assets	\$	<u><u>7,338,423</u></u>	<u><u>7,369,208</u></u>
 <u>LIABILITIES AND MEMBER EQUITY</u>			
Current Liabilities:			
Accounts payable	\$	3,213	-
Payroll taxes payable		7,126	7,279
Rental deposits payable		22,723	21,785
Current portion of long-term debt		64,930	62,100
Total current liabilities		<u>97,992</u>	<u>91,164</u>
Long-term Debt, Less Current Maturities:			
Notes payable		<u>3,612,757</u>	<u>3,677,653</u>
Total Liabilities		<u>3,710,749</u>	<u>3,768,817</u>
Member Equity:			
Contributed capital		2,160,212	2,161,828
Retained earnings		1,467,462	1,438,563
Total member equity		<u>3,627,674</u>	<u>3,600,391</u>
Total Liabilities and Member Equity	\$	<u><u>7,338,423</u></u>	<u><u>7,369,208</u></u>

PUSHMATAHA COUNTY RURAL WATER DISTRICT NO. 3  
INCOME STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012

	2011-12	(memo only) 2010-11
Operating Revenues:		
Water sales	\$ 947,666	920,755
Service connections and charges	18,069	11,568
Penalties	8,409	8,138
Miscellaneous income	3,402	3,243
Total Operating Revenue	<u>977,546</u>	<u>943,704</u>
Operating Expenses:		
Salaries	260,478	241,224
Employee health insurance	49,895	49,180
Payroll taxes	49,977	43,808
Employer retirement expense	8,881	7,615
Office and postage	18,789	14,844
Repairs and maintenance	34,581	12,744
Materials and supplies	38,922	40,845
Legal, engineering and accounting	12,019	9,658
Insurance and bonds	23,820	25,070
Auto expenses	24,826	19,203
Utilities	96,690	90,772
Chemicals	23,660	31,466
Dues and fees	15,138	13,289
Schools, meetings, and travel	7,846	4,260
Water storage fees	14,962	874
Miscellaneous expense	1,606	1,932
Total Operating Expenses	<u>682,090</u>	<u>606,784</u>
Operating Revenues Over (Under) Operating Expenses	<u>295,456</u>	<u>336,920</u>
Other Revenues (Expenses):		
Interest income	2,299	3,518
Gain (loss) on sale of assets	5,451	6,685
Membership fees	11,375	9,150
NSF check fees	241	251
Leak adjustments	(1,485)	(1,475)
Depreciation expense	(132,320)	(135,653)
Interest expense	(152,118)	(170,293)
Total Other Revenues (Expenses)	<u>(266,557)</u>	<u>(287,817)</u>
Increase (Decrease) in Retained Earnings	28,899	49,103
Retained Earnings, Beginning of Year	<u>1,438,563</u>	<u>1,389,460</u>
Retained Earnings, End of Year	<u><u>\$ 1,467,462</u></u>	<u><u>1,438,563</u></u>